Jute Goods Exports to Australia: An Analysis of Market Potentials for Bangladeshi Jute Products

Rahima Akter
Research Officer, Export Promotion Bureau, Bangladesh

Abstract
The production of diversified jute goods in Bangladesh has got a momentum because of environmental awareness and rise of green business among consumers in worldwide. Bangladesh's traditional jute goods production shifted to more value added products. But the country is failed to diversify its market base compare to increasing demand in worldwide. This research aims to explore a new market for Bangladeshi jute items. Australian market is researched and examined in this regards. To get a full idea about the market, the competitive factors in Australian market including industry analysis is done. This research also suggests some recommendation for the exporters.

Keywords
Diversified Jute Goods (JDPs), Bangladesh, Australia, production, export, industry analysis, Competitive advantages, marketing strategies

I. Introduction

Theemergenceof globalization and free trade provides scope for companies to market and sell products to new and potentially profitable markets [9]. International firms can identify and increase its competitiveness by accessing latest technology, new product ideas and manufacturing innovations according to consumers demand[12]. This phenomenon instigates emerging countries like Bangladesh to look for new markets for more profits and presence in international markets.

Bangladesh, as a leader of Least-Developed Countries (LDC) and a fast-growing player in world trade, is rapidly expanding in global market not only with its manufactured products like garments, leather goods but also primary or agricultural goods like jute fibres. Jute and jute goods are the unique items from Bangladesh that has ecological sustainability and environment-friendly characteristics [13].

Australia, a developed country based on immigrants from multi-cultural background, can be a potential market for jute items from Bangladesh. In addition, Bangladesh's successful experience in European market can help the country to understand the market. Australia is geographically close to Bangladesh and is founded by European immigrants. The recent ban on use/manufacturing of plastic bag by state governments also creates the scope and demand for environment—friendly bags for various purposes.

Considering both countries perspective, there are substantial market opportunities for Bangladeshi jute items to Australian market. According to data, though Bangladesh is the world's largest exporter of raw jute, it is failed to capture the Australian market because of proper marketing strategies and product offerings.

II. Problem Statement

The jute industry is the important foreign exchange earner among Bangladesh's exportable. The present share of Jute in total exportis 2.73% (in 2013-2014). But in the past, jute had glorious position with 90% of export share in 1972-73[6]. This share was declined in later years. The lion share of export was shifted gradually to non-traditional items, namely Ready-Made Garments (RMG).

Jute sector is very labour intensive sector in Bangladesh. Approximately 200,000 workers are employed in around 250 jute mills in the country. Average production is 900,000 M. Tons per year [4]. So, this socio-economic context as well as increasing demands in markets made the industry to revive strongly. Moreover, awareness for environment friendly products in worldwide also created the opportunity to expand the product base of jute industry. The jute goods manufacturers concentrated more on the production of diversified jute goods.

But the sector is not expanding as it was expected. The underlying causes are limited markets, lack of market research, unable to communicate product offerings and actual demand of the markets, lack of marketing strategies etc. Thus, the jute goods producers were failed to realize the market potentials of various developed countries including Australia. Simultaneously, these producers do not have any idea of product varieties, production capacities, the competitors in specific markets etc. which diminishes the export growth linein the long run. Compare to increasing demand for environment friendly goods around the world, Bangladesh's jute export is concentrated to few countries only.

Recognizing the above conditions, this research aims to find the answer of one basic question - What are the market opportunities in Australia for Bangladeshi jute goods? Why is Australia a promising market for Bangladeshi jute goods? To clearly identify these answers, the following supplementary questions are also important:

1. What are the strengths and weaknesses of jute industry of Bangladesh?
2. What are the competitive factors in a specific market, here as Australia, for Bangladeshi jute products?
3. What are the recommendations to successfully capture the Australian market?

III. Objectives

Based on above discussions, the main objective of this study is to identify the potentiality of Australian market for Bangladeshi jute items. This basic objective will be supported with few specific objectives which will answer to a complete research report. The other objectives are:

1. To know the strength and weaknesses of the jute industry in Bangladesh.
2. To assess the competitive factors for Bangladeshi jute products in Australian market?
3. To identify the proper strategies for successful intervention in Australian market.

