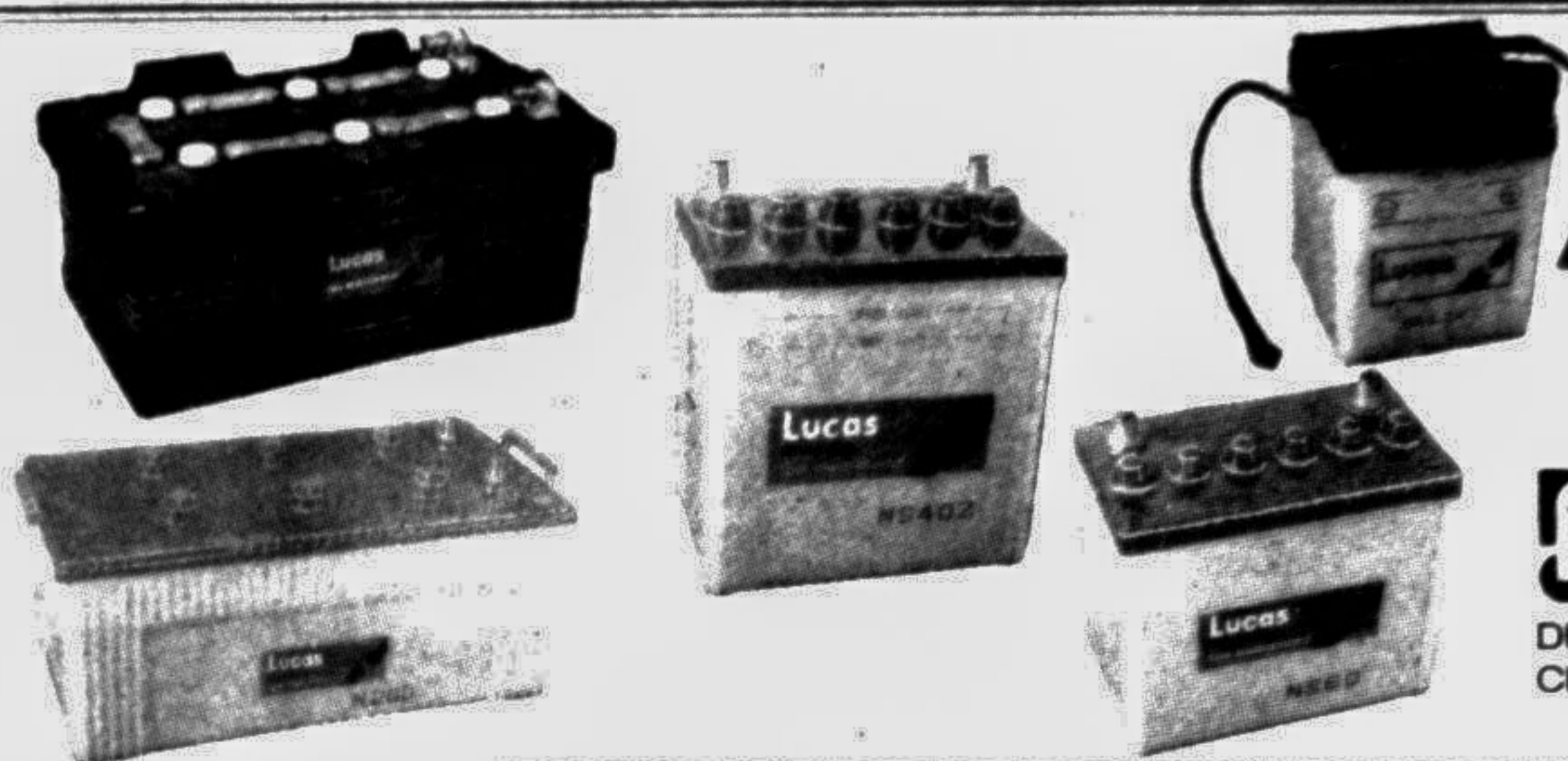



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## STAR ROUNDTABLE

### LIST OF PARTICIPANTS

1. Brig. (Retd.) A.S.M. Hannan Shah  
Minister for Jute, Govt. of Bangladesh
2. Barrister Moudud Ahmed MP, Jatiya Party
3. Mr. Shamsul Islam Khan, MP, BNP
4. Suranjit Sen Gupta, MP, Ganatantri Party
5. Mr. KM Rabbani  
Executive Director, International Jute Organisation
6. Dr. AK Abdul Mubin  
Joint Secy, Ministry of Finance
7. Dr. M Shamsul Haque  
Professor & Director, Institute of Business Administration, University of Dhaka
8. Mr. Owaiss Saadat  
Chief, Industry & Finance Unit, The World Bank, Dhaka
9. Al-Haj Mohammad Ali  
Chairman, Jute Goods Exporters' Association
10. Mr. M. Mahmood  
Chairman, Jute Spinners' Association
11. Syed Mohsin Ali  
Chairman, Jute Mills Association
12. Mominur Rahman  
Vice-Chairman, Jute Mills Association
13. Mr. AKM Kamaluddin Chowdhury  
Chairman, Privatisation Board, Dhaka
14. Mr. Muhammad Shamsul-Haque  
Committee Member & Immediate Past Chairman, Shippers' Council, Jute Spinners' Association, Dhaka
15. Mr. Md. Rezaul Karim  
Vice-Chairman, Jute Association, Dhaka
16. Mrs. Laila Kabir  
President, Employers' Association, Dhaka
17. Mr. Shahidullah Chowdhury  
President, Latif Bawany Sramik Union
18. Mr. Latif Rahman  
Labour leader, TUC
19. Faisal Siddiqui  
Asstt. Professor, IBA, DU and Member, MCCI
20. Mr. Abul Hossain  
Deputy General Manager (Jute) Sonargaon Bank

### Moderator

Mahfuz Anam  
Editor  
The Daily Star

## JSRP has its fair share of advocates, critics

Star Report

Participants at The Daily Star Roundtable on 'The Future of Jute: Problems and Prospects' yesterday expressed diverse views about ways to reform the ailing jute manufacturing sector.

The government-initiated jute sector restructuring programme (JSRP) with a World Bank-funded jute sector adjustment credit of 250 million US dollars, came under attack from some industrialists while the proponents of the programme strongly defended it. Jute Minister ASM Hannan Shah, however, noted that the JSRP was not the last word on jute sector reform and said that adjustments to the programme could still be made, if needed. The reform programme was criticised for having left out some jute sub-sectors, including the spinning sector, thereby creating an uneven playing field, and also for not having any balancing and modernisation component in it.

