

# Jute Market Report for September 2024

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## Bangladesh

**Update:** On 5 August, Sheikh Hasina resigned as Bangladesh's long-serving prime minister following weeks of deadly protests over a controversial quota system for government jobs that would have reserved more than half of the well-paid and secure civil service positions for specific groups.

The student demonstrations evolved into a mass movement that compelled Hasina to relinquish her position and seek refuge in India, marking the conclusion of her 15-year tenure characterised by a firm grip on power. An interim government headed by Nobel Peace laureate Muhammad Yunus, which includes two student leaders in senior positions, is currently managing the country's affairs.

For approximately the past three decades, Bangladesh has been governed either by Hasina's Awami League or the Bangladesh Nationalist Party (BNP) of her rival Khaleda Zia. With Sheikh Hasina no longer in a position to act, the opposition party BNP is keen to engage in discussions with other parties with a view to creating a road map for political reform and elections.

While the centre-right BNP is advocating for discussions, their long-time ally, Jamaat-e-Islami, has adopted a different approach. Jamaat-e-Islami and its student wing, Islami Chhatra Shibir, had been banned by Hasina's government under an anti-terrorism law. However, the interim government revoked the ban on the Islamic party, end of August, stating that no evidence of its involvement in "terrorist activities" had been found.

Jamaat is currently seeking to reinforce its political standing. According to local newspaper reports, it is aiming to unite Islamic parties in areas where these parties have a strong presence.

BNP Secretary General Mirza Fakhrul Islam Alamgir indicated that the party would be open to the formation of a student organisation. "A democratic system is based on a multi-party structure," Alamgir stated. "We should allow for the formation of a multitude of parties."

GM Quader, chairman of the Jatiya Party, the third largest in Bangladesh, expressed similar sentiments, stating that the formation of a student party would be viewed as a positive development.

In a recent address to the nation, Bangladesh's interim leader, Muhammad Yunus, outlined some guidelines for state reforms. However, he did not present a clear plan for the upcoming elections. He urged patience and stated that the decision on the election road map would be made through political discussions.

He highlighted the need to reinforce local government structures and devolve authority to reinforce democratic processes. "To ensure a successful outcome to the mass uprising of students and people, we will complete the necessary reforms in the administration, judiciary, election

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commission, electoral system, law enforcement, and information flow to organise a free, fair, and participatory election," Yunus said.

**Raw Jute:** During the month under review, raw jute demand from India as well as from Pakistan increased significantly. Indian buyers were in the market for long Tossa jute grades, such as BTR NB KS, BTR NB CS and BTR BS, as well as jute cuttings BTCA and BTCB. In total Indian buyers placed order of about 8.000 mtons. Pakistan based importers were in the market for long Tossa Jute and long Meshta. In total, Pakistan placed orders of about 4.000 mtons. Nepal was in the market for long Tossa jute grades BTR HD, BTR KS and BTR CS as well as BTCB cuttings and placed orders of around 2.500 mtons.

International buyers from importing countries such as China, Vietnam, Russia and Tunisia increased as well during the month under review.

In anticipation of the mandatory jute packaging law and the ban of polythene and polypropylene shopping bags across all superstores in the country from 1st October 2024, local jute yarn and twine spinning mills, composite jute mills, raw jute balers, raw jute stockists and raw jute processing units were actively seeking to procure raw jute from the local market.

Export prices of raw jute, driven by a rising local as well as international demand during the month under review, increased further by about USD 50,00 to USD 55,00 per mton during the month under review. A good quality of White Jute is currently not available in the market, as a bigger portion of same has already been bought by major consumers and / or stockists, early in the season.

Raw jute export during the period of July 2023 up to April 2024 of the (fiscal year 2023-2024) amounted to 963.146 bales against 883.940 bales during the same period in the fiscal year 2022-2023.

**New Crop:** Local jute farmers have reported positive financial outcomes from the sale of their cash crop during the current season. The current pricing structure for both jute and jute sticks is encouraging growers to expand their land under jute farming in the next season.

According to the Department of Agricultural Extension (DAE) in Rangpur, this season saw jute cultivated on approximately 54,000 hectares of land across five districts in the Rangpur region. The production target was approximately 666,540 bales of jute.

The districts in question are Rangpur, Nilphamari, Kurigram, Gaibandha and Lalmonirhat. A minimum of 55 to 58 maunds (1 maund = 37,3242 kgs) of jute can be produced on a single hectare of land. The current market price on farmers level for a maund of jute is ruling between Tk 2,700 and Tk 3,000, representing a significant increase from the Tk 2,000 to Tk 2,500 price range observed last year.

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In Santhia, a subdistrict of Pabna, the production of jute has decreased in the current period. The cost of jute cultivation is also high. However, jute farmers have benefited from higher prices in the market, which has provided some relief to this sector.

**Weather:** Bangladesh experienced continuous medium to heavy rainfall mixed with bright sunshine throughout the entire month under review.

**Jute Yarn and Twine:** Export demand for both high- and low-quality grade jute yarns and twines from regular importing countries like Turkey, Iran Europe, China, Vietnam, USA, African countries as well as countries of the Middle East increased during the month under review.

Local demand for both Sacking and Hessian quality jute yarns and twines for packaging purposes came back to a more or less regular level.

The directive of the interim government to halt the use of polybags in supermarkets represents an initial step towards the implementation of the mandatory jute packaging law, which has previously been subject to intermittent attempts at enforcement. It is evident that the sole viable alternative to polybags is jute-based packaging materials. The Environment, Forest and Climate Change Adviser to the Interim Government has announced the prohibition of polyethylene and polypropylene shopping bags across all superstores in the country, with the ban taking effect on 1 October. The Adviser made the announcement during a meeting with stakeholders, and a press release on the matter states that superstores will be required to offer jute and fabric bags as eco-friendly alternatives. Furthermore, the initiative will place an emphasis on engaging young people and students.

