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OFFICE MEMORANDUM

2 = - Int'l Jute Centre

TO: Mr. Christopher G. Melmoth

DATE: October 9, 1974

cc

FROM: James Q. Harrison

SUBJECT: Jute International

1. The Lund report seems, after one hurried reading, to provide a base for making Jute International a reality. I think, however, there are some areas in the report which need clarification and strengthening. Some of these may actually be adequately covered and the fault could lie in my hurried reading of them. I think this report needs to be more fully reviewed and discussed, and that the October 8 meeting did not allow enough time for this. I would have suggested a follow-up meeting, say in two or three week's time, but I understand that the next version of the report will be out by then. As a substitute, we could send Lund and Nabulsi whatever comments we can collect as soon as possible.

2. The most important problem I see in the report is the scanty attention and low priority given to agricultural research. The focus is entirely on the demand side. But the supply is closely related to demand. Surely lowering the unit cost of jute is just as important as promotion in stimulating demand. Indeed at current prices it is difficult to see anyone in his right mind buying jute. The costs must go down and the returns to farmers growing jute must go up. If Jute International doesn't focus on this problem, farmers will simply stop growing jute. I see no reason why the Director of Product Development has to be senior to the Director in charge of agricultural research (p. 37). The constitution (p. 25) and the research program (p. 55) should clearly list lowering unit costs of raw jute production as one of the major objectives of Jute International. And the research program should be structured accordingly. The priorities and expenditure guidelines indicated on pp. 66-67 should be adjusted to reflect more fully the importance of agricultural research. Mr. Lund indicated that there was a back-log of innovations available on the industrial side for jute which would have an impact in a very short period. If this is so it would be helpful if the report stressed this as a justification for an initial concentration on the industrial/product side and indicate that at a later phase the emphasis would shift to give greater attention to agriculture.

3. It would seem appropriate for some part of Jute International to focus on jute policy - e.g. to give informed judgments on the appropriate raw jute procurement price, export prices etc. This doesn't appear to be part of Jute International's job unless the Directorate of Economics and Market Research would undertake this task. This should be clarified. Also some part of the organization should deal with the internal marketing and distribution problems and the external shipping difficulties.

4. The report recognizes the problem of the respective roles of Jute International and the national research institutions but doesn't provide much guidance on which research institutions would do what (p. 61). Thus it does not help in defining what one might do to improve national research efforts. This is of some operational significance since we have been delaying preparations to assist jute research efforts in Bangladesh while awaiting the development of Jute International.

5. The role of the Committee of the Board is not too clear. Supposedly they would meet four times a year. Is this sufficient for them to fulfill their functions? Does it give them much more insight than the Board itself which would meet twice a year?

JQHarrison:hyn

Mr. William Diamond

October 30, 1973

C. G. Melmoth

Jute International

1. In my memo to you dated October 19 I told you that a Bank position paper, on the question whether a separate TAC for non-food items should be set up, was in preparation. Mr. Baum sent the attached paper to Mr. McNamara yesterday. In substance, it fleshes out the position taken at the July CGIAR and TAC meetings. Accordingly, it recommends that food agricultural research should be accorded the highest priority, but that in special cases TAC should consider research proposals for specific non-food commodities, but that research on commodities grown in a few countries should be left for national or bilateral support.

2. I do not think that the memo--bottom of p.3--states an indisputable position so far as jute is concerned. The UNDP fact-finding mission's report makes out a strong case for international institutional arrangements for jute--patterned on the highly satisfactory arrangements for wool--which would not be based on existing institutions. The exclusion of non-food items--like jute--grown in a few countries leaves out of account, in the case of jute, that these are poor countries with large populations heavily dependent upon the fortunes of non-food crops. Further, it is clear that in order to muster bilateral aid for regional projects, like Jute International, provision for external assessment of the merits and priorities of research and development programs is required. The rather general language of the final paragraph leaves it open to doubt what action we will be willing to take. In short, I do not think the case for according a lower priority for consultative group, that is international, support for jute research than for food agricultural research has been fully made out.

3. If the Jute International proposals had been firmer, I think there would have been grounds for seeking support for a special TAC for jute. But, with India still mulling over the Exploratory Mission's report and with some difficult problems to be resolved by the Preparatory Assistance Project, I do not think we have a strong or sufficiently specific case to argue yet for a more positive Bank position in respect of jute research. However, if India does confirm its support of the Jute International proposals, we would have to review whether para 6(e) of the memo, as amplified by the language of the final paragraph, was consistent with the intention expressed in Mr. Hoffman's letter to Mr. Coomaraswamy, dated July 25, 1973, that we would take a special interest in the Preparatory Assistance Project and consider whether the detailed proposals provided a suitable basis for Bank assistance in the context of its policies for the provision of assistance for international research.

