



The Future of Jute : Problems and Prospects

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Jute's Golden Glaze may Return, yet

Mahfuz Anam: On behalf of The Daily Star, I would like to first welcome the Honourable Minister for Jute, Brigadier Hannan Shah. We are most grateful for his kind presence.

As you may know, The Daily Star occasionally holds round tables on issues of national importance. Today we are privileged to hold the round table on the Future of Jute, Problems and Prospects. Jute is the mainstay of the economy of Bangladesh, at least it used to be, and it is now facing, let us say, not the best of times.

It is no doubt that the jute manufacturing sector is at a cross-road. There has been a lot of discussions and debate on the reforms that have been going on in the sector. But none of them have been at the public level. We hope, The Daily Star round table will bring the debate to our readers and permit the public to participate.

The most important thing that is happening in this sector, is the reform programme which is now in operation. How good is the reform? How effectively is it being implemented and whether the reform which has been instituted is enough? Is it sufficient? And if it is not, then what are the things that we need to do?

We have invited here today, all the major actors in the jute sector. We have the government represented by His Excellency, the Jute Minister; we have the jute professional bodies, associations, the various trade associations and organisations. We also have some of the private sector leaders of the jute industry; we have some academics, we have representatives of the banks who are deeply involved in the jute sector. So all of us have gathered here today to discuss the future of jute, especially that of the manufacturing sector.

What we intend to do first, is go around the table so that everybody can briefly say what, according to him on her, the most important problem is that the industry faces. This will highlight the problems

that this sector is facing. At the end we will get a collection of ideas.

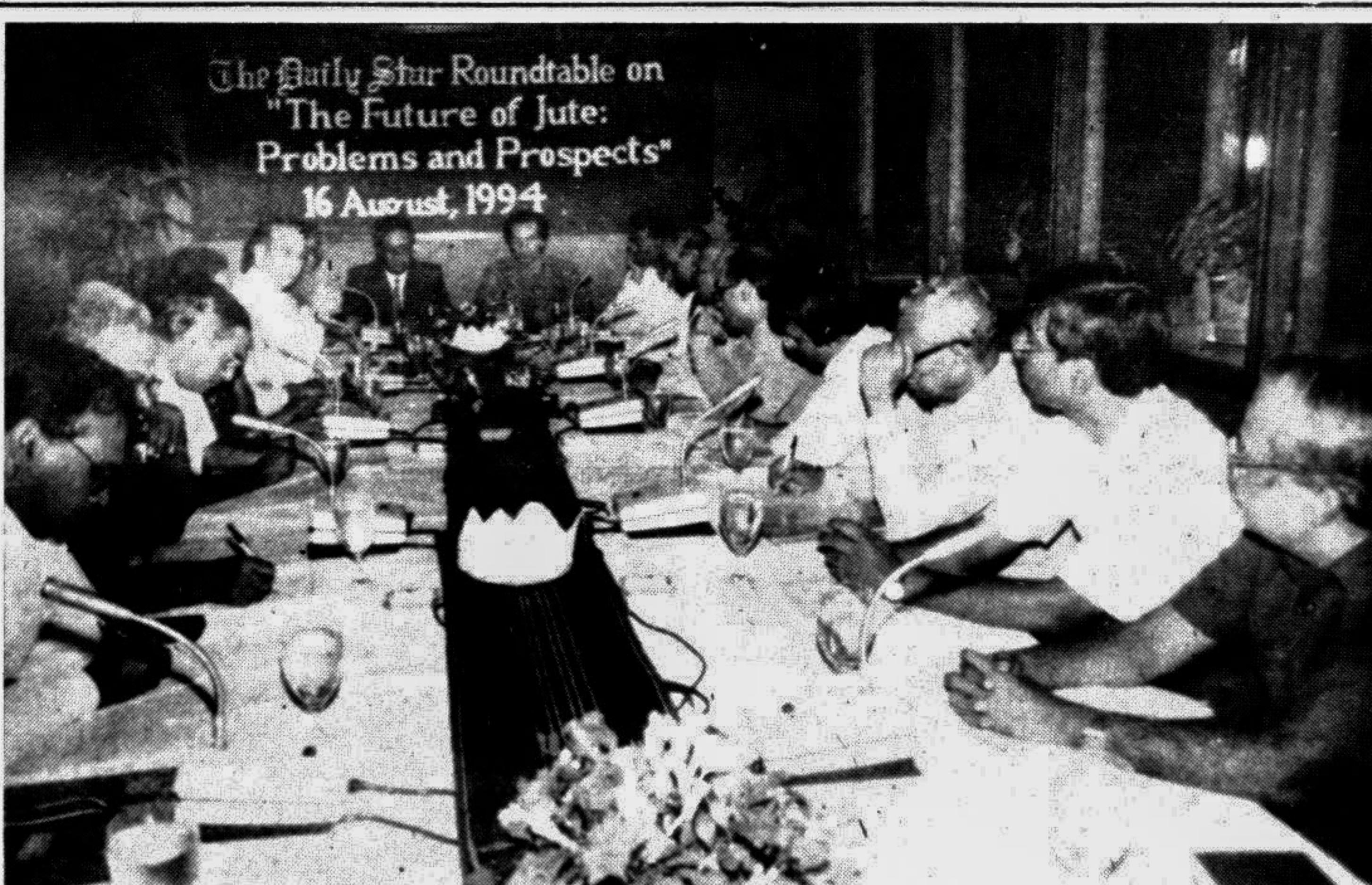
After that I will invite the minister to respond to the issues raised, and then we will go into a more structured discussion. At that stage, we will first focus on the jute sector reforms, how good they are, how effective they have been so far, and then we will have another round of discussions from all of you round the table.