The minister assured that the government would take separate steps to solve the problems of the spinners.

Speakers also criticised the JSRP for seeking to reduce the existing capacity when the world market is stable and India is expanding its international market share. On the other hand, the proponents of the policy defended the JSRP as an initiative needed to revive the jute sector and to make it economically viable.

The 3-year reform programme calls for capacity reduction, employee rationalisation, privatisation of public sector mills and restructuring the outstanding debts of the jute sector.

M Mahmud, Chairman, Bangladesh Jute Spinners' Association (BJSA), questioned the non-inclusion of the spinners in the JSAC and demanded that either this sub-sector be included in the programme or be given similar benefits as allowed for the composite jute mills.

Dr. Shamsul Huq of the IBA also demanded the spinners' participation in the reform programme.

"When the market demand for jute goods is one million tons, the JSAC is advocating reduction of our production!" he said.

The CBA leader of the Latif Bawany Jute Mills, Shahidullah Chowdhury, pointed out that

while our production and exports are decreasing, India's were increasing.

Suranjit Sen Gupta, MP while criticising the World Bank's position on the jute sector, said the bank's policy is ambiguous regarding the sector.

"The World Bank tells India to increase their production, while it asks us to go slow," he said. "I do not understand the logic behind this."

Ironically, during 1979-80, the World Bank has asked Bangladesh to increase production, he pointed out, adding that the mills had gone for three-shift working hours and had increased their workforce for that. "But now it asks us to reduce both production and the workforce," he said. "Once the workforce is increased, it is hard to reduce."

BJSA chairman M Mahmud said the mills might still incur losses even after the reform and said without BMRE, their efficiency would not improve.