CGMelmoth:gg

Attach. (Mr. Diamond only)

cc. Messrs. Dunn, Kraske/Thomas, Shibusawa

J IRD

Mr. William Diamond, Director, S. Asia Dept. July 25, 1973

Michael L. Hoffman, Director, IRD

Jute

1. It is almost, but not quite, certain that any group on Jute will be separate from CGIAR. This is the strong bias of Sir John Crawford, and he usually gets his way. We are advised that UNDP intends to urge CGIAR to take on Jute at its forthcoming session. The subject is on the agenda for the afternoon session on Wednesday, August 1. I hope Mr. Melmoth can plan to be present. I am not sure by the way whether, despite the information we have so far, the management of UNDP will actually urge CGIAR to take on Jute or merely ask for a decision, without advocating it. I would be inclined to urge Patel not to press CGIAR as I do not think it is the right forum for Jute. Please let me have your reaction to this right away.

2. As indicated, I would prefer to have the UNDP be the Executing Agency. I am concerned about the Bank always being "in the chair" -- River Blindness, CGIAR, and where does it all end? Somehow, somebody else in the system has got to learn how to run joint ventures. Why can't UNDP do it for Jute?

Nevertheless I am not sanguine and if we do act as Executing Agency I strongly favour assigning the job to Melmoth. He is in it; he believes in it; and he has just the right kind of meticulous approach to keep the thing moving. He can hire jute expertise. You do not need a jute expert to be executing agent; you need an executor.

3. I am against the Bank joining the Board on Jute International and I think we should get this position established and let the other parties know without waiting for the outcome of PAP. Melmoth's paragraph 5 gives reason enough, but there are others that can be marshalled if need be.

4. I would like to avoid grant financing. I cannot in good faith use the argument that only a few countries are involved -- but one can be perfectly certain that this would be brought forward by several Executive Directors. A lot more people are involved than in the River Blindness campaign, for which we are planning to make grants. But Bank/IDA grants should be our last resort and in this case I would like to squeeze UNDP to the limit and explore all possibilities of IDA financing before going to Bank/IDA grant on the pattern of the CGIAR. Surely we can find enough hardware and other capital items to make the respectable contribution. I would be prepared to make a case for making IDA funds related to the Jute program additional to the India and Bangladesh quotas as our alternative to grant assistance. And, for other reasons,

we want to put the UNDP in a position in which the Administrator must go to his Governing Council and demonstrate that he needs a larger allocation for global and regional projects. UNDP is the grant agency in the system and we have a long-run interest in pressing them hard to put themselves in a position to meet priority regional and global needs. Jute is a perfect case. If UNDP cannot now do the grant finance required for a package it should get authority so that it can do so.

5. I think there is much to be said for the approach suggested in paragraph 71(a) of the mission report, namely, that any CG and TAC established for Jute should be regarded as the first phase of a CG for non-food agricultural products and an initial response to UNCTAD Resolution 50 III. This approach has considerable political appeal. For one thing, it would make it clear that we were appealing to donors not on the basis of their position as jute users, but on the basis that jute is a major commodity problem with a claim on their aid programs. It is clear from paragraphs 19 ff. that this is the only solid basis for an appeal anyway. It would have to be understood from the start that the group open-ended. Not all governments willing to do Jute would necessarily be committed, by joining, to support other products. And, more importantly, governments could join in due course to deal with other products (e.g., cotton) without any implied commitment to support the Jute program. We have a sort of precedent here in the East Africa Consultative Group -- one group for four clients, the donor members of which have different interests in each of the four.

I am by no means certain that we can sell this approach to the donors, but I think the three agencies have a perfect right, perhaps even a duty on the basis of the UNCTAD resolution, to try the idea out on at least five or six major donors before making any formal proposal for a Group confined to Jute. If you and others concerned in the Bank agree, I would be prepared to launch the idea with UNDP and FAO and to start work on a prospectus.

6. I agree with the mission proposal that the producing countries should be urged to set up at once a Regional Research Coordinating Committee. This would be a much needed indicator of their intent to take the whole exercise seriously. If the position that now prevails, according to paragraph 45, should continue, donors will take a very poor view of the appeal for international support.

