

Jute millers threaten shutdown from Feb 1 over raw jute shortage

STAR BUSINESS REPORT

Bangladesh's jute millers have warned of a countrywide shutdown from February 1 if the government fails to resolve an acute shortage of raw jute, which they say has already disrupted production and forced several mills to close.

The Bangladesh Jute Mills Association (BJMA) in a press release yesterday said its member mills are facing severe difficulties towards the end of the current 2025-26 fiscal year as they are unable to procure adequate raw jute amid a sharp and abnormal rise in prices.

BJMA and Bangladesh Jute Spinners Association (BJSAs) jointly wrote to the adviser to the Ministry of Textiles and Jute on January 26, urging government intervention to release stockpiled raw jute at reasonable prices, curb hoarding, and ensure sufficient supply to mills. Without prompt action, they said, mill shutdowns would be inevitable.

Raw jute is now selling at Tk 5,000 to Tk 5,500 per maund, depending on quality, putting it beyond the purchasing capacity of many mills.

During the peak harvesting season in July-August 2025, raw jute was trading between Tk 2,200 and Tk 2,400 per maund. The current price represents a more than 120 percent increase in just six months.

According to the association, prices began rising steadily from September to November 2025 due to a supply-demand mismatch, made worse by continued exports of raw jute, and alleged hoarding by a section of traders and exporters.

BJMA claimed that a handful of middlemen have stockpiled raw jute in warehouses, creating an artificial crisis in the domestic market. The millers said they had earlier raised the issue with the commerce ministry.



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PHOTO: SUZIT KUMAR DAS

In September 2025, the Ministry of Commerce amended the Export Policy 2024-27 to move raw jute onto the "conditional export" list, requiring prior approval for all shipments.

However, the ministry subsequently issued circulars allowing 12 firms to export nearly 3,000 tonnes of raw jute in October alone.

BJMA and BJSAs said that these approvals, granted while local prices were already skyrocketing, depleted

the domestic stock and emboldened hoarders.

Following meetings with representatives of BJMA and BJSAs in August and September last year, the ministry issued a circular allowing the conditional export of raw jute. However, the measure failed to stabilise the market, the association said.

Several jute mills have already suspended operations due to the shortage, and the remaining ones may follow suit if the situation persists, the release adds.

US may cut tariffs

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FTA with the EU, and they have shown interest. But their process is slow."

He said the EU is currently pursuing FTAs with India and may move towards Vietnam next, which could pose challenges for Bangladesh. "Still, there is no reason to panic. We must continue discussions. I will leave detailed notes on this for the next government."

Siddiqi also pointed out that securing GSP Plus facilities in the EU market after Bangladesh's graduation from LDC status will be challenging, and warned that excessive export concentration on a single product could risk losing GSP Plus benefits, noting that Bangladesh's garment exports heavily dominate the EU market, which could create future vulnerabilities.

Referring to talks with World Trade Organization (WTO) Director-General Ngozi Okonjo-Iweala, Siddiqi said future trade policy issues were discussed, where the WTO chief advised Bangladesh to gradually move beyond multilateral trade reliance and focus more on bilateral trade agreements.

In this context, the special envoy to the chief adviser said productive

discussions were held with Japan on an economic partnership agreement (EPA).

Japanese Minister of Economy, Trade and Industry Akazawa Ryosei informed him that a formal agreement with Bangladesh could be signed within the next one or two weeks.

Bangladesh will also enjoy duty-free transit facilities in Japan for three years after LDC graduation, he said.

Talks on FTAs are ongoing with South Korea, while negotiations with Singapore are almost at the final stage. In the future global trade environment, surviving without FTAs or EPAs will be difficult," Siddiqi said.

He said discussions with Thai Foreign Minister Sihasak Phuangketkeow covered potential Thai investment in Bangladesh's food processing sector and the use of Thai ports to boost bilateral trade.

On the Rohingya repatriation issue, Siddiqi said the matter was discussed with UN Special Envoy on Myanmar Julie Bishop in Davos. "As days pass, global geopolitics surrounding Myanmar are becoming more complicated. Bangladesh

must remain focused on its rightful demands."

Highlighting talks with International Organization for Migration Director General Amy Pope, the special envoy said discussions focused on legal migration from Bangladesh.

"There is a perception internationally that Bangladesh is not serious about illegal migration and is content as long as people go abroad. We are trying to change that perception."

He mentioned that 600 holders of fake passports were sent back from Singapore last month. "Previously, no action was taken against them. This time, with support from the CID, each individual will be brought under the law."

Stressing the need for changing Bangladesh's diplomatic approach, Siddiqi said symbolic gestures such as signing MoUs, handshakes, and photo opportunities are no longer sufficient; Bangladesh must make itself more relevant globally.

Corridor diplomacy and issue-based negotiations must be prioritised to clearly present Bangladesh's positions to the world, he said.

lower expectations, why can't we bring inflation down?" he asked.

He said inflation expectations are visible across the labour market, where workers routinely expect annual wage increases. In many factories, wages rise by 10 percent, 15 percent, or even 20 percent each year - not necessarily because productivity has increased, but because higher inflation is assumed.

"These expectations are deeply ingrained. We have to break that cycle," he said. "Unless expectations change, inflation will not come down to 3 or 4 percent. And that will take time."

FROM PAGE B1
The government is planning a general salary increase, which will double the wage bill.

Speaking about the central bank's efforts to tame inflation, Mansur said bringing down inflation is achievable, but will take time.

Bangladesh, he noted, has already reduced inflation from around 12.5 percent to about 8.3 percent. "Inflation has to come down. But we must give it time. We must be patient."

However, he cautioned that the real challenge lies in breaking inflation expectations, which have

been long-established.

"Historically, Bangladesh has never had low inflation," he said, noting that inflation has typically hovered around 6 percent to 8 percent.

Claims of sustained high growth alongside low inflation, he added, were often more artificial than real.

"This is why interest rates cannot be low," he said, adding that rates can only fall sustainably if non-performing loans are reduced sharply through accountability, good governance, and effective supervision.

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