IV. Research Approach

This research is mostly analytical. The information is collected from secondary sources. Some information, facts and experiences were gathered from primary sources. Primary data is also checked with secondary sources and literature studies.

A. Methods

This research clearly identifies two distinctive field of study. The main research question is related to Australian market. This

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research is done with primary works. As Australia is very big in size, one state – namely South Australia was selected to do this primary research. The answer for other research questions were sought using secondary sources, especially Bangladesh's jute industry information was collected through published materials.

B. Data Collection

In South Australia, some supermarkets were visited to collect information on different market aspects, especially demands, price and customer attitude towards the product etc. The officials, especially at cash counter were interviewed to collect the information.

Different secondary sources, such as books, journals, websites, statistical report, research report etc. are reviewed and studied to collect data about Bangladesh's jute industry.

V. Literature Review

It was examined and searched whether there are sufficient studies and literature on jute goods potentials to a specific market. Very few were found on this subject.

Rahman & Khaled (2011) at their 'Global Market Opportunities in Export of Jute,' paper studied about Bangladesh's jute export performance, sources and destination of raw jute and jute goods, market access environment etc. This is the Occasional paper of Centre for Policy Dialogue (CPD)[23]. The study shows that Bangladesh is the top exporter of raw jute, but India is in leading position of exporting jute goods. Though the study decides USA and European countries as promising markets, it fails to concentrate on East and South-east Asian and Australian countries. America and European Union are the established market for jute goods from Bangladesh.

One in-depth research was done by German Technical Cooperation (GTZ) office, Bangladesh, titled 'Export of Jute Products from Bangladesh to Europe' in 2007 [25]. A very good part of this study is that it has concentrated on Diversified Jute Products (JDPs) and searched for the market opportunities for Bangladeshi JDPs with detail analysis. This research paper tried to link the Bangladesh jute export potential and European market needs with an analysis of models and theories.

Other studies, e.g. Islam and Alauddin (2012) analysed the comparative production of jute in Bangladesh on 'World Production of Jute: A Comparative Analysis of Bangladesh'[13]. 'Impact Evaluation of a Cluster of CFC Funded Jute Products' is one report by STADD Development Pvt. Ltd. prepared for Common Fund for Commodities (CFC) which emphasis on jute geo-textile and paper pulp from green jute [5]. International Jute Study Group (IJSG) report on total production namely 'World Jute &Kenaf Statistics: at a Glance' helped researcher by providing total production data of jute and allied products in worldwide [15].

VI. Findings and Discussions

To keep the continuation and harmony of the findings of the research questions, jute products in Bangladesh and competitive factors in Australian markets are discussed first. The discussion of why the Australian market is so promising is presented later. The last part describes some suggestions for Bangladeshi exporters.

A. Jute industries in Bangladesh

Bangladesh is the largest exporter of raw jute and jute twine in the world, but its competitor India is the highest producer of among jute producing countries in the world [23].

Historically jute was the top export item of Bangladesh and country's agro-climatic environment turned it as a home-base for jute production. But, the rise of substitute product, high production cost, government negligency and hence policy constraints, lack of marketing strategy and modern technology made the export growth down in the late eighties of last century [20]. But increasing demand of various jute items because of awareness of environmental uses, turned the producer as well as government to reconcentrate on this sector.

1. Product Varieties and Attributes

The traditional use of jute is sacking and hessian that used for packing of agricultural commodities, cement, fertilizer and manufacturing industries. Carpet-Backing Cloth(CBC) is another traditional use of jute. Jute yarn and twine are used for various purposes historically. The recent innovation of value added uses of jute products, such as jute bags (e.g. shopping bag, ladies purse, official bag etc.), technical textile, pulp and paper, geo-textiles, home-textiles, decorative items, handicrafts, various types of matt or floor coverings, various shoes etc.Bangladesh is trying to shift its production to more value added items using latest technology and production method, these items called Jute Diversified Products (JDPs) [25].

