



الفريق الدولي لدراسة مسائل الجوت
国际黄麻研究组
GROUPE D'ÉTUDE INTERNATIONALE DU JUTE
INTERNATIONAL JUTE STUDY GROUP

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International Jute Study Group (IJSG)

Fifteenth Session of the Council of IJSG

IJSG Secretariat, Dhaka

06 December 2012

Report of the Fifteenth Session of the Council of IJSG

A. Opening of the Session

1. The Fifteenth Session of the Council of the IJSG was held in Dhaka, Bangladesh on 06 December, 2012. Mr. Asharaful Moqbul, Senior Secretary, Ministry of Textiles and Jute (MoTJ), Government of the People's Republic of Bangladesh and Chairperson of the Council of IJSG chaired the session.
2. The Chairperson noted that the Fifteenth Council of IJSG will be a short one. He mentioned that IJSG has completed a full decade of life and IJSG has served well in the interest of growers of jute, kenaf and allied fibres and the consumers of jute as well. Therefore IJSG is equally important to both producer and consumer countries. Till date IJSG has achieved many good things and hopefully will make more achievements in the future. With his best wishes for IJSG he formally declared the 15th Council session of IJSG 'open' and requested the Secretary General to facilitate the agenda.
3. The Secretary General welcomed the Chairperson and expressed his thankfulness to him for chairing the session. The Secretary General welcomed the European Union representatives from European Union Delegation to Bangladesh Mr. Andrew Barnard, Head of Political, Trade and Press Section and Mr. Pierre Buyschaert, the Attaché. The Secretary General also welcomed the representatives from India, Mr. Atri Bhattacharya, Secretary, National Jute Board (NJB), India and Ms. Arti Kanwar, Deputy Jute Commissioner, Kolkata, India; and the Bangladesh delegation led by Mr. Ashraf Moqbul, Senior Secretary, Ministry of Textiles & Jute and other delegates. The Secretary General also welcomed the delegations of observer countries.

A.1. Ascertainment of quorum

4. The quorum was ascertained and it was decided that since all the members were present, the quorum as required under Paragraph 9(g) of the Agreement Establishing the Terms of Reference of the International Jute Study Group, 2001, had been met. A complete list of participants is presented in Annex 1.

A.2. Adoption of agenda and organization of work

5. With the permission of the Chairperson the Council adopted the provisional agenda as contained in document C/(XV)/1 to be final for conducting the meeting. The adopted agenda is provided in Annex 2.

A.3. Credentials of Delegates

6. The Council, noting the limited number of membership and recalling the decision taken at its previous sessions, decided [Decision I (XV)] not to elect a Credential Committee but to entrust the responsibility to the Secretary General to check the appropriate documents and to report to the Council. Accordingly, the Secretary General reported to the Council that the credentials of delegates of all Members have been checked and found to be in order.

A.4. Admission of Observers

7. The Council decided [Decision II (XV)] to accept the representatives of the observer countries. The Secretary General welcomed the representatives of Philippines and Russian Federation as observers in the Fifteenth Session of the Council according to Paragraph 14(c) of the Terms of Reference.

A.5. Distribution of Votes to the Administrative Budget of IJSG for 2012-13

8. The Secretariat presented the document in C/(XV)/2 relating to "Distribution of Votes to the Administrative Budget of IJSG for 2012-13" based on the latest FAO statistics on production and trade.
9. The Council decided [Decision III (XV)] to approve the Distribution of Votes to the Administrative Budget of IJSG for the jute year 2012-13.

A.6. Confirmation of the Report of the Fourteenth Session of the Council

10. The Secretary General informed the Council that the report of Fourteenth Session of the Council was circulated to the members and associate members. The Secretary General asked for comments from the members and observers. Since no comment was made, the Council decided [Decision IV (XV)] to approve the report of the Fourteenth Session of the Council.