7. With reference to paragraph 60, this is a classic donor position. But we should not just accept it. We have had the same problem in CGIAR, but most donors, when pressed, will recognize that some contribution to core budgets is necessary. I would not like to end up with nobody but the Bank and UNDP putting up cash.

cc: Mr. C. Weiss, Science Adv., Dev. Pol.
Mr. H. Graves, IRD
Mr. V. Riley, IRD

MLHoffman:ml

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Files

DATE: April 17, 1972

FROM: Franz H. Kaps

SUBJECT: UNDP Jute Fact-Finding Mission

Attached are excerpts of a UNDP study entitled: "Jute Fact-Finding Mission, 1970-71: Report to Administrator," dated August 1971. This report was submitted to us by Mr. Wiehen's office because the study deals mainly with the impact of jute research and production in Pakistan. The excerpts deal with research aspects which a possible international jute center would have to deal with.

Attachment
FHK:mcj

FK

Mike -

This seems relate to the problems of the International Institute for Cotton.

Herbert

III. RESEARCH AND DEVELOPMENT

This major part of the total action programme is dealt with under the following headings:-

(1) Agricultural Research

(2) Technical Research and Development

(A) Basic Research

(B) Product Development

(C) New End-Uses

(D) Improvement of Machinery and Manufacturing Techniques

(E) Technical Service

(3) National vs. International Research

1. AGRICULTURAL RESEARCH

It is now relevant to consider what further agricultural research needs to be carried out in the different countries, to what extent it can help improve jute's position with regard to its competitiveness with the synthetics, and to what extent research would be better carried out at the agricultural research organizations already in existence or at an international centre.

Much of the agricultural research in India and Pakistan over the years has been devoted to finding varieties of jute with a higher content of fibre in the stem or varieties, particularly in the case of olitorius, which are more resistant to early flowering so that farmers can sow their olitorius earlier and obtain yields nearer to the maximum before it becomes necessary to harvest their jute in order to transplant their paddy. Work has also been devoted to finding plants which give better yields, have better resistance to diseases and pests and which have superior properties to the plants grown previously. This plant breeding work has been most valuable.

In many ways it would be ideal if a plant could be evolved by crossing the capsularis species with the olitorius species so that

by crossing the capsularis species with the olitorius species so that the cross would have the desirable characteristics of both of the two species. Unfortunately, however, the two species are incompatible. (Recently, however, a hybrid has been produced from a wild type of capsularis and a pigmented olitorius.) It does not appear consequently that much success will be obtained in this field so that the plant breeding work has had to be concentrated mainly on producing better varieties of either capsularis or olitorius.

Higher Fibre Content

If a plant with a much higher fibre content could be found it would enable higher yields to be obtained from the same number of plants per acre or would enable the same quantity of fibre to be obtained from a smaller area than at present, thus releasing for other purposes land now devoted for jute cultivation. With the existing varieties the plants have a fibre content ranging from 4.5 per cent to 7.5 per cent of the fresh weight of the stems, but some varieties have been found which have a fibre content as high as 9.5 per cent.

The research scientists are, naturally, always on the lookout for plants with higher fibre contents which could be used as parents to be crossed with other varieties and so produce a 'miracle' jute similar to the new varieties of rice, wheat and maize which have been responsible for the "green revolution" in some countries in recent years. Judging by the success which has been achieved with rice, wheat, etc., induced mutants are probably most likely to produce such plants but research work of this kind not only takes a long time but success very often depends also on a certain amount of luck since one of the

problems is to identify the genes which are responsible for the formation of the fibre bundles, length of stem, etc.

It must be borne in mind, too, that the fibre in the stem of the jute plant is part of the living structure of the plant and increasing the fibre content by greatly increasing the number of fibre cells might mean changing fundamentally the whole structure of the plant and this might cause problems on the agricultural production side.

High fibre content is not the only criteria which has to be considered when seeking new varieties. Quality of the fibre, length and thickness of the stems, flowering habits, resistance to pests and diseases, etc., etc., have also to be taken into account. For example, the fibre from one induced mutant which was found to have about $1\frac{1}{2}$ times the number of ultimate fibre cells in the stem compared with the control contained more lignin than fibre from the control. Consequently, plants with a much higher fibre content in the stem might well have undesirable characteristics which would make them unsuitable for commercial cultivation.