M Shamsul Haque, Chairman of the Shippers' Council, also asked if the mills would be in a position to become viable after the interim period, specially when most mills are running between as low as 40 and 60 per cent capacity.

He also felt that instead of closing mills, the huge loss-incurring Adamjee Jute Mills could be shut down.

Owaiss Saadat, of the World Bank resident mission, defended the reform programme under the JSAC and congratulated the government for embarking on this 'very bold' initiative for the 'revival' of the country's jute sector.

Saying that the survival of the jute sector is at stake, he pointed out that the total outstanding debt of the sector stands at around 900 million US dollars. He said the jute sector restructuring programme was finalised after prolonged negotiations with relevant people in the sector.

Saadat denied that the reform programme discriminates between the private and public sectors and said the public sector jute mills would be also be placed under the gun for their improvement and reshaping.

Expressing a note of cautious optimism on the implementation of the reform programme, he spoke of the need for maintaining the time-frame of the programme. However, he expressed concern at the possibility that the programme may be falling behind.

Dr AK Abdul Mubin, Joint Secretary of the Finance Ministry, strongly supported the reform programme.

"We have liquidated all debts of the closed old mills," Dr Mubin said. "The government paid over Tk 1000 crore on account of losses."

He said the JSAC was devised after discussions with experts. "Now, any deviation from the reform would upset the programme," Dr Mubin observed. Supporting the interim financing of mills, he said this would enable them to become competitive and efficient.

Mominur Rahman, vice chairman of BJMA, however, defending the reform programme, agreed that there has been over production in the jute sector.

He said the privatisation of the mills is a must and the financial restructuring envisaged in the reform is "in the right direction." But he pointed out that the delay in implementation of the JSAC is itself a problem. He also observed that the provision of loss-financing in the JSAC is inadequate.

He said that if the JSAC is implemented, the mills would become efficient. However, he cautioned that unless the reform is implemented quickly, the desired results might not come.

Kamaluddin Chowdhury, chairman of the Privatisation Board said, the privatisation effort under the reform programme is not just to change ownership, but to raise efficiency of the mills. He observed that subsidy to the mills is not economically justifiable.



Some of the participants at yesterday's Daily Star Roundtable on the future of jute at the Sonargaon Hotel in the city. — Star photo

## Minister promises dialogue

From Page 1 Col 5

bank loans and an unrealistic exchange rate, forcing the sector to become uncompetitive with neighbouring countries.

On the other hand, government officials and donors suggested that the problems of the sector were due to low productivity, failure to meet the demands of the changing market, mounting losses, debt overhang and obsolete machinery.

The discussion also included a lengthy debate on the various ways to reform the jute sector. A number of private sector participants criticised the government-initiated jute sector restructuring programme (JSRP).

They also criticised plans to reduce capacity when, according to them, the global jute market is remaining stable and India is gaining market share. They pointed out that the reform programme did not include replacing the aging machinery.

On the other hand, the proponents of the JSRP said the initiative is designed to restore the economic viability and competitiveness of the jute sector. They added that the programme was formulated after extensive discussions taking all questions into consideration and its timely implementation is now the most crucial factor.

Jute Minister Hannan Shah said overcosting of jute produces as a result of past debt legacy has now turned out to be a big problem for the sector.

He also observed that the country failed to make research and develop the jute goods which has resulted in the shrinkage of the country's market.

He also said, the high interest rate on the sector is making it unviable and if the rate could be lowered at the international level, the sector could have performed much better.

"We are not being able to provide right environment for the workers," he mentioned, "they are working on old machines and only a few are in standard condition."

Talking on the privatisation aspects of the public sector jute mills, the minister asked "will privatisation solve all problems?" He claimed that the public sector mills are now performing better than the private sector mills.

Earlier, Suranjit Sen Gupta, MP, struck a responsive chord among the participants when he suggested the formulation of a national jute policy based on consensus.

"This must be based upon the national perspective reflecting the realities of the country," Suranjit said. "We must have a domestic compulsion to do so, we should not always be driven by the World Bank..."