The ban should be extended gradually to other areas, beginning with supermarkets and extending to kitchen markets, shops, and restaurants. It would be advisable to introduce a requirement for the use of jute sacks for the packaging of food grains. The packaging of food grains has long been regarded as a crucial aspect for a number of reasons. In light of the global campaign for the use of environmentally friendly, biodegradable natural materials in a variety of sectors, it is likely that Bangladesh, a leading producer of natural fibres such as jute, will benefit economically by making the most of its resources.

Experts believe that if the use of jute sacks is strictly enforced, it will have positive implications for the environment and the economy. It will ensure a better price for jute growers and manufacturers, who are currently facing a decline in demand. It is anticipated that the authorities will learn from past experience. However, the success of this initiative will depend on the availability of biodegradable materials and the enforcement of the law. As the authorities proceed to introduce non-polythene packaging in other areas, a potential shortage of required materials, such as jute bags/sacks, may arise, as it has occurred in the past



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Due to higher demand, export prices for both high and low quality of jute yarn and twine increased by USD 60,00 to 70,00 per mton during the month under review.

In light of the surge in demand from local and international markets, the majority of jute mills are now operating at full capacity, a significant shift from the limited production levels seen in recent years.

**Jute Goods:** During the month under review export demand for both Hessians and Sackings from buyers in Europe, Australia, China, Vietnam and USA continued to remain stable. Export demand from other importing countries such as African countries and countries of the Middle East increased during the month under review, too. As usual, India bought unstitched Binola and B-Twill fabrics.

Local demand for Hessians and Sackings for packaging purposes increased in consequence of the announced directive of the interim government to halt the use of polybags in supermarkets, during the month under review.

Jute CBC demand from the major importing countries like Europe, UK, and Japan continued to be on a regular level during the month under review.

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

|           |                         |
|-----------|-------------------------|
| Hessians: | increased by approx. 5% |
| Sacking:  | increased by approx. 4% |
| CBC:      | increased by approx. 4% |

**Maritime Transport:** The security situation for vessels in the Red Sea has not improved. Consequently, all major container shipping companies continue to avoid the Suez Canal route. Of course, this is having a corresponding impact on the sea freight market, despite there having been signs of a slight recovery in sea freight rates from Bangladesh to the major European ports of Rotterdam, Antwerp and Hamburg in recent weeks.

Pacific International Lines (PIL), a Singapore-based shipping company, is preparing to inaugurate a direct shipping service between China and Chattogram Port under the China Chittagong Express (CCE) designation. The new service is expected to reduce transit time by approximately 50% compared to existing services. The inaugural voyage is scheduled to depart on 31 August, with one vessel operating on a weekly basis. The container ship will commence its journey from China's Ningbo Port, with stops at Shanghai and Shekou ports before reaching Chattogram. On the return voyage, the ship will sail directly back to Ningbo.

PIL already operates two services on the Chattogram-China route, which currently transport goods via the transshipment port in Singapore. According to PIL, the CCE service will take between 9 and

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14 days to transport goods directly from China to Chattogram, a substantial improvement over the 20 to 22 days it currently takes via Singapore or Colombo.

## 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 6.025 and TD-5 IRs 5.625 per 100 kgs., representing a significant and rather unexpected increase of raw jute prices.

Local supplies of raw jute to Indian jute mills were ruling around 322.000 bales during the month of August (against 307.000 bales in July). At the end of August, raw jute stock with jute mills were 660.000 bales.

**New crop:** The area brought under cultivation is reportedly ruling around 600.000 hectares, which would be around 15 per cent lower compared to last year. The overall crop volume is still estimated with around 5,5 Mio bales or less for this year compared to 8,5 Mio bales 2023-24.

The average height of Assam plants is approximately 10 feet, with harvesting almost complete. North Bengal plants have also achieved a height of above 10 feet and harvesting is complete. South Bengal plants have reached a height of nearly 14ft and harvesting is complete. Overall growth was normal, but there has been a loss of crop due to poor stem (falan).

New Crop deliveries have now started and are set to increase due to the forthcoming Puja Festival. However, there are conflicting reports about quality, which is poor and seemingly higher grades are more affected.

**Weather:** Monsoon season is over now and Northern India logs its wettest monsoon in eleven years. This region, often being plagued by larger monsoon deficits while staring at a worsening groundwater situation, recorded 628 mm from June 1<sup>st</sup> to September 30<sup>th</sup>, representing highest rainfalls since 2013.

**Jute Yarn and Twine:** Demand for jute yarns made in India during the month under review continued to remain poor.

**Jute Goods:** Situation during the month under review presented itself as follows:

Some minor changes of the market situation were reported for Hessians compared to the preceding month, with prices for Hessians having been slightly higher ruling at IRs 120,000 per mton at the time when this report was published. Selective mills are asking for premium of 6 per cent against prices quoted by „standard“mills.



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Price of Sackings is prevailing at IRs 86.000 per mton with selective mills asking for premium of 5 per cent for exports against prices quoted by „standard“mills.

B-Twills: The Indian government ordered around 225,000 bales of B-twill sacks in September, which is lower than the expected order quantity. Order volume for October is expected to be a little higher with around 250.000 bales.

No reports about orders of Jute Carpet Backing Cloth were published for the month under review, which indicates that demand should be rather poor.

Jute goods production of IJMA jute mills and jute mills reporting to IJMA for August 2024 were 68.900 mtons in total of which 2.700 mtons were jute yarns/twines.

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