The Time Factor

Apart from the chances of success in finding a much superior jute variety, however, the main reason why not too much hope should be placed on any great breakthrough in this field is that plant breeding is a long-term process and even if a "miracle" plant were found it would be some years before it would become available to the farmers on any scale. The research associations estimate that it normally takes seven to ten years from the time a new variety is found before it becomes available to the farmers. In the case of the D.154 variety of

capsularis jute which is popular with farmers in India it took about fifteen years from the time the plant was first selected before it was released to the farmers. The delay could probably be reduced by a year or two, however, if more concentrated efforts were made at the seed multiplication stage, but it can be assumed that no great breakthrough can be expected within the next five years at least.

It must be accepted, therefore, that the main hope for increased yields and reduced costs lies in better cultural practices on the part of the farmers coupled with an intensive effort by the Governments to enable them to obtain the inputs they need.

Objectives of Agricultural Research

Taking into account the need for urgent action if the future of jute is to be assured it would appear that the main efforts of agricultural research should now be concentrated on:-

(a) The production of new varieties with higher fibre contents and more suited to the agricultural pattern in the different areas, particularly so that both paddy and jute can be grown without prejudice to one or the other.

In view of the fact that work of this nature takes a long time to produce results and because plant breeding work requires the services of highly qualified people in a number of different disciplines and because any new varieties are likely to be suitable for cultivation in Pakistan, India or Nepal there would be many advantages in making this the work of an international centre although much of the subsequent field work

role is imperative in the major overseas markets served by the Asian industries if a sales promotion effort of any consequence and credibility is to be mounted and if a meaningful feedback of information to research and development facilities is to be provided. Moreover, this need can only be intensified as the Western jute processing industries continue their decline.

It seems important also that so far as the mills are concerned, the technical service staff should be competent to advise necessary measures of quality control which will have to be implemented if product standards are to be maintained to the satisfaction of the consumer.

3. NATIONAL VS. INTERNATIONAL RESEARCH

Summing up the preceding sections, it is clear that an immense and urgent task lies ahead of the jute-producing countries in the fields of agricultural and technological research and development and the provision of technical services on a scale appropriate to the size of the industry. The question has now to be discussed to what extents these needs can be met by national action and to what extent they require collective international action.

The first point to be made unequivocally clear is that whether or not a case is established, and accepted, for an international centre there will always be a need for strong local national research and development organisations in both the agricultural and technological fields. On the agricultural side, a strong research institute will be needed to cope with purely domestic problems (of which there will always be many) and to test under local conditions any new discoveries which

might be made at the international centre (for instance, new high-yielding varieties of jute or kenaf). Moreover, agricultural research stations apart from their research work play an important part in helping to educate farmers to adopt improved methods of agriculture, advising them on the treatment of pests and diseases, etc., and generally endeavouring to solve domestic agricultural problems as they arise. Similarly, each producing country would want to pursue its own work in technological research and development and here again the local institute would collaborate in development work at the international centre and would act as a clearing house of information for the local industry which it serves. A wholehearted collaboration would have to be developed between the national and the international research organisations and a powerful co-ordinating committee would be required to minimise overlapping and ensure the observance of the right priorities all down the line.

In the Mission's opinion, the authorities in both India and Pakistan should work towards the establishment of a single technological research and development organisation in each country in place of the present two (or three) institutes which represent a quite unnecessary duplication of effort and waste of scarce financial resources. The Mission was disturbed to find so little collaboration between the rival research institutes in each country, and no collaboration at all as between one country and another, though all were working towards the same objectives and achieving much the same results.

The Case for International Research

Having said this, the Mission feels strongly that the jute

producing countries should follow the example of the wool producers, the rubber producers, the cotton producers and others and join hands in setting up an international research and development centre of their own. This may seem a difficult step for countries which are bitter rivals in trade, but so it did to some of these other commodity producers. The fact is that competitive pressures in world markets today are so tough, and are likely to become so much tougher, that jute producers - if they are to survive - really have no choice but to pool their resources in both the research and the promotional fields and make a major collective effort to rehabilitate what is in the eyes of the world a declining industry. The advantages of international action are powerful:-

(i) It will eliminate wasteful overlapping of effort and will concentrate all available resources on the priority research and development problems.

(ii) It will avoid duplication of expenditure on expensive machinery and equipment.

(iii) It will enable the most highly qualified professional staff to be recruited irrespective of their country of origin.

