

Restricted
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Report of the Thirteenth Session of the Council of the International Jute Study Group (IJSG)

Dhaka, November 03, 2011.

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A. Opening of the Session

The Thirteenth Session of the Council of the IJSJ was held in Dhaka on November 03, 2011. Ms. Rita Menon, Chairperson of the Council of the IJSJ inaugurated and chaired the Session.

With the permission of the Chairperson, the Secretary General of IJSJ, Mr. Bhupendra Singh, started the proceedings of the Thirteenth Session of the Council. The Secretary General welcomed the Chairperson for attending the Session amidst her busy schedule. The Secretary General welcomed the European Union representative Mr. Enzo Barattini; the delegation from India; and Bangladesh delegation led by Mr. Ashraf Moqbul, Secretary, Ministry of Textiles & Jute (MoTJ) and other delegates. The Secretary General also welcomed the delegations of observer countries. He expressed his cordial thanks to Moroccan Government for deciding to join IJSJ as a full Member. He stated that the Council is the most important meeting for IJSJ where the broader issues and policies are discussed. The Secretary General remarked that, this Council Session was particularly important because the Terms of Reference (ToR) of IJSJ beyond 2014 was to be discussed in the Council Session and also its plan of action in the coming years.

A.1 Ascertainment of quorum

It was ascertained and 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 list of participants is presented in **Annex 1**.

A.2 Adoption of agenda and organisation of work

With the permission of the Chairperson the Council adopted the provisional agenda as contained in document **C/(XIII)/1/Rev-1** to be final for conducting the meeting.

A.3 Credentials of Delegates

The Council, noting the limited number of membership and recalling the decision taken at its previous Sessions, decided [**Decision I (XIII)**] not to elect a Credentials 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

The Council finally decided [**Decision II (XIII)**] to accept the representatives of the observer countries. The Secretary General welcomed the representatives of Afghanistan, Brazil, China, Denmark, Indonesia, Morocco, Philippines, Russia, Sri Lanka, Italy, Vietnam and FAO as observers in the Thirteenth 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 2011-12

The Secretariat presented the document in **C/(XIII)/2** relating to “Distribution of Votes to the Administrative Budget of IJSG for 2011/2012” for the year 2011-12 based on the latest FAO statistics on production and trade. Presenting the document, the Secretary General informed that this was already circulated in the last Council meeting and there has been no change in the document.

The Council decided [**Decision III (XIII)**] to continue with the current vote distribution presented and approved in the Twelfth Session to the Administrative Budget of IJSG for the year 2011/2012.

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

With the approval of the Chairperson the Council decided [**Decision IV (XIII)**] to approve the Report of the Twelfth Session of the Council.

A.7 Release of the Publication on International R&D Seminar by the Chairperson

The publication of the International R&D Seminar was released by the Chairperson of the Council. The R&D Seminar was organized by IJSG and financed by CFC during June 8-9, 2011, at Bangabandhu International Conference Center (BICC), Dhaka, with an idea to bring the research and development institutes from different countries which are working on jute, kenaf and allied fibers to collaborate with each other so that the research findings and efforts could be synergized.

B. Membership Matters

B.1 Report of Secretary General on Membership of IJSG

The Secretary General presented the Report regarding the present Membership drive and the efforts made during the past. The report of the Secretary General on Membership is contained in document **C/(XIII)/4**.

With the permission of the Chairperson the Secretary General opened the floor for the Observers to present their views/comments.

The representative from Sri Lanka, **Mr. A.G Abeysekara** thanked the Chairperson and the Secretary General for inviting Sri Lanka to the IJSG Council Session. He stated that, the Thirteenth Session of the Council of IJSG is particularly important for Sri Lanka because after the last Council Session the Sri Lankan delegation made recommendation to the Sri Lankan government to join IJSG as a member and after this Council they will again notify Sri Lankan government to join IJSG. The government of Sri Lanka also feels the need of sharing the technology and other support from IJSG member countries. He stated that, Sri Lanka uses natural fibres for transporting goods and jute is an important commodity for Sri Lanka being an agriculture based country. He informed that, Sri Lanka is going to hold its Expo – 2012 in March and invited all jute manufacturing companies to participate in that Expo and display their products. Since, Sri Lanka is an agricultural country having climate similar to Bangladesh. He felt that there is potential to grow jute in Sri Lanka and therefore he urged the IJSG members to share their

technology for helping Sri Lanka in Jute production. He expressed hope that in near future Sri Lanka is going to join IJSG as a member country.

