Current Market Situation for Jute and Kenaf; Sisal and Henequen; Abaca and Coir

**Introduction**

This note provides an analysis of recent developments to assist the Joint Meeting in evaluating market conditions and prospects for the coming season. Data was compiled from the annual questionnaires for jute and hard fibres. However, the response rate, while improving is still poor at about 35 percent.

Further data are included in the Statistical Bulletin CCP: JU/HF/ST/2013/1.

Delegates are invited to supplement information pertaining to their countries and are particularly invited to update forecast for the current and next season.

Aside from their traditional applications there has been a growing interest in using natural fibres in various innovative industrial uses. This interest was stimulated by rising prices of synthetic materials and growing recognition of the technical and environmental properties of natural fibres.

Global production of jute, abaca, coir, kenaf and sisal (JACKS) declined by 4 percent to 4.29 million tonnes in 2012, compared to output of these fibres in 2011.

Figure1: World Production of Jute/Kenaf and Hard Fibres

1/ For jute/kenaf crop year (July-June) beginning in year shown

Jute and kenaf accounted for the largest share of production, followed by coir, sisal and similar fibres such as henequen and fique; and abaca.

Figure 2: Percentage Share of Global Production of Jute/Kenaf and Hard Fibres in 2012

**Market position of competing synthetics**

Generally, prices of polypropylene (the main synthetic petroleum-based fibre competing with jute) follow crude oil prices, though the extent of upward or downward variation depends on competitive conditions in individual markets. For example, in markets where PP fabrics are in close competition with jute fabrics, upward movements in crude oil prices tend to be absorbed with very little impact on the price of PP fibre applications. Nevertheless, crude oil prices have continued to rise steadily over the last decade and by 2011, prices of crude oil were at levels more than double those of 2005 and more than four times those of 2000.

Prices of propylene1 moved in line with crude oil prices reaching USD1700 per tonne in 2011, compared to about USD900 in 2005 and USD515 in 2000. Under these circumstances, it would appear that the underlying conditions of competition between natural and synthetic fibres have been modified in favour of the former. The price levels at which competition takes place more closely reflect the true economic costs of crude-oil based products. [[1]](#footnote-1)

Figure 3: Propylene EU Contract Prices

**JUTE, KENAF, and ALLIED FIBRES**

Jute and kenaf production declined slightly in 2012/13 reaching 3.2 million tonnes compared to 3.34 million tonnes in the previous year. Despite this fall, output was still significantly higher than the 2.6 million tonnes and 2.9 million tonnes reached in 2008/09 and 2009/10, respectively, when demand was dampened with the global economic downturn.

Figure 4: World Production of Jute/Kenaf Fibre

Although prices were weaker in 2011/12 they recovered in 2013 and remained above the average for the decade as market contraction appears to have been halted.

Figure 5: Jute Export Prices, FOB Bangladesh Port (2007-2013)

**Trade**

World exports of jute fibre and goods declined respectively by 6.5 percent and 7.9 percent in 2012/13, still reaching high levels compared to levels attained the previous years.

Figure 6: Trend of Exports of Jute Fibre and Goods

Bangladesh dominates world exports of jute, accounting for 95 percent of the global exports of raw jute and 70 percent of jute goods in 2012/13.

Figure 7: World Exports of Jute Fibre

India is also a significant exporter of jute goods, accounting for about 20 percent of global shipments despite its vast domestic market requirements. Smaller volumes were exported from countries in Asia, the Near East, and Latin America. In addition, some 20 000 tonnes of jute products are normally re-exported from Europe.

Figure 8: World Exports of Jute Goods

Imports of raw jute totaled 464 900 tonnes in 2012. (Global import data are reported on a calendar basis rather than on a crop year leading to differences with export levels owing to “leads and lags”.) Asia accounted for 88 percent of raw jute imports, totaling 410 800 tonnes, with India as the major importer which reached 144 000 tonnes in 2012. China, the second largest market, imported some 100 000 tonnes in 2012. Imports into Pakistan, the third largest importer of raw jute, decreased slightly to 93 900 tonnes.

Figure 9: Percentage Share of World Imports of Jute Fibre in 2012

World imports of jute goods in 2012 amounted to 949 900 tonnes, up 11 percent from 2011, reflecting significant rise in comparison with the average for the last decade of nearly 600 000 tonnes. The Near East remains by far the largest importing region, with Turkey, the major market, showing steady growth. Other smaller markets for jute goods include Europe, Africa, the Far East and North America.

Figure 10: World Imports of Jute Goods

**SISAL and HENEQUEN**

The supply response to firm prices in 2012 exceeded worldwide demand resulting in an equivalent adjustment in 2013 as East African prices fell to USD1500 per tonne for 3L and USD1400 per tonne for UG in September 2013, from USD1710 per tonne for 3L and USD1616 per tonne for UG in September 2012. Brazilian sisal prices also declined from an average of USD899 per tonne in 2012 to an average of about USD880 per tonne during the first half of 2013. However, I understand from presentations yesterday that the continued drought in Brazil has resulted in prices reaching unsustainably high levels.