A.7. Confirmation of the Report of the Thirteenth PSCB meeting of IJSG

11. The Secretary General informed the Council briefly about the Thirteenth PSCB meeting of IJSG which was held in Brussels on 17 November 2012. The participation was very impressive from the associate members and many other interest groups from Europe. The discussions focused on the future of jute sector, especially in the light of environmental consciousness and in the context of the EU supposed to be contemplating a ban on polythene in the future. He informed the Council that more than fifty countries in the world have already put some kind of restriction or total ban on the use of polythene shopping bags. In these circumstances, jute has assumed much more importance than what it had ten years back. He also mentioned that several jute trade related issues were discussed in the PSCB meeting. He informed the Council that Major General Humayun Khaled (Chairman, Bangladesh Jute Mills Corporation) was elected as the new Chairman of PSCB. He requested Major General Humayun Khaled to present the highlights of the meeting.
12. The Chairman of PSCB, Major General Humayun Khaled thanked the Secretary General and the delegates. He noted that PSCB plays a very vital role for the development of jute sector. He motioned that the Government of Bangladesh has taken lots of initiatives to uphold the development of jute sector. He sought the support and cooperation of the participants and delegates for the coming days. He mentioned that many countries are banning the use of synthetic materials and jute will have its increased market in substituting those synthetic products if timely action can be taken by relevant bodies.

13. The Council noted the comments of the delegates and decided [Decision V (XV)] to approve report of the Thirteenth Meeting of PSCB.

A.8 Opening remarks by the Chairperson of the Council

14. The Chairperson of the Council noted that IJSG is the successor to the erstwhile International Jute Organization (IJO). He said that after ten years of its inception it has not lost its utility. It upholds the interest of both growers and consumers of natural fibres like jute, kenaf and other allied fibres. This organization can contribute to global environment protection. The world is trying to go 'green' and natural fibres can do a lot to support these efforts. He added, the United Nations observed the year 2009 as the International Year of Natural Fibres (IYNF). He noted that through the concerted efforts this International Commodity Body (ICB) can be further strengthened. IJSG has been doing well in the direction of protection of the global environment. The new member countries like Morocco and Turkey find it relevant and going to join it as a Member. The Chairperson thanked the participants for being present in the 15th Council of IJSG and taking interest in the agenda. Moreover, he recited, 'united we stand, divided we fall'. He also mentioned and hoped that IJSG as the able successor to IJO will continue to play a pivotal role for the improvement of natural fibres.

A.9. Statement by the Secretary General on the activities after the Fourteenth Session of the Council and assessment of the current jute situation and matters relating to membership and associate membership

15. The Secretary General of IJSG, Mr. Bhupendra Singh in his comprehensive PowerPoint presentation informed the Council about the present membership status of IJSG. He said that the IJSG has been able to attract the interest of new member countries. The Government of Turkey is hopeful to complete the formalities to join the Group within January 2013. The Kingdom of Morocco had already deposited the membership fee for the year 2011-12. However, because of the recent change in the Government of Morocco the formal procedure is taking some time. Having two new members has been very encouraging, he noted. Several other countries like Nepal, Thailand, China, Malaysia, Philippines etc. are taking interest and closely observing the activities of IJSG. Many countries including countries from Europe have shown interest in joining the Group after 2014 if the renegotiation starts. He informed that the IJSG Secretariat interacts with its associate members on a day to day basis and provides hands on support to them as requested. The Secretary General informed the Council that till date IJSG has 180 associate members from 23 countries.

16. The Secretary General updated the Council about the present status of jute, kenaf and allied natural fibres and its position in the world ranking. He stated that jute and kenaf stand second in the world ranking of natural fibres next to cotton in terms of global production. He presented the recent figures and trend analysis of top jute producing and consuming countries. He noted the positive progress of Nepal and China in jute sector. He also presented the consumption pattern in major consuming countries including countries from European Union. He mentioned that the export figures do not reflect the complete picture of jute trade since B2B trades are not accounted in those figures. Moreover, several jute diversified products do not have the Harmonized System (HS) code yet. He mentioned that Europe is the second largest consumer of

jute and jute products. Belgium, a leading carpet manufacturing country is using jute as a natural material in carpet weaving process. He also presented the correlation between production cost and price of jute and jute products.

17. The Secretary General informed the Council about the recent studies on jute geo textiles, food grade jute bags and jute composites conducted by IJSG. He mentioned about IJSG's new publication the 'jute matters' which will be circulated to the members and associate members regularly containing 'up to date' information and analysis about jute sector. He also mentioned about the new initiatives taken by IJSG to address to the issues of environmental and social compliances, sustainability and fair trade etc.
18. The council appreciated the increasing number of associate members of IJSG and decided [Decision VI (XV)] to approve the Associate Membership of 12 (twelve) associations/entities provisionally accepted by the Secretary General, as provided in the List-B of the document C/(XV)/3.

A.10. IJSG's video presentation on "Jute - its Promises"

19. The IJSG Secretariat presented the modified promotional video "**Jute - its Promises**" for the participants of the Council.

