# Jute industry can still be saved

by Sadri Ispahani

*Pat Bachaw — Pat Shilpa Bachaw — Desh Bachaw*

Where do I begin? Do I begin with the non-devaluation of Pak Rupee, against sterling in October 1949 (when India devalued). East Bengal growers sold jute from Rs. 8 to 12 per maund and the Rs. 9 per sterling pound helped the establishment of Cotton textile industry of West Pakistan and

grades and kutcha bales were banned. The only market which bought such jute was India. This was in early 1950. I also remember the time when in 1967 we invited all our international buyers and told them they would not be able to buy the historical grades of pucca bale jute such as first, lightning, and hearts (whether dundee or mill or export qual-

jute industry. Little attention was paid by BJMC whether the buyers established letters of credit for shipment during the contracted period. It was easy for big buyers to buy July-September shipment and take delivery during October-December or even later which shipment periods commanded

It must be stated that due to the great foresight of Bangabandhu Sheikh Mujibur Rahman that all the industries were saved from total destruction after liberation. His policy to pay full wages to the workers for the period of March 25, '71 to January '72 prevented the workers from making absurd demands as their reward for liberation. Labour behaved as if they owned the mills.

In my mind I am convinced that Bangabandhu who took politicians, who opposed the war of liberation, into protective custody and released them when tempers cooled down, had acted in the same manner with the industry which was put under protective custody by nationalisation and would have been returned to their in owners when normal working conditions had returned.

It was reported that jute goods and jute spares and motors were robbed from the mills specially in Khulna. Quantity of CBC was even ex-

articles of this convention. Some highly industrialised countries did not even sign the ILO convention.

Since liberation, Labour Directorate have had a very lean time with no tripartite negotiation and these has been little work for the industrial courts. CBA have never put up a single demand to the management.

The efficiency of the better managed Indian Jute Mills achieved-production 38 man hours per ton of jute goods. In Pakistan, with modern weaving machinery, they hope to achieve 28 man hours. Our best mills production is 80 man hours and some mills are well over 150 man hours per ton.

I hesitate to lay the blame on the government. Some of the points I have dealt with are historical. If government decides to embark on a massive restructuring of the industry they must decide, firstly to write off all the debts. Then government must initiate seri-

ruling party.

Periodically govt substantial increased pay and dearness allowance and many times this was done with retrospective effect. Government by executive order increased gratuity for 2 months for each year of service, whilst the law of the land laid down only one month. Government also ordered payment of Dearness Allowance on overtime. The Supreme Court in India, when such demand was made by the Indian Labours, ruled that such demand was illegal. But our industry had to pay this.

Bangladesh during last 45 years has not been able to establish an industrial labour force as in Calcutta or Bombay. Labour is too close to the land and prefers now and again to go back to the land and work even as landless labour. Sometimes the financial reward to work on the land is greater. The Bangladesh worker when he works in an industry away from home whether in England, Japan or

***One of the casualties of the non devaluation of the Pak Rupees was the end of the negotiation with the Indian government to treat jute separately. Pakistan would guarantee all the needs of the Indian Jute Mills. No export of raw jute would be made from India.***

some few mills in East Bengal.

One of the casualties of the non devaluation of the Pak Rupees was the end of the negotiation with the Indian government to treat jute separately. Pakistan would guarantee all the needs of the Indian Jute Mills. No export of raw jute would be made from India. Export will be from East Bengal. Any increase in the demand of jute goods would be met from establishment of the jute industry in East Bengal. Indians would be permitted to be associated with the East Bengal entrepreneurs in setting up this industry. It was also envisaged that export duty on jute and jute goods collected by Pakistan and India would be equitably shared.