(iv) Properly organised and motivated, it will facilitate the direction of research and development into the right channels.

(v) It will bring about an interchange and mixing of research personnel from the existing institutes in the producing countries, and this in itself should produce a rich cross fertilisation of new ideas.

The issue is really one of scale and concentration. When the Jute Mission was in the United States, Phillips Fibres Corporation (a company jointly owned by Rhone-Poulenc S.A. of France and Phillips Petroleum Co.) had just announced the expenditure of $U.S. 8 million on a new research centre at the company's corporate headquarters which would employ a staff of between 75 and 100 people and would have all the latest fibre research production, testing and support equipment. Phillips Fibres is the producer (among many synthetic products) of Loktuft non-woven carpet backing and the announcement of the new research centre included a statement that the company was already testing marketing a fire-retardent polypropylene intended for carpet use. Another major research objective of the company is a polypropylene fibre that is acid dyeable. It must be emphasised that this is one company's research effort in one country only; there are in the United States alone other and larger research centres than this working to overcome the shortcomings of polyolefin products. Add to that the combined research effort of the synthetic fibre companies in Western Europe and Japan. How can the jute producers compete in this league with limited funds split between five or six research centres all isolated from each other and all duplicating in some degree or another each other's work? The only possible answer is a single, co-ordinated, well-directed effort which will be adequately financed and will make the maximum use of the resources available both of money and of professional skills.

The Example of Wool

The example to be followed is that of the wool producers and their governments who, though they are rivals in trade,

have worked together for many years in the field of research development and promotion and who in 1967 set up their own technical development centre in the United Kingdom at a cost of approximately $ U.S. 3.5 million. This centre, which now has a staff of 160 people, has attacked wool's problem areas one by one and after three years intense activity it has produced and made commercially viable four or five technical developments for the wool textile industry which are really significant in terms of their potential influence on wool consumption in the coming years.

The jute technical centre, like the wool centre, should concentrate above all on product improvement and new product development. It would be linked, as is the wool centre, closely with thriving national research institutes and the research programmes of all these organisations would be co-ordinated as far as was practical taking into account the many research problems of purely domestic concern. Also, like the wool centre, it would undertake fundamental research as required by its development work; it would act as a training centre for technicians and as a centre of interest and information for the trade and industry. It would also be the international base for a technical service operation and for the introduction of quality control standards. Acting individually the jute-producing countries will never achieve this scale of effort; acting collectively they can achieve it and they can make a serious commercial impact in favour of jute products.

Agricultural Research Possibilities

In the case of jute it appears that international action

could usefully be extended to the agricultural field along the lines proposed in Section 1: Agricultural Research. While it has to be accepted that the main immediate hope for increased yields and reduced costs lies in better cultural practices on the part of the farmers coupled with an intensive effort by the governments to enable them to obtain the inputs they need, there is still a good case for intensified work on the production of new varieties in a search for something approximating a "miracle" jute. This work would most appropriately be organized at an international research centre. Other agricultural projects for the international centre (as already stated) could be the invention of an efficient, cheap seed drill and further work on the ribboning of jute and kenaf and the retting of the ribbons. Obviously all these activities would have to be carried out in close association with the agricultural research stations in the individual countries since much local fieldwork and testing would have to be done.

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Consultative Group on International Agricultural Research

OFFICE MEMORANDUM

TO: Files

DATE: April 12, 1972

FROM: Michael R. Lav

SUBJECT: Jute Research and Development: Possible Support from the Consultative Group on Agricultural Research

1. In conversation with Mr. Kaps of the Development Services Department, I obtained the following information pertaining to the possibility of the Consultative Group on Agricultural Research broadening its support beyond food to encompass various commodities, including jute. The Consultative Group, through its Technical Advisory Committee, has asked the Ford Foundation to prepare a strategy paper for the 1970's regarding research, production, and marketing of food and agricultural commodities. The report is expected to be available in July, and will be discussed by the Technical Advisory Committee during the first week in August. Recommendations are to be made which will in turn be discussed by the Consultative Group in early November.

2. Upon my request, Mr. Kaps is inquiring as to whether or not the Ford Foundation has access to the UNDP report which recommend establishing an International Center for Jute Research and Development. If that is not the case, we will try to have a copy made available.

cc. Messrs. Votaw
Wiehen
Kavalsky
Segal/Ladonne
G. Stern
Grilli

MRLav:ccs

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

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Ortlik

MPLav:ccn