The chairperson noted and appreciated the statement of Sri Lankan representative on both membership of Sri Lanka to IJSG and the need for information dissemination to Sri Lanka from jute producing countries, she stated that certainly the Governments of India and Bangladesh will take up the offer of participating in Expo-2012 in next year.

The Council decided [**Decision V (XIII)**] to continue the efforts for getting more members and also to reiterate its appeal to non-member countries. Requested all existing members to make collective efforts and also to utilize their appropriate diplomatic channels and help IJSG Secretariat to persuade the potential member countries to become members.

B.2. Status of Associate Membership of IJSG

The Secretary General presented the Report on Associate Membership and the efforts made during the past, contained in the document *C/(XIII)/5*.

The Council decided [**Decision VI (XIII)**] to approve the Associate Membership of the Thirteen Associations/Entities, provisionally accepted by the Secretary General, as given in the List-B of the document *C/(XIII)/5* and to continue the efforts of the Secretariat for getting more Associate Members.

C. Policy Matters

C.2 Statement by the Secretary General

The Secretary General made a power point presentation to state the activities undertaken after the last Council Session. The Secretary General started with the status of the Associate Membership of IJSG. He stated that currently 158 Members from 20 countries are representing the Associate Membership of IJSG. He showed the composition of Associate Membership in terms of percentage. He also mentioned about the major ongoing projects of IJSG along with the list of various projects and the outcomes of various completed projects. IJSG has completed 27 projects and activities with a budget of about 12.5 million US dollars with participation of nine countries since its inception. The Secretary General presented a brief overview of various activities done by IJSG. The Secretary General made a presentation on the 'Burning Issues of Jute Sector'. The presentation is attached as **Annex 4**.

Review on External Evaluation report on activities of IJSG and comments of IJSG Secretariat:

The Secretary General presented a comparative statement of the observations in the Consultant's report and the observations of the IJSG Secretariat (agenda item C.8.a). The comments from Bangladesh Government have been incorporated in the comparative document. No formal comments were received from EU or India. The Secretary General made a statement on various positive, negative comments along with the recommendations/suggestions made in the evaluation report by the Consultant. He also put up the response of the IJSG Secretariat to the comments made in the Consultant's report. The response is presented in **Annex 5**.

Comments on the Evaluation Report from the Member Countries:

India: The Indian delegate Ms. Arti Knawar informed that, the comments have been finalized in the Ministry of Textiles and it will be sent shortly. She suggested that the IJSG should get comments not only from the members but also from the other stakeholders. The comments from stakeholders are necessary since IJSG has to be a need based organization. There have been recommendations from the Consultant regarding working on the model of a more *'service oriented organization'* providing commercial information. Specific suggestions and requirements need to be ascertained from the industries not only from Bangladesh and India but also from the clients within the EU because there is a mismatch between *'what is required'* and *'what the industries are able to develop'*. Therefore, to make the jute products more acceptable in EU, certain compliances are required by the industries and IJSG should develop more need based projects. Once, that is done the issues of Membership will also be addressed because purpose of the organization will be enhanced.

European Union (EU): The EU representative Mr. Enzo Barattini stated that, new possibilities and new business models should be taken into account to attract new member countries. It is necessary to explore the sources for funding as the CFC is rethinking about their future and alternate ways to continue financing the international activities. Therefore, finding new sources of funding is absolutely necessary. The recommendations are certainly to enhance the efforts of the organization to prepare the ground from now onwards to work for a possible renegotiation. He stated that, the practical ground preparation for renegotiation must be done outside of UNCTAD but the renegotiation must be done within UNCTAD framework. Therefore, it is necessary to prepare the ground and request UNCTAD to organize a meeting for possible renegotiation and insist on realizing the desired results not only in jute sector but in a more comprehensive way with all the other allied natural fibres.

Bangladesh: The head of Bangladesh delegation Mr. Ashraful Moqbul stated that, the Evaluation team has done a good job and gone deep into the issues. He mentioned that, the Secretary General and he visited EU headquarters in Brussels to discuss about the issue of future of IJSG beyond 2014. They spoke with the Deputy Directorate General who pointed out the need to make IJSG a broad based organization instead of a single fiber organization. He pointed out that, if the interest of other natural fibres can be combined along with jute then that could possibly attract more attention from the international community and also larger membership to the organization.

Mr. Moqbul also supported the recommendations made by the Indian delegate for getting comment on the evaluation report from Associate Members and other Stakeholders.