B. Policy Matters

B.1. Statement by the Member country delegation

Bangladesh

20. Mr. Faizur Rahamn Chowdhury, Executive Director, Jute Spinners Ltd, expressed the need for the modernization of jute processing machineries. He also emphasized on improvement of retting process of jute fibres.
21. Dr. Kamal Uddin, Director General, Bangladesh Jute Research Institute (BJRI) informed the Council about the 'Ribbon Retting' technology developed by BJRI. He also mentioned about the seed development units and their activities on seed development throughout the country.

India

22. The Deputy Jute Commissioner, Ms. Arti Kanwar updated the council about the status of jute market in India. She mentioned that the Government of India has always been supportive for the jute sector. She said that Bangladesh and India can focus more on the development of jute geo-textiles. She also emphasized on the commercial viability of paper product from jute considering the transportation cost of jute plants to the pulp industry. She also noted that the Government of India is in full agreement with the 'Terms of Reference' circulated by IJSG and supports the proposal of extension.

B.2. Statement by the Observers

23. Mr. Syed Md. Hussain, Chairman & Managing Director, Mawada Traders congratulated Major General Humayun Khaled for being elected as the Chairman of PSCB. He encouraged the participation of IJSG associate members in the Council meetings.

C. Administrative and Financial Matters

C.1. Amendments in following Regulations/Rules of IJSG

C.1.a. Staff Regulations and Rules of IJSG; Regulation 3.3

24. The Secretary General of IJSG informed the Council that the staff members of IJSG are generally employed for one year on contractual basis. Therefore the term 'Permanent' provides a misrepresentation of the actual position. Rather, the term 'regular' goes well with the nature of employment. The Council decided [Decision VII (XV)] to accept the proposed resolution and adopt accordingly.

C.1.b. Provident Fund Regulation of IJSG; Regulation 5.0: Provident Fund Committee

25. The Secretary General of IJSG informed the Council that the current structure of 'provident fund committee' requires representations from the member countries. IJSG only once had two representatives one each from Bangladesh and the European Union since April 2002. No member has been elected so far after that. In practice none of the member countries nominated any representative to attend the meeting. Moreover, the provident fund can be well managed by the IJSG members. Therefore, in order to make the provident fund committee more effective and functional and to give a higher say to the fund participating members of the IJSG Secretariat, the Council may consider approving the proposed structure of provident fund committee.

26. Noting the comments of member delegates, the Council decided [Decision VIII (XV)] to approve the proposed structure of provident fund committee.

C.2. Expenditure Status of the Administrative Budget of IJSG for 2012/2013 as on 01 December 2012.

27. The Council of IJSG took a note of the expenditure status of the Administrative Budget of IJSG for 2012/2013 as on 01 December 2012 contained in document C/(XV)/5.

D. Organizational Matters

D.1. Duration, Extension and Renegotiation of the TOR of the IJSG

28. The Secretary General stated that the importance of jute in the year 2012 and years ahead is much higher than what it was in 2002 in the light of eco consciousness and global urge for more environment friendly products. Relevance of jute as a natural fibre has not decreased at all rather it has multiplied several folds. These are reflected in the increasing number of associate members taking interest and joining the organization. He briefed the Council that as per the decision of the previous Council; IJSG had developed and circulated a draft ToR to the members and associate members. The IJSG Secretariat has received formal communication from the Government of Bangladesh stating its willingness to continue supporting IJSG in future. The

Government of India has informally communicated their views to continue supporting the Group beyond 2014. The Secretary General said that the view of the European Union is therefore required to further the discussion on duration, extension and renegotiation issue of the ToR of the IJSG beyond 2014.