Product clustering is very important to identify the market needs and produce accordingly. Product clustering helps the industry to be more competitive by increasing productivity and driving the direction for continuous improvement and innovation [20]. Figure 1 exhibits the diversified jute products clusters that are made from jute plant, jute stick, fibre and then yarn [14]. Jute fibres are important for yarn production and thus fabrics, especially three kinds of – handloom, power loom and knitted fabrics are produced from which more value added products can be produced. Handicrafts, mainly shopping bags, fashion accessories, house decorative, gift items & utilities etc. are of great uses made from jute yarn.

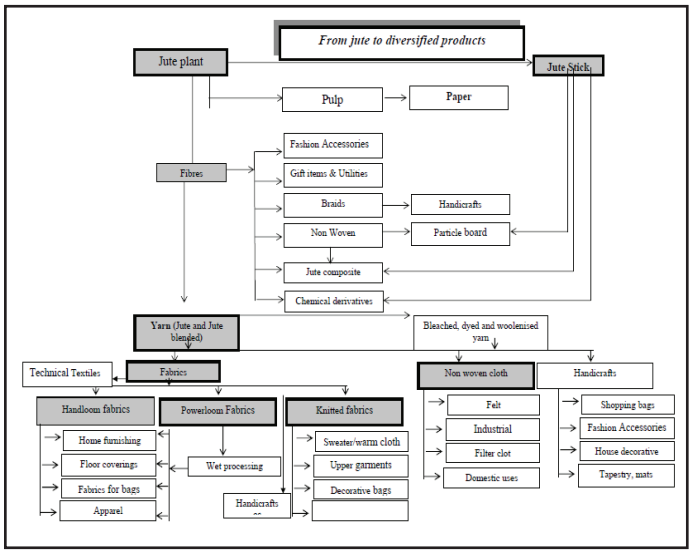

Fig. 1: A Chart of Diversified Jute Products
Source: International Jute Study Group (IJSG) 2012

Jute, as an agricultural product, is the renewable plant which is grown every year. Bangladesh has bulk production of this because of wet lands and suitable weather [13]. Jute is totally bio-degradable and recyclable and therefore environment friendly. This is a high strength and breathable fabric and can retain high rate of moisturasing. So jute has much advantages over synthetics where

one is not inclined to environment but the other one maintains ecological harmony and balances. Moreover the sector is now emerging and popular of its value added products.

The product offerings include both core benefits of the products and attributes [12]. The value creations in producing various types of jute items create different functional features of the sector. There is no doubt about the performance of the product as this is environment friendly, durable, hygienic to health and bio-degradable. Though the sector is adopting latest technology there may be a gap among customers about perceived value and product image. The extrinsic value of jute products are not exercised in Australian market very well, but Bangladeshi jute sector do have high brand value (as this is the unique product from the country), high quality, modern design and affordable prices.

2. Value Chain Analysis

As jute is very big sector in Bangladesh, it would be very good idea if a value chain analysis is done. A firm in an industry can improve its competitive advantages by analysing its value chains and cost and activities related to that chain [10].

Fig. 2 represents the value chain systems in jute industry in Bangladesh. This value chains include government policy making body (e.g. ministry, department, research institute, special projects), exporters, government owned jute mills, retailers, wholesalers, local traders/purchase centres, intermediaries, jute growers etc. All of these stakeholders have important influence on jute production to export activities in Bangladesh. The total industry is horizontally differentiated where the trade in fibre is important issue for cost competitiveness and quality products. Other important value chains are – fabric production or milling, conversion on yarn or fabric, JDPs production and sell in domestic or export market.