Chairperson:

The Chairperson Ms. Rita Menon stated that, the Government of India believes the evaluation report to be a well-reasoned report. Although there are some limitations on IJSG, the evaluation report certainly points out the various dimensions of the organization. There has to be very tangible gains from such organization for it to be potentially relevant for the future. She pointed out that, there are projects, but what is the status of commercialization of outputs/results of these projects, how much they have been accepted by the client communities and have been able to make impacts. The importance of the private

sector is also relevant. It is also important to see if the functions of the IJSG are supplementary to those of the sovereign governments. There are statistics about various aspects of jute but the sovereign Governments need more results since they are putting into their stake in terms of funding, financing, monitoring and keeping watch on these projects. The Government of India feels that, functions, seminars, meetings etc. are good to bring sensitization and focus but the results need to be much more tangible and visible. The decision of continuation of IJSG beyond 2014 will be taken ultimately by the sovereign Governments who are involved both in funding and monitoring. IJSG must put together a broad series of remark as well as reactions from the stakeholders. She also stated that, IJSG has to stand the test of the time to go ahead. All the responses have to be collated and brought forward before the Council and more importantly before the stakeholders' members and the prospective member countries which are going to support IJSG. She welcomed IJSG's focused stand on several issues.

She also stated, finally, the Governments that are going to be the major movers for this group to continue in either manner, for example, in a *expanded manner* covering all fibres or in a *focused manner* to help the industries and other stakeholders as in the current manner, would have to be provided with interaction with international bodies.

C.6. Confirmation of Decisions/Recommendations of the Twelfth Meeting of the Committee on Projects (COP)

The Chairperson of the Committee on Projects (CoP), Ms. Shameema Sultana, Joint Secretary, Ministry of Textiles and Jute presented the Twelfth CoP report for perusal of the Council. No discussion was held on the presented CoP report. Noting the contents of the Secretariat document **C/(XIII)/6** concerning "Confirmation of Decisions/Recommendations of the Twelfth Meeting of the COP" and considering the comments of the delegates; The Council decides **[Decision VII (XIII)]** to approve the decisions/recommendations of the Twelfth Meeting of the COP.

C.7. Confirmation of Decisions/Recommendations of the Eleventh meeting of the Private Sector Consultative Board (PSCB)

The PSCB Chairman, Mr. Rezaul Karim briefly presented the report of the Eleventh PSCB meeting held at China and replied to queries. Noting the contents of the Secretariat document **C/(XIII)/7** relating to the "Eleventh Meeting of the PSCB" and also considering the comments of the delegates, the Council decided **[Decision VIII (XIII)] to approve** the decisions/recommendations of the Eleventh Meeting of the PSCB as contained in the Secretariat document **C/(XIII)/7**.

C.8. Discussion on External Evaluation Report; future organizational structure

a. Presentation by the IJSG Secretary General

As already reported in agenda item C.2; the Secretary General made the presentation on the external evaluation report on the activities of IJSG. The Council decided **[Decision IX (XIII)]** to accept the External Evaluation report '*in principle*' and instructed the IJSG Secretariat to follow and implement the good suggestions made in the report. The Council decided to circulate the Evaluation Report along with the

views of IJSG Secretariat to all the stakeholders (Members, Associate Members and others) for their views and discuss it in the next Council meeting.

D. Organizational, Administrative and Financial Matters

D.1. Duration, Extension and Renegotiation of the ToR of the IJSG:

Views of Bangladesh Delegates:

Regarding the ToR, the delegation of Bangladesh stated that, the document should be drafted in conformity to the previous ToR; otherwise it will lose its character. The delegates further opined that, the name, International Jute Study Group (IJSG) has already got its broad recognition and there is no merit in changing the name on the anticipation that it will get more new members or get support for its extension. Both the name and logo have their own values. Performance of an organization cannot be judged by changing its names. For example, SAARC had seven members and it had seven leaves in its logo but now with inclusion of Afghanistan it has eight members but it has not changed its logo. Therefore, if the name needs to be changed IJSG should not hurry for that and keep the acronym intact and the logo should remain the same. Also, IJSG has to examine the views from different countries.

The Bangladesh delegates suggested modifications on the following sections of the proposed ToR:

Preamble:

In the 'preamble' section of ToR ; serial 4 mentions – to promote and undertake projects and activities designed to increase the earnings derived from these commodities both in producing and consuming countries. IJSG's goal is to increase productivity and ensure benefits for the farmers and increasing the quality of life. Therefore, only increasing the earnings will not ensure alleviation of poverty.

