

Small jute mills attempt revival

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Small jute mills of Rangpur division in the country's northwest have resumed production after remaining shut for several months as raw jute prices soared after last year's harvests and for the pandemic-induced business losses.

Some 130 jute mills out of 200 listed with the Bangladesh Jute Mills Association (BJMA) are operational. The northern region accounts for nearly 70 mills, most of which are small and medium in size.

The mills cater to the local market for hessian, jute bags and cloths as well as export destinations, including India.

The raw jute prices had reached as much as Tk 6,500 per maund (around 37 kilogrammes), said Abul Kalam Mintu, director of Selim Agro Industries Ltd at Saidpur upazila of Nilphamari district.

"But the price of the goods we produced did not rise proportionately, compelling us to incur losses. Under such a situation, most mills could not continue operation," he said.

Exporting goods became difficult during the shutdown for a lack of transport and orders. "We also could not operate smoothly as we had to work with a reduced workforce to comply with social distancing rules," he said.

In Rangpur, there are 22 small jute mills with the number of looms in each ranging from 36 to more than 400.

The mills employ 400 to 2,000 workers, said some millers in the region.

Bangladesh produces around 80 lakh bales of raw jute while local mills process 60 lakh bales to make yarn, twine, bags, sacks and other goods mainly for export and some domestic sales.

Last year production declined for unfavourable weather, fuelling prices of the fibre to reach the highest in history.

High market prices of raw jute caused an unhealthy competition



Jute twine produced at Equ Jute Process Ltd in Nilphamari. The mill has opened production on remaining shut for several months as raw jute prices soared after last year's harvests and for the pandemic-induced business losses. Currently the mill is utilising 50 per cent of its capacity. The photo was taken recently.

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among hoarders while most mills faced capital loss during the pandemic, high bank interest, and a lack of government incentive, which were a barrier for them to flourish, said mill sources.

Prokash Das, general manager of Ranu Agro Industries Ltd in Nilphamari, said, "Price of raw jute is abnormally high due to unhealthy competition of hoarders but our products can't be sold in markets at a proportionate rate and so it is difficult to run the mill smoothly."

The jute mills, most of which have been set up with bank loans, started seeing a glimmer of hope after Adamjee jute mills was closed down in 2002 followed by others under Bangladesh Jute Mills

Corporation. Purchasing old looms and other machinery from some of the closed mills and importing some, the small mills initially ran with some workers of the shuttered mills. The local workforce is now gradually replacing them.

"If the government provides all of us, instead of a few, with incentives to recover from losses, it would be easier to function," said Md Shafiqul Islam, manager of Nine Jute Mill in Rangpur.

Mizanur Rahman Swapan, owner of SR Jute Mill of the district, said three to four small jute mills have already closed down for being unable to tackle manifold problems.

Siddiqui Alam, managing

director of Equ Jute Process Ltd in Nilphamari, said the government made it mandatory for using jute bags to packet rice and other commodities and if it was enforced strictly, small jute mills would get a new lease on life.

"We urge the government to allow the export of raw jute, but only after domestic requirements are fulfilled," said Aminul Islam Mintu, director of Selim Agro Industries Ltd in Saidpur of Nilphamari.

Farhanul Huque, vice president of the Nilphamari Chamber of Commerce and Industries, said, "We've discussed with the authority concerned regarding problems of traders and manufacturers, particularly about small jute mills."

Higher yield, prices bring cheer to jute growers

MIRZA SHAKIL, Tangail

Jute growers are overjoyed as they took home good crops, which will allow them to make more profit because of the current higher prices of the golden fibre.

Bumper jute was harvested in the district this season on the back of favourable weather conditions. Also, there was no problem rotting the plants as local water bodies were filled with water on time, farmers and agriculture officials say.

This led the production to exceed the target set by the agriculture department.

Jute was cultivated on 15,815 hectares of land in Tangail last year, and the production was 162,312 bales, according to Nargis Akter, a sub-assistant agriculture officer at the Department of Agricultural Extension (DAE) in Tangail.

Jute production rose about 5 per cent year-on-year to 169,989 bales this year. The fibre was cultivated on 16,088 hectares.

