

24 March 1960

Committee III - Expansion of TradeDRAFT THIRD REPORT OF COMMITTEE III  
ON EXPANSION OF TRADEAddendumJUTE MANUFACTURES

1. The Committee, in conducting its further examination of jute manufactures and the points raised in the second report of the Committee in relation to these products, had in mind that the expansion of exports of jute manufactures was of vital interest particularly for two less-developed countries, India and Pakistan, which together accounted for about two-thirds of total world output of jute manufactures. Both countries depended for a large part of their foreign exchange earnings on the export of this group of products; in the case of India, jute manufactures had, for example, in 1959 been the most important single source of export income, accounting for about one-fifth of total export receipts, and both countries urgently needed to expand their export earnings to sustain their present development efforts.

2. In the discussion of the export prospects for jute manufactures, it was pointed out that, although a jute industry had only recently been established in Pakistan while the Indian jute industry had been an important exporter of these products for some considerable time, both countries at their present stage of economic development were, for a number of reasons, especially well fitted to the production of jute manufactures. Nevertheless, established manufacturing concerns in continental Western Europe had over the last decades approximately maintained their relative share in a fairly stable total world production, partly by specializing and developing those kinds of jute goods, such as special qualities of hessian cloth, burlap for the manufacture of linoleum and canvas, etc., in which it was still possible for industrialized countries to be competitive.

3. The problem of jute manufactures was, however, complicated by the competition that jute was receiving from other packaging materials and by technological

advances in pre-packing and bulk handling which reduced overall handling charges despite the fact that the cost of the materials used might be higher than if jute products were used.

4. The efforts of the less-developed countries to modernize their industries and to expand their exports of manufactured goods in this field were restricted by governmental action in many important markets. In this connexion, it was pointed out that duties of 30 per cent and more on jute manufactures, particularly sacks and bags, were not uncommon and were often operated in conjunction with quantitative restrictions on imports. Quantitative restrictions were not only widespread and in many instances severe, but were in some cases also discriminatory. Members of the Committee welcomed in this **context** the announcement by the Government of the Federation of Rhodesia and Nyasaland that the import of jute yarns had been decontrolled and that the remaining import restrictions on jute manufactures would be removed in the near future. The Federation of Rhodesia and Nyasaland had also suspended the duty on hessian and sacking cloth, and on hessian bags. The Committee noted that the Federal Republic of Germany had earlier increased its quotas for the importation of jute manufactures and had undertaken to abolish all quantitative restrictions on jute manufactures not later than 1964.

5. In the further discussion on obstacles to the expansion of exports of jute manufactures, reference was made to the cumulative effect of levies on a product, such as the combination of duties, internal taxes, etc., especially in cases where the incidence of the latter was less on substitutes for jute products, which tended to discourage the use of jute manufactures. It was pointed out that the import of jute manufactures free of import restrictions permitted by some countries for the packing of certain export products also appeared to be an indication that these countries recognized that the protection given to the domestic jute industry was an extra cost which added to the price ultimately paid by the consumer.

6. The Committee welcomed the reduction, since the Committee's last meeting, from 30 per cent to 20 per cent on the mark-up on the bulk of jute goods imported into the United Kingdom from India and Pakistan by the Jute Control and the further measures which the United Kingdom Government was taking to diversify the economy in Dundee so as to make the area less dependent on jute manufacturing.