"The government might come and go, but this policy should remain," he observed. Former industries minister Shamsul Islam Khan, MP, focussing on the problems of the jute sector said there had hardly been any research on jute fibre which could help it go side by side with cotton.

In India, experts devised a

way to mix jute and cotton to produce fine quality garments. But Bangladesh was lagging behind, he said.

Mominur Rahman, vice chairman of Bangladesh Jute Mills Association (BJMA) said, the future of jute depends on how the country solves the internal and external problems relating to jute. He alleged that the exchange rate policy of the country, which keeps the Taka unrealistically high, is mainly responsible for uncompetitiveness of Bangladesh jute.

"Hundred per cent of the loss in the sector can be explained by this single factor," he said. M Mahmud, Chairman, Bangladesh Jute Spinners' Association (BJSA), while analysing the problems of the jute sector, said it virtually enjoyed no incentives after the independence of the country. He felt that the government should provide suppliers' credit to increase the export of jute goods.

Md Shamsul Huq of the Shippers' Council said, the future of jute is still bright and the present situation is a temporary phase.

"The government's uncalled for interventions in labour policy and laws have made the sector sick," he observed, "the government's policies must be consistent to ensure an enabling environment for the sector."

Faisal Siddiqui of the Institute of Business Administration (IBA) said the jute industry had a glorious past as the major foreign exchange-earning sector. But this factor was never taken into consideration.

"This has led to the present crisis of the jute sector and it should not be undermined by saying that the mills are now a burden for the banks," Siddiqui maintained. "The jute sector's problem is, in fact, a macro problem, not a micro one."

Trade Union Centre (TUC) representative Lutfor Rahman noted that the global marketing pattern was set against the interest of the jute exporting countries.

"Organisations such as the World Bank suggest we cut down production cost and reduce production. But they

never suggest the jute importing countries should increase jute price. The price of jute in the international market is very low," he said.

He further noted that if the rate of the Taka against foreign currency had been properly fixed over the last two decades, the jute industry would have had made huge profits.

Prof Shamsul Huq of the Institute of Business Administration (IBA) said the high interest rates are making the jute mills uncompetitive in costing of their products. "The interest rate should be brought down to between four and five per cent," he observed.

Mohammad Ali of the Bangladesh Jute Goods Exporters' Association said that in order to revamp the jute sector, all past liabilities of the sector should be set aside and fresh efforts made in the right direction.

Shahidullah Chowdhury, CBA leader of Latif Bawany Jute Mills said, the quality of raw jute is on the wane because of poor variety of Indian seeds flooding the local market.

He also lamented that although the global market of jute goods is stable, the country's share is decreasing.

Laila Kabir, president of the Bangladesh Employers' Association (BEA), said there should be a linkage between the wages and productivity in the jute sector.

Jatiya Party leader Barrister Moudud Ahmed MP, speaking in favour of a national consensus on the future of jute, observed that all previous governments had failed to improve the jute sector due to lack of commitment. He said, there were 25 million jute producers in the country, which meant jute should be saving us. "Instead, we are now discussing how to save the jute sector!" he said.

He emphasised on using the country's own experience, expertise and manpower to find solutions to the problems of the jute sector. "We have our own heritage and resources. So let us not depend on the World Bank to solve all our problems," he added.

## PM criticises Opposition

KHULNA, Aug 16: Prime Minister Begum Khaleda Zia today accused the Opposition of having chosen the path of destruction and obstructing the nation-building programmes, reports UNB.

"They speak of development, but are hindering the development process initiated by the present government," she said.

Begum Zia was addressing a workers' meeting of the district and Khulna Metropolitan BNP at the local Zia Hall this afternoon.

Presided over by City BNP president Nurul Islam, the function was also addressed by Speaker Shaikh Razzak Ali, Fisheries and Livestock Minister Abdullah Al-Noman, Whip Ashraf Hossain, Khulna City Corporation Mayor Sheikh Tayebur Rahman, Begum Syeda Nargis Ali MP, City BNP general secretary Manzurul Islam

and other local leaders. The Prime Minister said the Opposition is trying to create unnecessary issues. "Foreign investors are interested in the pragmatic policies of the government but hartals and gheraos scare them."