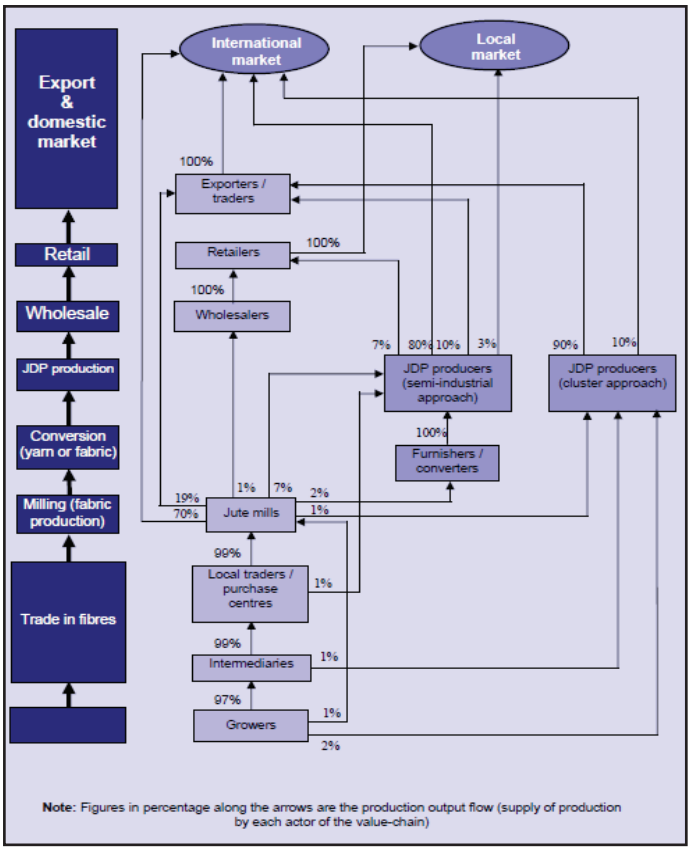

Fig. 2: Value Chain and Clustering of Jute Industry
Source: Vries (2007)

3. Production Capacity

Jute production in the world limited to few countries though its uses are around the world. South, South-east and East Asian countries have the highest production capacity of jute. Latin American and African countries are producing jute as well. According to Table 1 [15], India is the largest producer of jute in the world following Bangladesh as the second largest country. Both countries are producing more than 96% of total production of the world. The following table shows the production of major jute producing countries and regions.

Table 1: World Production of Jute, Kenaf and Allied Fibres (for six years)

World production of Jute, Kenaf and Allied Fibres from 2007/2008 to 2012/2013
in '000 Tonnes (1 tonne = 1000 Kg)

Total Jute, Kenaf & Allied Fibres:	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13 (provisional)
World	3247.8	2588.0	2863.4	3369.0	3342.2	32014.4
Developing Countries	3241.1	2581.3	2856.7	3362.3	3335.5	3194.7
Far East	3175.9	2528.4	2807.2	3316.2	3258.2	3144.4
Bangladesh	1236.8	931.0	1070.1	1404.5	1332.9	1363.0
China	86.8	84.3	75.2	75.2	78.0	78.0
India	1782.0	1475.0	1620.0	1800.0	1845.0	1674.0
Cambodia						
Indonesia	4.7	4.1	3.8	4.0	4.0	4.0
Myanmar	19.1	3.6	4.3	9.6	3.8	1.6
Nepal	16.8	17.0	17.7	14.4	15.0	15.0
Thailand	2.2	2.9	2.0	1.7	1.7	1.3
Vietnam	25.7	7.8	12.1	5.0	3.2	6.0
Other	1.8	1.8	2.0	1.8	1.6	1.6
Latin America and Caribbean	50.4	38.0	35.6	30.9	33.4	33.4
Africa	11.2	11.2	10.3	11.8	13.4	13.4
Near East	3.6	3.6	3.6	3.5	3.5	3.5
Developed countries	6.7	6.7	6.7	6.7	6.7	6.7

Source: Food and Agriculture Organization (FAO)

Source: International Jute Study Group website.

In Bangladesh, the production of jute items can be divided into various categories – from raw jute to finished value added products. According to Bangladesh Jute Mills Corporation (BJMC) [3] data, the average production of raw jute is 1.90 million tonand jute goods are 6.6 thousand tons. According to Table 2, the production of traditional jute goods by jute mills under BJMC, is increasing gradually in last five financial years. Jute sacks production growth is the highest among all types of jute products.

