

# **Chinese assistance for Bangladesh Jute Mills.**

Financial Express. Dhaka Wed, 28 December 2016: Local jute mills are set to go through a major technological upgrade under soft-term Chinese funding. This, no doubt, should promise some fresh air for the country's jute industry. Modernization of the ramshackle mills, a crucially important activity left unattended for decades, is a must for the jute sector if it has to operate as it should. Beside the decrepit machinery and outdated technology affecting productivity, the country's jute sector is faced with many problems -- some indeed highly challenging. Default bank loans, mounting stock piles and export slump have been causing serious difficulties for the entire industry. Total bank loans availed of by the jute sector, as the reports say, stand at around Tk 15.0 billion, a good part of which has now become default. Stockpiles have hit a nine-year high. Down-turn in exports by nearly 20 per cent in the last fiscal owing to declining overseas demand from major markets has left things more uncertain than in the recent past.

Under depressed international market and domestic demands, more than a dozen mills have thus been forced to shut down in the past few years. Those that are somehow still in operation have drastically reduced production. Mills, in both private and public sectors under the Bangladesh Jute Mills Association (BJMA) and the Bangladesh Jute Mills Corporation (BJMC) respectively, have been incurring losses. In the last fiscal year alone, losses of the state-owned mills amounted to Tk 5.88 billion. Production capacity of these mills is 275,500 tonnes but the actual annual production is 108,656 tonnes. Many of these problems are due to the rundown state of the machinery.

In this context, revamping the mills is the only way out to start with. With Chinese assistance, 24 public sector jute mills, according to reports, will now be modernized in the first phase. Subsequently, the government is to take up a project worth \$350 million for balancing, modernization, rehabilitation and expansion (BMRE), where China will put in an additional \$280 million. A feasibility study, conducted by the designated Chinese company, has reported that inefficient running of the mills due to obsolete equipment and single product focus, among others, have cut into the competitive edge of the country's jute industry as a whole.

The problems with the jute sector are often viewed as a mix of maladies relating to productivity, product development and marketing. There was hardly any systematic plan for continuous research to develop and diversify jute products in keeping with consumer tastes and preferences at home and abroad. Stray initiatives were there, but lack of concerted efforts coupled with fund constraints did not allow these to materialize in a commercially viable manner.

It is, therefore, no wonder that Bangladesh, despite being the second largest producer of raw jute, is still in the age-old sack business, that too without much of a variety. This now augurs well that the plan for modernization also aims at shedding this single-product focus in order to bring the desired diversification by adding/adjusting necessary tools and equipment to the production line. Though belated, one eagerly hopes that the process would go a long way towards energizing the jute manufacturing sector with renewed vigor and vitality. [<http://www.thefinancialexpress-bd.com/2016/12/27/57587/Advanced-technology-for-jute-mills-at-last!>]