Figure 11: Sisal Prices, East African (3L and UG) and Brazil (No. 3), 2008-2013

**Production and prices**

World production of sisal continues to be dominated by Brazil in 2012, accounting for 34.6 percent of the global total; followed by China (22.6 percent); Tanzania (16.4 percent); Kenya (12.9 percent); Madagascar (3.8 percent); and other countries (9.7 percent).

Figure 12: Percentage Share of World Sisal Production in 2012

World production of sisal, henequen, fique and other hard fibres reached

276 100 tonnes in 2012, down by 12 percent from 2011 and still well below the levels of the last decade.

Sisal production in Brazil fell to 75 000 tonnes in 2012, after reaching a high of 111 200 tonnes in 2011. Similarly, production in Madagascar declined to 8 200 tonnes in 2012 after recovering to 9100 tonnes in 2010, while output in Tanzania, which fell to 21 100 tonnes in 2009 due to adverse weather conditions, recovered to 35 600 tonnes in 2012.

Figure 13: World Production of Sisal Fibre

Production of henequen, which is dominated by Mexico, remained at 25 000 tonnes for a consecutive year in 2012, while fique production in Colombia was 20 100 tonnes in 2012.

Figure 14: World Production of Sisal, Henequen and Other Hard Fibres

**Trade**

Exports of sisal fibre amounted to about 83.3 thousand tonnes in 2012 a slight decline from the previous year. Shipments from major producing countries reached, respectively, 36 100 tonnes in Brazil, 24 100 tonnes in Kenya, 15 500 tonnes in Tanzania and 7 100 tonnes in Madagascar.

Figure 15: Exports of Sisal Fibre

Exports of sisal manufactures in 2012 reached 79 900 tonnes, significantly less than the over 100 000 tonnes averaged at the beginning of the decade. Exports were relatively stable until 2009 when there was a sudden decline, possibly due to the global economic slowdown dampening demand.

Figure 16: World Exports of Sisal Manufactures

Brazil is the leading exporter of sisal fibre and products. With Brazil’s steady pace of economic growth, the Brazilian Real has appreciated considerably against the US dollar resulting in a decline in exports to 72 600 tonnes in 2012 from 80 200 tonnes in 2011. Broken down in terms of products, the exports of raw sisal declined by 8 percent, and sisal manufactures by 11 percent.

As for Tanzania, export of cordage declined to 5 300 tonnes in 2012 from 6 000 tonnes in 2011, while exports of fibre actually increased to 15 500 tonnes in 2012.

**ABACA**

Abaca prices remained stable in 2012 but soften in the first half of 2013.

Figure 17: Abaca Prices (2008-2013)

Production of abaca fibre decreased in 2012 to 77 820 tonnes, 7 100 tonnes less than in 2011.

Figure 18: World Abaca Fibre Production

**Trade**

Abaca fibre remains largely for domestic consumption. Exports of abaca fibre and manufactures declined significantly between 2011 and 2012 reflecting the global weakening in demand. Exports reached their highest levels in 2010, but have declined since. In 2012, fibre exports declined to 18 520 tonnes; pulp exports declined by 26 percent to 21 524 tonnes; and 14 294 tonnes for cordage.

Figure 19: World Exports of Abaca Fibre and Manufactures

The main destinations of abaca exports vary by product. The European Union, Japan and China are the largest importers of abaca fibre, accounting for 93 percent of the total in 2012, whereas the United Kingdom and Germany are the top destinations for pulp. For cordage, the USA accounts for more than 30 percent of the total market in 2012.

Figure 20, 21, 22: Percentage Share of World Abaca Exports of Fibre, Cordage and Pulp by Destination in 2012

**COIR**

**Production and prices**

The average price for coir fibre and products over the last 4 years increased from USD512 (2009) to USD633 per tonne in 2012.

However, with prices falling to an average USD574 per tonne during the first half of 2013, output may weaken towards the end of the year.

Figure 23: Sri Lanka Exports Prices of Coir Fibre and Manufactures (2008-2013)

Increasing prices for coir products have stimulated supply reflecting in an upwards trend in production until 2012. Production of brown coir was estimated at 717 500 tonnes and 735 600 tonnes in 2011 and 2012, respectively.

Figure 24: World Production of Coir Fibre

India has steadily increased production volumes since 2005 producing 431.5 tonnes of brown fibre in 2012, nearly 60 percent of the total. India also produced 100 000 tonnes of white fibre in 2012, a volume which has remained stable over the past few years.

India produced 318.9 thousand tonnes of coir yarn in 2012, which is an estimated 96 percent of the total.

**Trade**

Exports of coir fibre have shown a pronounced upward trend in recent years. (Only relatively small amounts of coir manufactures are exported, some 60 000 tonnes in 2012.) In 2012 total fibre exports were more than double those of 2005.

Figure 25: World Exports of Coir Fibre

While substantial growth has taken place in imports into developed countries, it appears that the sharp growth in developing countries may be underestimated, particularly in recent years when the gap between reported exports and imports has widened considerably.

Figure 26: Percentage Share of Coir Fibre Exports in 2012

1. In the absence of a consistent series of PP prices, prices of propylene are considered to give a broad indication of the tendency of price developments for PP. [↑](#footnote-ref-1)