With the non-devaluation, jute prices crashed. To assist the growers government introduced minimum prices both for the local and export. Government guaranteed to buy jute at the minimum price and did buy freely. This somewhat helped to stabilise local prices which were still Rs. 3 below the minimum level of white Tk. 14/- for BOTTOM, Tk 17/- MIDDLE, Tk. 20/- FOR TOP.

ity). They were compelled to accept our classification of Grade A, Grade B, Grade C, Grade D and Grade E. These grades we defined, not the basis of fibre, whether jat, district or northern but on the basis of handling such as clean cut, medium cut, rough cut. Even the export of un-cut pucca baled jute was banned. Do you think this fostered good relations between the buyer and exporter. The buyers returned home via Bangkok where they made substantial purchases of Thai Kenaf fibre Grade Siam A. In the passing, I would like to mention that D P Goenka, Chairman, India Jute Mills Association told me in Calcutta that there was less wastage using East Bengal Special Cutting in the mills than Thai Siam C. Siam C wastage was 30% whilst East Bengal Special Cutting was 5%.

Now we come to the fate of jute and jute goods since liberation.

(1) Nationalisation cost us the resignation of over 60 of our officers who were educated in jute technology in Dundee. They became indenters or left the country. They

a premium in price.

(4) Raw jute for the industry was bought to support the grower at a price that was substantially higher than what the jute mill could afford to pay to work profitability.

(5) The barter trade was introduced and raw jute and jute goods were included for export to Russia, Eastern Europe, China and Egypt and even some international organisations. Both jute goods and raw jute were sold at substantial price discount to the international price. In exchange, Bangladesh received food, chemical, pharmaceutical and crude oil for the Eastern Refinery. Some of the buyers who received barter jute goods and raw jute resold these to our buyers in other countries at substantial discount to their purchase price, thus effecting the price at which we could sell. However Russian, Poland, China and Egypt did not sell to others and used for their own needs.

Twenty five years ago, in the price of finished goods, the raw jute component was 80% and the conversion cost was 20%. Today it is the re-

***In my mind I am convinced that Bangabandhu who took politicians, who opposed the war of liberation, into protective custody and released them when tempers cooled down, had acted in the same manner with the industry which was put under protective custody by nationalisation and would have been returned to their in owners when normal working conditions had returned.***

ported from Narayanganj Mills by Barges to Calcutta against Notional Sales for which no payment was received. It is also reported that on the strong recommendation of Bangladesh Ambassador a large consignments of jute goods were exported and payment not been received by BJMC though the buyer paid the agent the purchase value.

CBC was sold and delivered to international importers. Some months later, price fell sharply. These importers were compensated by BJMC on such losses. This was indeed an unusual and a very generous gesture.

A British grant of 10m Pound Sterling 10 M for jute mills spares was booked with one British supplier. Spares were distributed on prorata basis to the mills. Some mills received spares for machinery they did not possess as their spinning frames were supplied by a different machinery manufacturers. This shows there was little interest to order the spares that was required and to distribute to the mills that

ous discussion with the Indian Industry (who enjoy very profitable home market for 80% of their production) to stop this ruinous competition. We are today selling our Hessian at 13.50 US dollar per 100 yards against 30.00 US dollar. Sacking at 38.00 US dollar per 100 bags against 80.00 US dollar and CBC at 40 cents per yard against USD 80 cents, prices which ruled 8 years ago. We have both to streamline production and marketing.

The mill management depended on CBA. They helped to rig election of CBA, allegiance to the ruling party was organised. CBA was so closely linked to the management of the mill that they become suppliers of raw jute, jute spares and even purchasers of mill scrap.

The mismanagement of the industry suited the ruling parties. Management under BJMC and the loyal CBA were able to send large number of workers to receive party dignitaries at airport, railway stations and

Pakistan has a four times higher efficiency then when the works at home. We must find solutions to these problem.

It appears that the present government has taken a serious interest in rehabilitating and restructuring the jute industry.

The World Bank have been alerted to the problems of the industry and it appears they are sympathetically studying the issues and are likely to intervene with massive assistance.

I was planning to invite all my friends who associated with me for 40 years and helped me to develop the industry and who were present at the opening ceremony of the mills, to come to witness the demise and the burial of the mills.