Table 2: Production of Jute goods in Bangladesh (in Bale/Roll form)

Year	Hessian	Sacking	CBC	Others	Total	Growth Rate
2008-2009	19786	80610	5916	1610	107922	
2009-2010	25296	101700	9867	6764	143627	33.08%
2010-2011	32236	111472	11973	10588	166269	54.06%
2011-2012	35012	119922	10360	11111	176405	63.45%
2012-2013	34666	133689	6956	16083	191394	77.34%
2013-2014	27821	118700	6599	13627	166747	54.51%
2014-2015 (July'14 - Dec'14)	11260	26272	3822	6309	47663	

Source: Bangladesh Jute Mills Corporation, 2015.

But it is very difficult to get statistical data about diversified jute goods production in Bangladesh. The JDPs are produced not only by the jute mills who are producing traditional jute goods but also small entrepreneurs and manufacturers with the guidance of government funded programmes like Jute Diversification Promotion Centre (JDPC) and private sector initiatives. As the data of JDPs is unavailable, it is tried to assume the capacity of Bangladeshi exporters to supply these products including traditional jute goods by analysing export statistics of last three years.

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Export data of jute goods from Bangladesh to worldwide (at Appendix 2) [22] also shows that Bangladesh is quite competent in producing and exporting traditional jute items, but there are also scopes for production of JDPs from Bangladesh.

It should be noted that, as JDPs are not identified with proper Harmonised System Code1 (HS code), Bangladeshi manufacturers or exporters may use different codes. For example, jute shopping bag may include, but not limited to HS code 420222 (Handbags, including those without handle, with outer surface of plastic sheeting or of textile materials), 560900 (Articles of yarn, strip, twine, cordage, rope and cables, n.e.s) and 630510 (Sacks & bags, for packaging of goods, of jute or of other textile bast fibres). Similarly, jute geo-textile product is traded under HS code of 531010 (Woven fabrics of jute or of other textile bast fibres of heading 53.03, unbleached) by which proper export performance cannot be examined.

According to this interpretation, the production and export of jute shopping bags or jute geo-textile in Bangladesh are increasing.

4. Export Performance

In world, Bangladesh is the highest exporter of raw jute following Tanzania and India. The Figure 3 shows the dominant position of Bangladesh in exporting raw jute to worldwide [24]. More than 95% of raw jute is exported from the country.

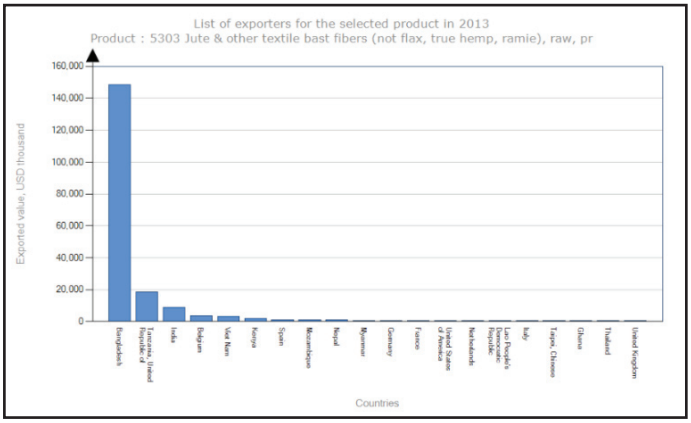

Fig. 3: Exporters of Raw Jute in the World in 2013
Source: Trademap, UN COMTRADEStatistics, 2015.

The statistics of export performance of Bangladeshi jute goods to Australian market (at Appendix 3) proves that Bangladesh exports traditional jute goods, e.g. raw jute, jute yarn, woven fabrics of jute, carpet or textile floor coverings, sacs and bags etc. more than JDPs. Byanalysing same data it can be assumed that jute shopping bag, geo-textile, woven fabric, carpet or other textile floor coverings and many more JDPs would be suitable items to export from Bangladesh to Australia.