During a recent visit to different places in Sadar upazila, farmers were found busy harvesting the crop, rotting, separating, washing and drying the fibres.

Farmers expressed their satisfaction over the yield and the current market price of the fibre and jute sticks.

Farmers spent Tk 5,000 to Tk 6,000 to cultivate jute on per bigha land (33 decimals), and have received five to six maunds of the crop from each bigha.

Good quality jute is selling for Tk 4,000 to Tk 4,200 per maund.

Besides, about 400 bundles of jute sticks can be produced from each bigha of land,

with the price per 100 bundles standing at Tk 800 to Tk 1,000.

"As a result, farmers are making more profit from jute cultivation than other crops," said a farmer.

Anwar Hossain, of Mogra in Tangail Sadar upazila, cultivated the golden crop on four bighas after harvesting the IRRI paddies.

"I have got good yield this year due to the lower amount of rains and the late arrival of floods," he said.

Romesa Akter in Aynapur village in the same upazila said she cultivated jute on two bighas and got around 10 maunds of fibres.

The price of the fibre was Tk 2,000 to Tk 2,500 per maund last year. But local traders have already offered her Tk 3,800, she said.

Roksana Khatun, who was drying fibres and sticks on a bridge near her house at Kuizebari, says she expects more than Tk 4,000 per maund as the quality and colour are better.

"I am very happy as the prices of jute sticks are also better."

Ziaur Rahman, upazila agriculture officer in Tangail Sadar, says the interest among the farmers to produce jute has received a boost because of higher yield and prices.

Ahsanul Bashar, deputy director of the DAE in the district, said the high-yielding varieties were cultivated the most in the district this season than local varieties. As a result, the yield was better.

Local farmers had been supplied with good quality seeds this season after talking to the Bangladesh Agriculture Development Corporation and private seed traders, he said.



Farmers in Tangail expressed their satisfaction over the yield and the current market price of the fibre and jute sticks.

STAR/FILE



GLOBAL BUSINESS

Japan upgrades Q2 GDP on stronger business spending

REUTERS, Tokyo

Japan's economy grew faster than the initially estimated in the April-June quarter, helped by solid capital expenditure, although a resurgence in Covid-19 is undermining service-sector consumption and clouding the outlook.

Revised gross domestic product (GDP) data by the Cabinet Office released on Wednesday showed the economy grew an annualised 1.9 per cent in April-June, beating economists' median forecast for a 1.6 per cent gain and the initial estimate of a 1.3 per cent expansion.

It followed Prime Minister Yoshihide Suga's announcement last Friday that he was stepping down, paving the way for the September 29 ruling party leadership race, in which contenders will outline their plans to revive the world's third-largest economy.

The upward revision was caused by better-than-initially-estimated business spending, as a brisk global economic recovery powered capital expenditure and factory output, which more than offset weak service-sector activity.

Still, Japan's economic recovery remains fragile due to slow Covid-19 vaccinations and as pandemic restrictions hamper private-sector activity.



People walk in Shibuya shopping area during a state of emergency amid the coronavirus disease outbreak in Tokyo, Japan on August 29.

REUTERS/FILE

"Japan's recovery is lagging behind other advanced economies. As such, the economy's fully-fledged recovery needs to wait at least until early next year," said Takeshi Minami, chief economist at Norinchukin Research Institute.

However, global chip shortages may put a drag on Japanese car production and shipments while signs of China's economic slowdown emerge as sources of concern.

"The 1.9 per cent April-June growth was not enough to push back the nearly 4 per

cent dip in January-March - less than a half of it," said Yoshiaki Shinke, chief economist at Dai-ichi Life Research Institute.

"On average, 'stalling' could be the main description of Japan's economy during the first half of 2021." The second-quarter GDP growth figures translated into a quarter-on-quarter expansion of 0.5 per cent in price-adjusted terms, better than an initial reading of a 0.3 per cent growth and the median estimate for a 0.4 per cent gain.

The capital expenditure component of GDP grew 2.3 per cent in the second quarter from January-March, bigger than the median forecast for 2.0 per cent growth and the preliminary 1.7 per cent gain.