This plan I have presently abandoned as I am still optimistic that the jute industry can be saved.

***Twenty five years ago, in the price of finished goods, the raw jute component was 80% and the conversion cost was 20%. Today it is the reverse as raw jute is 20% and conversion cost 80%. These conversion costs went up for the following reasons. Today the transport cost from North Bengal to Chittagong is Tk 70/- per maund. A spinning frame which used to cost Pound Sterling 6,500, 25 years ago costs Pound Sterling 1,25,000 today.***

These were the level for jat jute. District jute was one Rupee lower and northern jute was 2 Rupees lower than jat. These prices were for delivery in the secondary markets and Baling Centres. Tossa minimums was fixed at a premium of 2 Rupees to white jute. These measures did not prevent the expansion of jute crop in India from 1.8 M bales to 10 M bales. Thailand had no jute crop. It grew to 2.5 M bales. Large crops were grown in Brazil, Iran, China and some African countries. Jute as we know was grown 100% in East Bengal and West Bengal, Assam and eastern Bihar. In other parts of India and the world, fibres such as Kenaf, Bimli, Meshta, were grown which served the purpose for production of sacking.

I do remember the time when export of jute in uncut

refused to serve under the civil servants who were appointed as mill managers and who were ignorant of managing a jute mill.

(2) The Line Sirdar's incentive pay was for better production in the line. This was replaced by line Sirders getting supervisory benefit on the overall average production of the looms. Since the incentive to the individual line Sirder was withdrawn, the quantitive production of the mill seriously suffered.

(3) Raw jute exporters were placed under a monopoly corporation where competition amongst big buyers was eliminated. The buyers of over 5,000 ton of raw jute were given a 10% discounts on the ruling price. The same preference applied to 5 or 6 buyers of jute goods who bought 90% of the total production of the

verse as raw jute is 20% and conversion cost 80%. These conversion costs went up for the following reasons. Today the transport cost from North Bengal to Chittagong is Tk 70/- per maund. A spinning frame, which used to cost Pound Sterling 6,500, 25 years ago costs Pound Sterling 1,25,000 today. Bank interest, insurance, ocean freight, electricity charges, diesel oil and lubricants, labour wages have all been increased substantially with the result that the weakest link in the chain what is the jute grower is penalised. Instead of getting Tk. 1000/- per maund, for his jute he is getting Tk. 200/- per maund. The jute grower sells jute on credit to Faria and Bepari who, in turn sells on credit to the industry. It is the jute grower who is providing some finance to the industry today.

***The mismanagement of the industry suited the ruling parties. Management under BJMC and the loyal CBA were able to send large number of workers to receive party dignitaries at airport, railway stations and the cost of transport and wages to workers, who were absent from duty, were paid by the mill. Thousands of workers were sent by trucks and hired buses to public meetings to hear political leaders of the ruling party.***

needed the same.

We accepted the ILO convention. We provided 1000 CFT living accommodation per worker. Gratuity, overtime leave, sick leave and Provident Fund were payable under the

the cost of transport and wages to workers, who were absent from duty, were paid by the mill. Thousands of workers were sent by trucks and hired buses to public meetings to hear political leaders of the

*(This article is based on an address by Sadri Ispahani, a noted industrialist and entrepreneur on Sept 24, '93 at the Institution of Engineers, organised by the Communist Party of Bangladesh.)*

# Indian truck drivers resume work

NEW DELHI, Sept 27: Scores of Indian truck drivers went back to work today after their Union exempted milk and vegetables transportation from a 12-day-old national strike, reports AFP.

The exempted trucks were on the roads for the first time since the strike began September 16. Newspapers said rougue truck movement had also begun in some of India's 25 states but most of the estimated 1.8 million hauliers were still off the roads, strike organisers said.

The All India Motor Transport Congress (AIMTC), which is demanding the scrapping of a 233-per cent hike in haulage fees, said it had exempted trucks which ferry perishable goods and milk in hopes the move would stop prices spiralling.