The Bangladesh delegates suggested the section to be written as "The projects and activities designed to enhance productivity of jute and natural fibres of consuming countries thereby contributing to economies and wellbeing of the immediate stakeholders and thus to contribute to alleviation of poverty."

They also suggested incorporating all the definitions in one Paragraph rather having them in several Paragraphs.

Functions:

Serial 12: Bangladesh delegates suggested the need to emphasize on the generic promotion of jute, kenaf and allied natural fibres, enhancing productivity of the fibres and further diversification of jute products.

Serial 16: Regarding IJSG's goal they suggested– IJSG's goal is to increase the demand and developing market for jute products; then IJSG should have more emphasis on co-efficient criteria, as vote is divided into two criteria. This will help countries to give louder voice as 'co-efficient criteria' will carry more weight for countries whose consumption of jute is higher.

Serial 18: Country / Group cap for voting should be maximum 40%. That is 800 votes for any group.

The Chairperson suggested the Bangladesh delegation to compile all the recommendations and submit to the IJSG.

Views of Indian Delegates:

The Indian delegate Ms. Arti Klawer stated that, any change in ToR need to be based on the suggestions made in the evaluation report. There are several things that Indian Government is considering. For instance, whether 'Kenaf and allied natural fibres' should be included in the name of the organization, further options for funding, what would be the nature of duration, extension and renegotiation of IJSG etc. India feels that for the new organization the evaluation will need to be much more concurrent rather than end of tenure evaluation. The delegate suggested that the evaluation should be done in every three-four years in future

Ms. Klawer however said that, after getting the stakeholders view, a suggestion for a revised ToR will be sent to IJSG Secretariat.

Views of EU Delegate:

The EU delegate Mr. Enzo Barattini said that, drafting the ToR is an excellent effort but this is not enough. In order to change the scope of the organization and to build the basis for the future of the organization, additional inputs and information is needed to propose UNCTAD for renegotiation. The discussions which have taken place in the Council Session are the discussions going to be there in UNCTAD as well. At the moment, it is required to agree on what to propose to UNCTAD for renegotiating with an instrument to be valid after April 2014. In doing that, the Secretary General needs to discuss these issues during the joint meeting of Intergovernmental groups for jute and hard fibres and with FAO in its meeting at Brazil. The FAO is rethinking about its approach on commodities and the status of inter Governmental groups and may change its approach from a micromanagement to macro management. To continue the international cooperation in jute fibres, all these initiatives and issues should be put together. At this juncture a discussion is needed with all other partners and we need to check if a common ground can be prepared for proposing the text to be negotiated in Geneva.

He thought, this is the only way to survive and to ensure a bright future for this organization. He felt that the Council should discuss the policy at this level in order to prepare for the probable renegotiation in future.

Mr. Barattini requested the Secretary General to attend the FAO meetings at Salvador, Brazil and report on the deliberations between the natural fibre groups.

Views of the Chairperson:

The Chairperson broadly agreed with the EU delegate Mr. Barattini and stated that, the Council gets the sense of the responses to the evaluation report. She further remarked that, considering the broader goal of IJSG, it is now important to have a background paper rather than going into the minor details. Once there is a broad consensus that the organization will exist then the fine tuning would be necessary. It is important to consider, how much the stakeholders believe in IJSG. Now it is necessary to get into

the comments of the evaluation report and decide how to approach the international communities and sovereign Governments in a comprehensive manner.

Summary of discussions: *The Secretary General will participate in the hard fibre meeting in Brazil on November 15, 2011. IJSG will take into account the FAO and UNCTAD's views. IJSG will wait for formal comments from the member countries then again prepare a revised draft and discuss in the next Council meeting. The Consultant's evaluation report and the draft ToR will need to be re-circulated. If the member Governments have any comment(s) or suggestion(s) IJSG will incorporate those and re-circulate it to its members.*

D.2. Staff Matters and Related Issues

Extension of tenure of the Secretary General:

Considering the fact that there is a normal tenure of three years for the Secretary General, the Council decided [**Decision XI (XIII)**] to approve the extension of the tenure of the Secretary General, Mr. Bhupendra Singh for three years from his date of joining at IJSG, October 1, 2010 to September 30, 2013 as per the Staff Rules and Regulations of the IJSG.

Extension of tenure of the Finance Assistant:

Mr. Rozario has been working with IJSG after his retirement since last 3/4 years. In one of the previous Councils, there was a decision which created the impression that that Council has delegated the power of giving extension to the Secretary General. A closer reading of the decision does not confirm such intention of the Council.