Now can I ask our honourable former Minister of Industries Shamsul Islam Khan to set the ball rolling. I think he is an experienced person in this sector and it is most appropriate that we start with you, sir.

Shamsul Islam Khan: To talk on the subject of Future of Jute, Problems and Prospects, one should go a bit back before this structuring and restructuring of the jute sector began. I have spoken to the honourable minister several times on the matter.

The synthetic yarn which has captured the market of fabrics and packing material all over the world today, is produced from petroleum waste. I have seen no fibre at all in petroleum itself, yet by virtue of science, this substance is being used to produce synthetic fibres to meet the demands all over the world.

We may speak against synthetic material in favour of natural fibre, but the fact remains that if this synthetic ma-



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terial had not been invented. Jute fibre still would not be able to meet the world demand for packing and other materials.

It is unfortunate that though

jute is a fibre, we still have not been able to produce fabric. Length is a factor. Cotton fibre is one inch to one and a half inches in length. Though jute looks as if it is eight to ten feet in length, in reality the staple length is only three fourth of an inch to one and a half inch. We have not been able to do research and discover anything regarding production of natural fabric from jute fibre. I know our honourable minister is concerned about this.

There has been an absolute neglect of the marketing aspect right from 1970, and continued till 1990. Even if you wanted to treat a buyer to a fifteen-dollar lunch in London, you wouldn't have the facilities.

But this government has gone ahead. You can keep ten per cent of the total sale abroad to satisfy the international buyer.

If the marketing would have been given attention, then the looms wouldn't have had to be sealed today.

Another new aspect from 1979-80 is the export of yarn. Yarn has an increasing market in the world now. When we would go to Belgium and Dundee with our jute, we would expect jute mills there like our Adamjee or Bawani or Ispahani Jute Mills. But there weren't any composite jute mills in the whole of Dundee. All of those would produce yarn.

Dundee would take seven lac bales of jute yearly, originally 50 lac bales. Belgium would take seven and a half lac bales yearly. There was not a single composite mill there.

Holland, Germany, Belgium, France would take carpets only.

Mahfuz Anam: May I ask the next speaker to make his opening remarks?

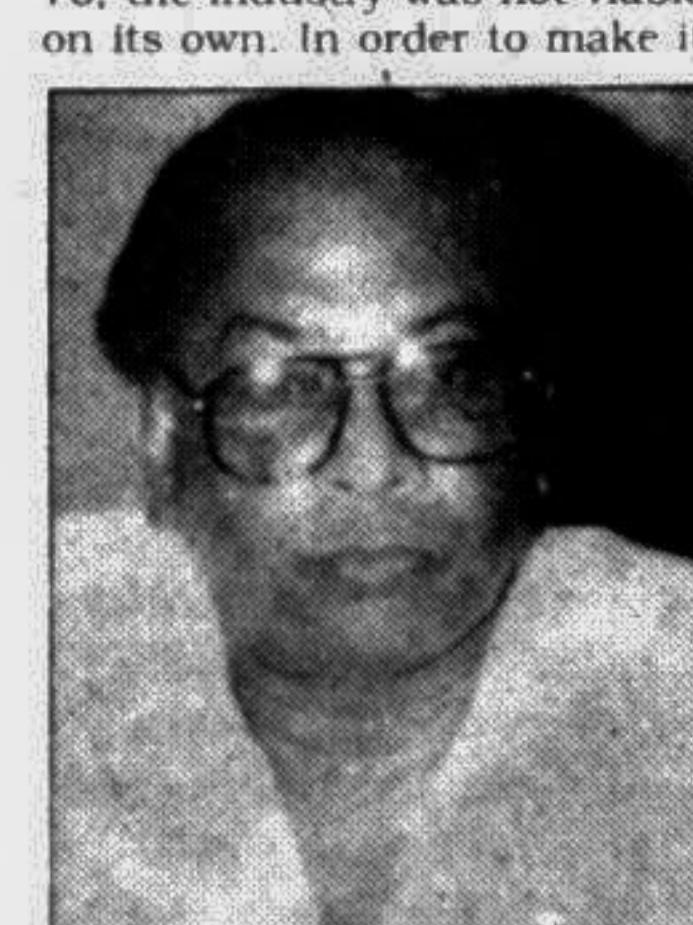
M. Mahmood (Chairman, Bangladesh Jute Spinners Association): I would like to congratulate The Daily Star for organising this discussion. I consider this conference a timely step at this critical juncture of the jute sector.