"We have told our members that 100-150 trucks can operate in all the states," AIMTC Vice-President Om Prakash Aggarwal said.

"We know that people are suffering," Aggarwal said. "We don't want that... this is a move that will gain us support."

There would be no other relaxation, he said.

Aggarwal hinted that the strike, which has hit the economy seriously, might be called off Monday if mediatory talks with the government succeeded.

"We may have to bow down a bit," he said. "The government will have to give in a bite." He did not elaborate.

The strike, the second by truck drivers in two months, triggered widespread shortages across the country, caused factories to cut production and piled up goods and raw materials at rail yards and ports.

Business groups warned that it would hit exports and imports severely.

The government arrested nearly 1,000 activists throughout India in a bid to break the protest over the weekend.

Trucks haul more than 14 million tonnes of freight daily — half the cargo moved throughout India. The transport industry estimates it is losing an estimated 30 million dollar a day.

# Oilfield operation a good omen for Yemen economy

ABU DHABI, Sept 27: The operation of a giant oilfield in Yemen and expected new discoveries are a good omen for Sanaa's unity and economy which have been wrecked by years of state control and a halt of Gulf aid, diplomats have said, reports AFP.

But the Red Sea country, one of the world's poorest with annual per capita income of just 700 dollar, must press ahead with economic reforms to attract investment, tackle unemployment and cut a persistent budget deficit, they said.

"Oil, coupled with economic reforms, could be Yemen's way out of its crisis as other sources of income remain limited," a Gulf-based Arab diplomat said.

"If oil revenues are used wisely, they could lead to improvement in the economy,which is helpful for a stable merger."

Yemen, which is not a member of the organisation of petroleum exporting countries, is saddled with a debt of around six billion dollar and a trade deficit of more than one billion dollar

When north and south Yemen merged in May 1990, the authorities pledged economic prosperity for the country's 13-million-strong population.

During the Kuwait War, Gulf states accused Sanaa of siding with Iraq and cut off aid to Yemen while Saudi Arabia expelled more than one million Yemenis. The aid and remittances from Yemenis had accounted for more than 70 per cent of Yemen's income.

Yemen entered a new era when it struck oil a few years ago and new discoveries continued.

Production has dramatically increased to reach around 200,000 barrels per day (BPD) this year. Last week it jumped by 120,000 BPD after the commissioning of the giant Masilah field in the southern Hadramut province.

The field has an estimated reserves of around 1.4 billion barrels, pushing the country's total crude reserves to four billion barrels.

It is expected to boost Yemen's oil earnings to nearly two billion dollar a year.

# Asian stock markets close lower

HONG KONG, Sept 27: Asian stock markets closed generally lower Monday, with share prices plunging in Hong Kong for the second consecutive session, reports AP.

The Hang Seng Index, the Hong Kong market's key indicator of blue chips, fell 72.96 points, or 0.9 per cent, closing at 7,452.09.

Brokers attributed Monday's tumble to political jitters after the 12th round of Sino-British talks on Hong Kong's future ended with little progress in Beijing.

China and Britain have been bickering since last October over Hong Kong Gov Chris Patten's proposal to broaden democracy in the colony before it reverts to Chinese rule in 1997.

On Friday, the index fell 55 points in reaction to Beijing's failure to win the 2000 Olympics.

Share prices also closed lower on the Tokyo Stock Exchange in thin trading.

The 225-issue Nikkei Stock Average fell 213.42 points, or 1.05 per cent, closing at 20,094.11. On Friday, the Nikkei had climbed 132.91 points or 0.66 per cent, ending the week at 20,307.53.

The Tokyo Stock Price Index of all issues listed on the first section finished at 1,620.36, down 11.00 points, or 0.67 per cent, from Friday's finish of 1,631.36.

Prices initially gained moderately, but fell back on selling by traders on credit in the absence of fresh market-affecting news.

