

November 5, 2015

The Honorable Md. Emaz Uddin Pramanik MP
Minister
Ministry of Textiles and Jute
Government of Bangladesh



Dear Minister Pramanik,

I have the honor of informing you that the recent decision by the Ministry of Textiles and Jute to introduce a temporary export ban on supplies of raw jute, including Meshta, is highly detrimental to the long term competitive interests of the jute industry of Bangladesh, the international jute trade and all natural fiber industries. By banning exports with immediate effect and forcing the abrogation of export contracts already agreed, this decision upsets established trade patterns and encourages the use of alternative fibers, including polypropylene, for which there are no trade disruptions.

You may recall that in November 2010 when the Ministry of Textiles of the Government of India banned exports of cotton from India, the impact on the world cotton market was highly disruptive. At that time, the Government of Bangladesh complained bitterly to the Government of India and denounced the decision by India as an unfair interference in international trade with severe negative impacts on the textile industry of Bangladesh. The cotton industry of India still feels the impacts of that decision in the form of higher country risk premiums and lower prices paid to farmers for raw cotton, even now 5 years after the event. Furthermore, the export ban by India contributed to a temporary rise in cotton prices which accelerated the loss of market share of cotton to polyester among textile mills. As a consequence, the world cotton industry today suffers from lower market share, lower consumption, and lower revenue to farmers as a result of the ban on exports by India in 2010. The same dynamics will inevitably affect the jute industry of Bangladesh.

The issue of export bans to protect national industries has been discussed extensively at the World Trade Organization (WTO), and there is a strong consensus among policy makers that short term advantages gained for national industries under the banner of resource security are far outweighed by the negative long term consequences of disruptions to trade. In the case of natural fiber industries, the negative impacts of trade bans are magnified by the impacts of interfiber competition and the resultant shift in demand away from natural fibers to synthetic fibers.

The Discover Natural Fibre Initiative (DNFI) was created in 2010 as an outgrowth of the International Year of Natural Fibres 2009, declared by the United Nations General Assembly. The purpose of DNFI is to advance the interests of all natural fiber industries and to encourage increased use of natural fibers in the world economy.

I take this opportunity to request that the Ministry of Textiles and Jute of the Government of Bangladesh reconsider the temporary ban on exports of raw jute, including Meshta, so as to preserve the long term competitive interests of all jute producers, including jute producers in Bangladesh.

Sincerely,



Assoc. Prof. Malgorzata Zimniewska, PhD Eng

Chair

Discover Natural Fibres Initiative