She added that there was a Parliament where they could debate and put forward their suggestions. Instead of doing so, they have been indulging in creating indiscipline on the streets.

The Prime Minister stressed the need for transforming all industries in the country into profit-making units through increasing production for achieving self-reliance.

Agricultural production has increased due to support to the farmers, she said, pointing at the success of the BNP's 'politics of production.'

## 'Jute has a future'

By Staff Correspondent

Experts predict a growth of the market for traditional jute goods because the global concern for the environment and diversified uses of the natural fibre in future.

At The Daily Star Roundtable yesterday, experts emphasised that jute should be made available in the global market, according to its changing needs.

Jute Minister Hannan Shah observed that there had not been any improvement in the production and marketing of jute goods.

The jute industry had also remained largely insensitive to the changes in the global market pattern in the past decades.

"There have been jute researches for diversified products. Yet those have not been marketed," he said and added, it was time for the nation to decide whether to continue with the use of conventional machines in the jute industry.

Executive Director of International Jute Organisation (IJO) KM Rabbani said that the main competitor of jute was synthetics which had their advantages over jute for their use in bulk handling. Citing studies by the FAO and the World Bank, he said synthetics would continue to dominate the world market till the turn of the century and jute could replace that afterwards.

He noted that petroleum, which is the raw material for most synthetics, was an exhaustible product while jute was reproducible. Within years, the petroleum reserves of the world would be exhausted, and jute would not have as many synthetic competitors.

The IJO representative said, the market for jute carpets, was steady but not the market for jute packaging, which was dominated by synthetics.

He suggested continuous efforts to promote jute packaging for the next few years to achieve a positive result.

Chairman of the Jute Goods Exporters' Association (JGEA) Mohammad Ali said that a good number of diverse usages of jute were in practice. The jute plant helps prevent erosion, jute fibre is now used as a raw material for paper, clothes, garbage bagging, geo-textile and many other products. The furniture industry also was using jute as a raw material, he added.

Since the jute sector was labour intensive, it benefitted a large number of people. But synthetics ruled the market because those were cheaper than jute. Thus the price of jute and jute goods should be subsidised, if necessary, Ali concluded.

Bangladesh Jute Mills Association (BJMA) vice president Mominur Rahman cautioned against putting too much emphasis on diversification instead of competitiveness of jute goods.

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## Fresh clash in N'ganj

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processionists a series of crackers were exploded in the area. Police instantly lathicharged the processionists and lobbed teargas canisters.

Police also used rubber bullets against the mob which, immediately after the police attack, got violent and repeatedly exploded home-made crackers and fired shots.

The clash immediately spread to the adjacent areas including the DIT market, No 2 railgate and Chamber Road and continued for nearly two

hours.

The processionists had earlier held a rally near the cinema hall in the afternoon protesting Monday's killing and demanding arrest and punishment of those responsible.

The rally, chaired by an elderly AL leader, Sheikh Mizanur Rahman, called a six-hour hartal in the town from 6 am tomorrow protesting Monday's violence.

Many of the injured suffered splinters injuries from the crackers and were also hit by rubber bullets.

Two seriously injured men — Duda Mia 22, and Sohail 34 — were sent to Dhaka while the others were being treated at the Narayanganj General Hospital, Narayanganj Hospital and private medical clinics last night.

Another rally arranged by the Narayanganj town AL president Nazma Rahman and Secretary Shameem Osman demanded a probe into Monday's incident. They also gave a hartal call for tomorrow.

Police had picked up 24 people till the filing of this report at 11 last night. They were detained in the Narayanganj police station for interrogation.

Meanwhile, Shamsul Alam, who died in Monday's violence, was buried at the Paikpara graveyard today.

## JP Office Case Trial resumes today

The trial of deposed president Hussain Muhammad Ershad and two others in a corruption case involving the Jatiya Party office, which was scheduled to resume yesterday, had to be adjourned till today because of the inability of the former president's chief defence counsel to attend the Special Judge's court, reports BSS.

Upon a prayer from one of Ershad's lawyers presiding Judge Zeenat Ara, First Additional District and Sessions Judge, Dhaka, ordered the proceedings to resume today.

Editor : Mahfuz Anam

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