An estimated 200 million shares changed hands on the first section, down from Friday's 302 million. Declines outnumbered advances 607 to 379, with 176 issues unchanged.

**WELLINGTON:** New Zealand share prices ended moderately weaker in thin trading after several blue chips drifted lower. The NZSE-40 capital index fell 8.45 points to 1,923.72.

**TAIPEI:** Share prices closed lower for the second straight session in moderate trading. The exchange's Weighted Index fell 28.99 points, closing at 3,848.46.

**SYDNEY:** Australian share prices closed slightly lower, with brokers saying there was little fresh news to give the market direction. the All-Ordinaries index fell 3.5 points to 1,943.0.

**SEOUL:** Share prices closed higher on optimism about future prospects for the South Korean economy. The Korea Composite Stock Price Index rose 14.28 points to 717.83.

**MANILA:** Share prices closed slightly higher in moderate trading. The Manila composite index of 30 selected issues rose 2.65 points to 1,956.17 following Friday's 15-point gain.

# Dollar moves higher, stocks fall back in Tokyo

TOKYO, Sept 27: The US dollar moved slightly higher against the Japanese yen in Monday morning trading, while share prices fell back in light trading, reports AP.

The dollar was trading at 106.35 yen at late morning, up 0.30 yen from Friday's close and above its close Friday in New York at 105.85 yen.

Dealers said the dollar was in a narrow range after a weekend meeting in Washington of finance ministers from the G-7 nations — the United States, Japan, France, Britain, Canada, Germany and Italy — ended without calls for a stronger yen.

Haruo Tanabe, a dealer with Sakura Bank, said players concluded from the Washington meeting that the G-7 countries want exchange rates to stay at current levels.

# Chinese firm sells computer technology to Japan

BEIJING, Sept 27: A Beijing company has sold computer technology to Japan, marking a first for China, The Economic Daily reported today, says Reuter.

It said Wang Ma Co of Beijing signed a contract with Casio, giving its the right to use its Chinese-language computer software.

While china's computer technology had lagged behind the rest of the world, in recent years there had been major advances in developing Chinese-language technology, the paper added.

In 1987 Wang Ma sold similar software to digital equipment corp of the United States, the paper said.

# Finance ministers for end to world trade talks

WASHINGTON, Sept 27: World finance officials pledged Sunday to step up efforts to complete long-stalled trade talks by yearend as negotiators from the United States and Europe sought to resolve a bitter fight over farm subsidies, reports AP.

A parade of finance ministers speaking at the annual meetings of the International Monetary Fund said a failure to conclude the Uruguay Round of trade talks would be devastating to the world economy.

Peter Sutherland, head of the General Agreement on Tariffs and Trade, told the IMF gathering that a successful conclusion of the trade talks would provide needed confidence for a sluggish world economy.

GATT, the Geneva-based trade organisation, is conducting the talks that aim to promote free trade among 116 nations by lowering tariffs, cutting back farm subsidies, expanding GATT rules to cover service industries and beefing up protection of copyrights and patents.

Sutherland blamed leaders of the world's major industrialised countries for failing to make the tough political choices on such issues as removing trade barriers that protect powerful domestic interests, including farmers and textile producers.

The financial stakes in a successful conclusion to the trade talks were underscored Sunday by a new report from the World Bank that contended the world economy would gain an additional 213 billion dollar annually from removal of trade barriers envisioned in the GATT agreement.

World Bank economists estimated the economic gains would climb to this level by the year 2002. They broke the increases down as 135 billion dollar for industrialised countries and 85 billion dollar in gains to developing nations.

This would be partially offset, the World Bank said, by seven billion dollar in annual economic losses, mainly to very poor nations that depend heavily on food imports or grow crops that would drop in price as tariffs are reduced.

Noting that leaders of the world's seven largest industrial countries have repeatedly urged completion of the Uruguay Round, Sutherland said, "We still find governments failing to do what they know they must do."