The Council clarified on the issue and decided that, power of extension of tenure is not delegated to the Secretary General. Secretary General can only make recommendation as per the Staff Rule. The Council, keeping in mind the fact that the advertisement for the vacancy has been done, gave the post facto approval to the extension of three months to Mr. Rozario and advised the Secretary General to complete the formalities before December 31, 2011, and not to give any extension of service in future without approval of the Council.

The Council decided [**Decision XII (XIII)**] to accord post facto approval for the extension of Finance Assistant Mr. Rozario from 26 September to 31 December 2011 and instructs the IJSG Secretariat to complete the recruitment process for the position of Finance Assistant as per the IJSG staff rules.

D.3. Announcement of contribution to the Special Account:

In the last Council Session delegates from India stated that if IJSG can come out with special projects then the Government of India can think of providing funding support. IJSG submitted a special project for working with the National Jute Board (NJB). The small project submitted by IJIRA, Kolkata in collaboration with an Industry from Bangalore which is interested in making jute composites with a project cost of only USD 15000. A request was made to the Council to approve USD 10,000 from IJSG's administrative budget; which is technically not supposed to be used for project fund but the Council could make an exception.

Views of Indian Delegates: It is not advisable to make that project funding from IJSG. IJSG should wait for the new budget allocation of the National Jute Board for 2013 to see if NJB is able to consider the request for this project.

The Council decided [**Decision XIII (XIII)**] to refer “The jute based composite project submitted by IJIRA, Kolkata” to National Jute Board, India, for funding consideration.

D.4. Financial resources of the Special Account

The Secretary General presented the “Financial Resources of the Special Account”; contained in document **C/(XIII)/10**. The Council took a note of it and advised that IJSG should continue making efforts to gain more funds from other sources.

D.5. Status of administrative budget of the IJSG for 2011/2012

The Secretary General presented the “Status of administrative budget of the IJSG for 2011/2012” contained in document **C/(XIII)/11**. The Council took note of the approved budget.

E. Other Business

E.1. Discussions and the approval of revised internship policy for IJSG and extension of the tenure of the existing interns beyond existing rules

The Secretary General presented a revised internship policy based on its past experience. Noting that, this will not interfere with the general functioning of the IJSG and will not incur any extra cost on the administrative budget of IJSG, the Secretary General requested the Council to approve the same.

Noting that more clarification is needed, regarding the number of interns, payments, tenure, etc. the Council suggested the Secretary General to formulate a new draft policy with the required clarifications.

The Council decided [**Decision XV (XIII)**] to instruct the Secretariat to prepare a comprehensive proposal and seek the approval of the Members through circulation. Also, to give post facto approval to the extension of the internship in the proposed case and instruct the Secretary General not to further continue the tenure of the existing interns beyond the prescribed limit in the existing policy.

E.2. Status of MoUs' with different organizations

The Secretary General presented the “Status of MoUs' with different organizations” containing in document **C/(XIII)/13**. *Noting* the views of Members and delegates and a successful implementation of MOU with the NCDPD, India; the Council decided [**Decision XVI (XIII)**]:

- (a) to accord post facto approval to the MOU signed between IJSG and INF&MP
- (b) to approve the proposed MOU to be signed between IJSG and INTROP
- (c) to take a note of the MOU signed between IJSG and CIRDAP and NCDPD
- (d) to pursue the matter of MOU with SAC

F. Dates of the Fourteenth Session of the Council

The Council decided [**Decision XVII (XIII)**] to convene its Fourteenth Session of the Council in **May 2012**. The actual date(s) of the Session will be decided through correspondence with the Chairperson and Member Countries.

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

The Council decided [**Decision XVIII (XIII)**] to adopt the Record of Decisions of the Thirteenth Session of the Council as contained in document **C/(XIII)/14**. The Record of Decisions of the Thirteenth Session of the Council is presented in **Annex 6**.

List of Annex:

- Annex 1** : List of participants.
- Annex 2** : List of updated documents.
- Annex 3** : Material for the speech of Secretary (Textiles) at 13th Council Meeting of IJSG.
- Annex 4** : Presentation on 'Burning Issues of Jute Sector' by the Secretary General.
- Annex 5** : Response by the IJSG Secretariat on the report "Evaluation of the Activities of the IJSG (April 2002-2010)".
- Annex 6** : Record of Decisions of the Thirteenth Council Session.