29. With the permission of the Chairperson, Mr. Md. Robiul Islam, Assistant Secretary, Ministry of Foreign Affairs on behalf of Government of Bangladesh, read out the position of Government of Bangladesh on the extension of ToR beyond 2014. The Government of Bangladesh deeply appreciated all the valuable contributions that IJSG continues to make through its work. He also appreciated the leadership of Mr. Singh which he provided over the past years. In the statement, it was mentioned that the global talks on climate change are intensifying and increased use of jute could surely provide the most useful and practical measure to save our environment. It was stated that Bangladesh continues to take pro-active measures to protect environment and following a low-carbon development path, in spite of all its limitations and constraints. Bangladesh is certainly committed to sustainable development. He also mentioned that jute is not only green, but it also holds promises with many innovative and unexplored products, solutions and ways. This would apply to manifold industrial use of jute. He highlighted various diversified applications of jute and future prospects of jute and jute products. He mentioned that there are great scopes to bring in new investments, ideas, finance and improvement of the existing range of products.
30. Bangladesh is the second largest producer and the highest exporter of jute goods to global market meeting around 65 % of global jute goods and exporting jute goods to 122 countries, Mr. Islam noted. He stated that expansion of the IJSG in respect of its scope and its membership - is now very critical and necessary. Bangladesh would stress on the criticality of IJSG's continuation beyond 2014. He expressed Bangladesh Government's firm belief that International Jute Study Group (IJSG), along with other related international bodies, can continue to play a key role with the involvement of national and international initiatives in a broader perspective.
31. The European Union representative Mr. Andrew Barnard read out his statement. He stated that the EU has been a longstanding partner of IJSG. In 2002, the EU naturally became member of IJSG, whose mandate and functions were in line with EU trade, environment and development policies objectives. The EU has reviewed its membership status with IJSG since the tenure of IJSG will come to an end in April 2014. He stated that the EU has always considered its membership of an international organization. The consideration is guided by the relevance, the performance and the representation of that organization. He mentioned that the low representation of country membership of IJSG was exacerbated with the withdrawal of Switzerland in 2010.
32. The EU thinks that jute is an eco friendly product which could in some case replace synthetic products and offer a great potential for new applications in industry, Mr. Barnard mentioned. He however noted that import of raw jute and jute products has come down between 2001 and 2010. Moreover, the concentration of export flows from only two countries renders the market transparency function of the IJSG less relevant in the eyes of the EU.

33. Mr. Barnard remarked that the EU is aware of the contribution of jute to the livelihoods of millions of people in India and Bangladesh. The poorest are the main target of EU development policy. The EU appreciates the work of IJSG. However, despite tangible results notably at local level the EU considers that the impact of these projects could be higher if they were fully integrated into national strategies, particularly if these strategies are designed applying a value chain approach. In this respect, the EU will continue to support jute programmes when feasible, appropriate and demand driven.
34. He noted that the most prominent added value of IJSG is its associate members. He stated that 80% of the associate members are from Bangladesh and India. For the EU representation it is limited to four entities, which are unfortunately not regular attendees.
35. He stated that at national level, particularly in Bangladesh and India, there are several ministries, organizations and entities which are dealing with jute matters. EU feels that these different bodies can play a prominent role if two major producing countries can join their forces to reinforce their cooperation.
36. He stated that at international level, the EU thinks that FAO intergovernmental groups (IGGs) on commodities like the IGG on Hard Fibres and the IGG on jute and kenaf should be further strengthened. The work carried out by the IGG on Hard Fibres provides interesting outputs like for instance the promotion of the value chain approach. Moreover, the different FAO departments offer an impressive technical workforce that covers all the topics of agriculture from production to market with a focus on poverty alleviation. It also has a proven experience in the development with governments of national integrated strategies; a condition for ensuring sustainability and enhancing impacts of development projects.
37. He stated that the EU is not going to abandon the jute sector, but on contrary will do its best to find a way to better support it. He added that the EU will continue supporting IJSG till April 2014 including required liquidation period. He noted that EU realizes the importance of jute sector and the involvement of millions of poor people in this sector and the EU will continue supporting in appropriate manner. He added, the EU realizes that India, Bangladesh and some other countries may wish to open a negotiation for new organization as successor to IJSG. However, EU's preferred option is to reinforce the existing intergovernmental groups under the FAO on hard fibres and jute.
38. The Indian head of delegation Mr. Atri Bhattacharya, Secretary, NJB stated that the Government of India firmly believes in the value of IJSG and strongly believes that it should continue beyond 2014. He noted that the Government of India supports most of the points of the draft ToR circulated by IJSG and supports the objectives and function of IJSG including its mandate of increasing its scope by including other natural allied fibres, specifically other bast fibres. He noted the importance of including other natural fibres as this is a world of natural fibres and composites. He mentioned the scopes of jute composites and jute in automobile, pulp and paper sector. He stated, more natural fibers, more composites, and more international coordination is certainly required. He noted that IJSG does the similar job as the National Jute Board (NJB) in India but at global level and hence its existence is essential for jute related countries because

national level bodies work within a limited and controlled environment. IJSG should coordinate internationally with all international organizations not only with those which are producing jute and jute products but also with those which are working for the development of the fibres and doing projects, research and commercialization of these products.