If we look at the history of jute industry, we find that after independence in 1947 there was no jute industry here. We had only raw jute and the industry was located in West Bengal. The first jute mills came into existence in 1952-53 in the then East Pakistan.

By 1960 we had eight jute mills having 8000 looms. By 1965 another 10,000 looms

were installed and by 1970, another 7000 looms were in place. The total figure rose to 25,000 looms in the country, both in hessian sacking and carpet backing.

At the time of liberation we had 77 jute mills, including six spinning mills. Although rapid expansion took place during the period between 1960 to 70, the industry was not viable on its own. In order to make it



M. Mahmood

I would also request the government to provide suppliers' credit to the tune of taka 500 crore to increase the sales of jute goods and earn more foreign exchange instead of closing the mills. The government should also provide taka 500 crore for market promotion which will definitely increase our export and create employment opportunities in the country.

In India, there is a company which has recently produced a fabric from a mixture of jute and cotton. In Madras, where jute has never been grown, SITRA (South Indian Textile Research Association) has produced fabrics from the blend of cotton and jute, and are supplying it all over India. Yet, we in the land of jute, have not been able to do anything. Can you imagine that where a

viable and expand this sector, 30 per cent bonus voucher was given to the jute industry.

After liberation, all the jute mills were nationalised including those of the Bengali owners and the benefits given to this sector were withdrawn. I consider that this nationalisation policy was not a correct policy at that stage. In 1979 the government decided to re-

Bangladesh is doing nothing. India is taking every step to increase their export and fill up the gap created due to closing down of the mills in Bangladesh. I fail to understand how JSAC programme is helping the industry in Bangladesh when there is a market demand for one million tons of jute products.

Muhammed Shamsul Haque (Chairman, Shippers Council of Bangladesh): I have also been associated with the jute industry as a grower, trader and manufacturer. I would like to thank the management of The Daily Star for arranging this dialogue. It has indeed been most imaginative of them to arrange this round table on the Future of Jute, Problems and Prospects at this crucial phase in the history of jute.

I am an optimist. Those close to me say that I am an incorrigible optimist, and not very often as a compliment. But I am really so, as far as jute is concerned. I am a traditional jute grower as my forefathers were and I have since been associated with jute as a trader and also as a manufacturer. Jute has undoubtedly fallen in bad days. But my firm conviction is that this is a temporary phase.

Our economy has traditionally been based on jute. Even today a large percentage of the population depends directly or

Muhammed Shamsul Haque
Historically, our jute and jute goods have played a vital role in our economy for centuries. And those associated with trade and manufacturing have always received the highest attention of the concerned authorities.

Unfortunately the growers of jute who are the backbone, do not have access to the appropriate authority to air their grievances. They have always been neglected, in all major policy decisions.

indirectly on it for their livelihood. What would happen to this vast number of people if jute faces the fate of indigo? We cannot allow it. There are many welfare programmes on which the government spends millions. What if we have to withdraw all the benefits given to the spinning sector with effect from July 1, 1992, putting this sector into a great financial crisis. With government assistance, the spinning sector had been able to increase their export from 63,000 metric tons in 1989-90 to 77,000 metric tons in 1991-92. In 1992-93 the spinning sector export was 84,000 metric tons and earned 234 crores foreign exchange and in 1993-94, export was 88,400 metric tons. Earnings were 244 crores.

Although we increased our export, the average price of yarn came down from \$10 dollars per metric ton to \$6.67 in 1993-94. This is mostly due to international competition and also internal competition from the composite jute mills.

In conclusion, I would like to mention here, in order to save the spinning industry, similar benefits must be given. It is unfortunate that yarn, the only competitive sector in the international market was excluded from this JSAC.

The programme must be reviewed in order to make it positive. I would also request the government to provide suppliers' credit to the tune of taka 500 crore to increase the sales of jute goods and earn more foreign exchange instead of closing the mills. The government should also provide taka 500 crore for market promotion which will definitely increase our export and create employment opportunities in the country.

Nevertheless, this sector played its due role till 1972 when government nationalised the jute industry. This made way for rampant corruption and inefficient operation. The so-called intellectuals on whose advice the mass-scale nationalisation was done, are

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