Private consumption, which accounts for more than half of Japan's GDP, grew 0.9 per cent in April-June from the previous three months, up slightly from a preliminary estimate of a 0.8 per cent gain. Domestic demand contributed 0.8 percentage points to revised growth figures, while net exports - or exports minus imports - shaved 0.3 percentage point off the second quarter growth.

Separate data on Wednesday showed the economy watchers survey, a gauge of service-sector sentiment fell to a seven-month low in August and at the fastest pace since February 2020.

G7 finance ministers to discuss global tax reform

AFP, London

Finance ministers from the world's seven wealthiest nations are set to meet later this week to discuss global tax reform, according to the UK Treasury on Tuesday.

At the meeting, to be held online on Thursday, the so-called Group of Seven or G7 will try to make progress on technical negotiations on global tax reform, a Treasury source said.

In June, G7 finance ministers agreed a "historic" commitment to impose a global minimum tax of 15 per cent on large corporations such as tech giants in every country they operate in.

The landmark deal is supposed to help put an end to top multinationals shopping for countries with low corporate taxes in which to book their profits instead of paying where they conduct their business.

Some nations are opposed to the plan, most notably Ireland, which has lured the likes of Apple and Google with a tax rate of 12.5 per cent.

G20 finance ministers have backed the deal and final agreement is expected in the run-up to the G20 leaders' summit in Rome in October, with hopes the reforms can be in place by 2023.

UK employers say Johnson's tax hike will cost jobs

REUTERS, London

British business organisations criticised Prime Minister Boris Johnson's plans to increase taxes to pay for health and social care reform, saying they added to the burden on firms struggling due to the Covid-19 pandemic and would cost jobs.

Johnson set out plans on Tuesday to raise taxes on workers, employers and some investors.

The announcement received a cool reception from businesses, who were asked to pay a 1.25 percentage-point increase to a payroll tax known as National Insurance (NI).

"Businesses strongly oppose a rise in national insurance contributions as it will be a drag anchor on jobs growth at an absolutely crucial time," Suren Thiru, Head of Economics at the British Chambers of Commerce, said.

"This rise will impact the wider economic recovery by landing significant costs on firms when they are already facing a raft of new cost pressures and dampen the entrepreneurial spirit needed to drive the recovery."

But the government said it was right that businesses should make a contribution given that they benefit from the health and social care system via their employees.

In world first, bitcoin becomes legal tender in El Salvador

AFP, San Salvador

El Salvador on Tuesday became the first country to embrace bitcoin as legal tender, with consumer demand crashing its brand-new cyber "wallet" system even as the currency's value seesawed against the US dollar.

Under the initiative of President Nayib Bukele, Salvadoran consumers can now legally use bitcoin -- along with the US dollar which has been the official currency for two decades -- to pay for any good or service.

Bitcoin can be bought and spent using a cyber wallet app called Chivo (which translates

as "cool" in the local dialect), while cash can be drawn, in dollars, from some 200 bitcoin automated teller machines hastily erected countrywide.

While made possible by a law promulgated in June, in practice few people could make use of the new system on launch day.

Several who had gathered at a Chivo bitcoin ATM in central San Salvador to conduct transactions had to leave disappointed as the app was down. A few meters away, at a fruit and vegetable market, trade continued as usual with clients and vendors exchanging dollars.

"Bitcoin? No," one vendor cut a customer short. On social media,



A sign reads: "Exclusive Bitcoin register" in a Starbucks store where the cryptocurrency is accepted as a payment method, in San Salvador, El Salvador on September 7.

REUTERS

bitcoin enthusiasts bragged about paying for burgers or pizzas at fast food restaurants, though not using the government app but other third-party platforms already in existence.

"We have disconnected it (the Chivo system) while we boost the capacity of the image capture servers," Bukele tweeted in the morning urging "a bit of patience" from those keen to join the experiment. The system was back up a few hours later, though only for users of certain types of cellphones.

Bukele claims the introduction of bitcoin will give many Salvadorans access to bank services for the first time.