39. He stated that, the Government of India suggests to keep the provisions in the ToR to enable international organization like the World Bank, Asian Development Bank, DFID and other organizations to participate in the Council meeting as 'honorary members'. This will help the member countries to learn from IJSG and IJSG will have additional resources for international project funding. He said that it is critical to have a specialized international body working for the second largest natural fibre in a world which is increasingly environment conscious and where there is an increasing demand of eco friendly, bio degradable products but with a sad ignorance about jute and its relevance. He added, Government of India suggests that IJSG in future should have a midterm evaluation by a third party evaluator elected by the Council every five years.
40. He stated that it is sad to learn that the European Union does not see the inherent value in IJSG after 2014. He sought the support of the EU not necessarily in monetary terms but in terms of providing a platform for jute and jute sector in rationalizing the standards of environmental compliance and standards prescribed by the EU for physical parameters of various jute products.
41. He concluded with the hope that the countries of the EU which are major clients of jute can become members of future organization if the EU is not supporting the extension of the Group beyond 2014. He stated that Government of India firmly stands with the organizations in terms of providing funding and other supports. He suggested that active membership should continue to be pursued not just with countries producing jute but countries which are users of jute and jute products to increase the effectiveness of IJSG. He said that IJSG must have greater participation and greater visibility at international forum to keep track of technological development and should also participate in international commercial events. IJSG must continue to aggregate the view points of its member and associate members and continue representing jute and kenaf at the international fora. He added that IJSG should also coordinate resources and activities of its member countries and be made an active member of the bodies that recommend, evaluate and frame policy for jute promotion at national level.
42. Mr. Faizur Rahamn Chowdhury, Executive Director, Jute Spinners Ltd suggested that the environmental and donor groups can also be invited to IJSG Council as honorary members.
43. The Secretary General thanked the Government of Bangladesh, India and European Union for their support to IJSG. He mentioned, it is disappointing that the EU will not continue its support beyond 2014. He requested the EU delegation to provide non-formal support to the organization after 2014 if review of the present decision is not possible. He stated that the consumption of jute will be increasing in Europe. Bangladesh, India and other jute producing countries will be fulfilling the increasing demands. He stated that IJSG is the only ICB which looks after economic development, poverty alleviation, environmental protection and gender sensitization issues which are cherished development goals of the EU. He mentioned that the external evaluation of IJSG along with other ICBs for the period of 2004 to 2006 was conducted by Europe based

evaluator named 'International Development Consultancy'. In that report IJSG was found to be the most cost effective organization and the only organization which goes beyond the role of a mere commodity body and looks after poverty alleviation, environmental sustainability issues etc. Similar evaluation of IJSG was done again in the year 2010 on the initiatives of the EU and that, evaluation too, underlined the tangible achievements of IJSG and justified its continuation. He said, it seems that the EU decision makers probably did not go through those evaluation reports. He also dwelt upon the large number of associate members and clarified that there are eight associates members from Europe and not four and also added that Eurojute in itself is an association that represents several business interests from different countries in Europe. The large number of associate member from Bangladesh and India is a natural outcome of the fact these two countries contribute about 85% of production, manufacturing and export volumes of jute and jute products. He again thanked the EU for its continued support and appreciated the views of Bangladesh and Indian delegates on IJSG. The Secretary General promised to adopt and act upon all positive suggestions about IJSG made by the members.

D.1.b. Future Steps to initiate discussion at UNCTAD for renegotiation of the ToR of IJSG

44. The Council decided [Decision XI (XV)] that without the support of the EU for the present draft ToR, the proposal for renegotiation based on that stands dropped. However, the Council left it open for the Government of Bangladesh and India to formulate a future for IJSG as successor to the present body since they find it so essential and expressed best wishes for the same.

45. The IJSG was left to complete its given tenure till April 2014 and have a natural end after the required liquidation period is over

F. Date(s) of the Sixteenth Session of the Council of the IJSG

46. The Council decided [Decision XII (XV)] to conduct its Sixteenth Session of the Council in May 2013 in consultation with the Council Chairperson and the member country representatives.

G. Adoption of the Record of Decisions of the Fifteenth Session of the Council

47. The Council decided [Decision XIII (XV)] to adopt the Record of Decisions of the Fifteenth Session of the Council as contained in document C/(XV)/6 and to authorize the Secretariat to prepare and circulate the Report of the Council Session in document C/(XV)/7 as soon as possible to all Members, Associate Members and Observers. The Record of Decisions of the Fifteenth Session of the Council is presented in Annex 3 of the report.