President Clinton and leaders of Japan, Germany, Britain, France, Italy and Canada proclaimed a breakthrough in the negotiations in Tokyo with agreement on major cuts in manufacturing tariffs.

While this tariff-cutting package was expected to provide renewed momentum, the talks in Geneva have faltered again over a French demand concerning farm subsidies.

WASHINGTON: US Secretary of Treasury Lloyd Bentsen (C) speaks with Bundesbank head Helmut Schlesinger (L) and German Finance Minister Theo Waigel (R) Sunday at the start of the International Monetary Fund's Group of Ten meeting. The talks precede the annual meetings of the IMF and World Bank Groups which begin today. — AFP photo

# Gulf Air, Kuwait sign jt venture accord with Jet Airways

MANAMA, Sept 27: Gulf Air and Kuwait Airways have signed a joint venture agreement with Jet Airways, one of the new private airlines flying in India, Gulf Air said in a statement Sunday, reports AP.

Gulf Air and Kuwait Airways have each taken a 20 per cent stake in Tail Winds, a non-resident Indian company that owns Jet Airways, the statement said. The rest is held by Jet Airways chairman Naresh Goyal.

Gulf Air is owned by Bahrain, Qatar, Abu Dhabi and Oman.

# Bonn to boost trade in Asia

BONN, Sept 27: Germany will expand its presence in Asia with an eye to boosting economic ties, mutual investment and cooperation in high-technology industries, Chancellor Helmut Kohl was quoted as saying yesterday, reports Reuter.

Kohl, writing in the weekly Welt Am Sonntag, said his cabinet this week had approved a foreign policy paper on Asia based on the region's leading role in world growth and the mounting political weight of the continent.

"Asia could become the most important continent of the 21st century," Kohl said in an article released ahead of publication on Sunday.

"An active Asian policy for Germany that aims to expand our relations with the region would therefore serve our elementary political and economic interests."

The chancellor, who earlier this year visited India, Singapore, Indonesia, Japan and South Korea, said chances were growing for Europe and Asia to reach agreement on human rights issues despite their different traditions.

Kohl said German business, largely dependent on industrial exports, played too low-key of a role in Asia and pledged Bonn's support for firms who wanted to expand there.

Kohl said Germany must boost investment in Asia, which now accounts for only five per cent of the country's foreign investment.

Bonn also wanted to lure more Asian investment, especially in former East Germany, which is still struggling with the collapse of communist industry after unification in 1990.

"A focal point of the cooperation based on private sector initiative will naturally be in the area of advanced and high-technology products," he said.

Kohl said one step in that direction would be the creation of technology cooperation centres proposed in Japan and Singapore to pave the way for joint business projects.

# East Asia produces 8.9 pc more goods last year

WASHINGTON, Sept 27: Economists often call the successful economies of East Asia "tigers" or "dragons". What makes them roar ? Good schooling and strong government, says the World Bank, reports AP.

Despite a slowdown that hit most of the rest of the world, East Asia produced 8.9 per cent more goods last year than the year before, according to a World Bank report released Sunday.

Asian economies were roaring ahead at more than three times the pace of US production, which increased only 2.6 per cent.

Since 1965, seven East Asian nations — Japan, South Korea, Taiwan, Singapore, Thailand, Malaysia, and Indonesia - as well as the British colony of Hong Kong have increased their wealth at an average annual rate three times higher than Latin America and more than 20 times higher than southern Africa, said the report.

According to the report, called "The East Asian Miracle," East Asia is the only area that has made its people richer while narrowing the gap between rich and poor. The fastest-growing economies are the most equal : Japan, Taiwan, South Korea, Hong Kong and Singapore.

The report noted the East Asian emphasis on primary and secondary education.

"When it comes to improving the distribution of wealth, better education is more important than just amassing it," said Michael Bruno, the bank's new chief economist.

Government policies foster stability by keeping prices from rising too fast and currency cheap enough so that exports sell, the report said.