B. Australia – as a Potential Market

After successful export experience in USA, Europe and Middle East, Bangladeshi export industries are considering Australia as a potential market. The reasons are many - the rapid increase of total consumer because of rise of multi-cultural immigrants, government policy against synthetic/polypropylene products, the awareness of environmental role and impact of products among local consumers, the presence of different segment of consumers, to name a few.

1. Present Market and Demand

The recent position of state governments about the ban on plastic bag uses opens an avenue for marketing light weight jute shopping bag in Australian markets. The natural formation of soil, hilly lands, river side and embankments in Australia present a huge market for jute-geotextile. As floor coverings are important life-style for Australians and consumer preference are shifting from synthetics to natural one, Bangladeshi jute made floor covering (e.g. locally called Satranji2) producers will get a potential market for their product. These reasons including safest from health hazards component will made Bangladeshi home textiles (e.g covers for sofa, bed, table, cushion, curtain cloth, table mat, napkins etc.) popular to Australians. The shift of demand from traditional synthetic/polypropylene items to natural ones and awareness of the importance of 'Green Business' among the consumers create a market for jute ladies bags, handicrafts or other decorative items. The research found that environmental issues (bio-degradable capacity, carbon-dioxide neutral, uv protectiveness, vegetation capacity etc.), cheap price and an alternative to traditional one create demand for natural made items among Australian customers.

The demand for various jute items in Australian market can be understood by analysing the total import performance of Australia to world (at Appendix 4). The demand for non-traditional jute goods is higher than traditional jute items. Australia imported handbags, shopping bags or textile floor coverings more than raw jute or jute yarn in last 5 years. The demand for curtains & blinds and furnishing articles are also increasing.

The statistics from Department of Foreign Affairs and Trade (DFAT) [7] also shows that Australia imports woven fabrics of jute and floor coverings from Bangladesh. This proves that Australian consumers are already introduced with Bangladeshi jute items.

2. Buying Behaviour and Cultural Issues of Australian Consumers

As the Australians are mainly from multi-nationals, the diversity in life-styles is very common. So the buying behaviourpattern of consumers is flexible to products from multi-cultural background. Products that have good quality, various uses and useful to daily life are welcome to Australian customers. Moreover, as most of Australians are from European background, the cultural proximity to Europe is a positive point for Bangladesh. The reason is that Bangladeshi jute industries have long experience to deal with European customers. In addition, the consumers' preference of taste, life-style, attitude to environment and other cultural aspects are quite influenced by European style [19].

Another point is revealed during the visits at local shops run by South Asian or South-east Asian people who live in Australia. A large portion of South Australians are from Asian countries. So, Bangladeshi exporters may take advantages to exploit the Asian cultures.They may find psychic closeness while offering products to these Asian residents in Australia. The shopping tendency, food habit, decoration style and fashion preference will be the same as domestic customers that are dealt in Bangladesh and neighbouring countries.

According to demography, though the total market size is small (e.g. 23.13 million in 2013) compare to other developed countries, the purchasing power of customers is very high. TheGDP per capita PPP (purchasing power parity) was $41,954 in 2012 [8]. Further, as diversified jute goods are cost effective, high quality and useful, the Australian's would be more inclined to change their buying behaviour.

3. Entry strategy

Choosing the entry strategy for Australian market would not be a problem as Bangladeshi jute exporters have already experience on export business in Australia. As a developed country, direct investment or joint-venture is nota practical idea as the cost is high. So, to sell and market JDP and other traditional jute items to Australian market, direct export is an effective entry-mode. This entry strategy will help exporters to utilize experience curve economies in Australian market [11]. Though there are few disadvantages of this entry mode because of high transportation cost and promotional method, this can be overcome by taking appropriate plan.

The idea of cooperative export can be a solution (if necessary) by setting contract with local company for marketing and after sales service [12]. The small and new industries can take the indirect export strategy or can set up a relation with Australian jute companies who are planning for manufacturing unit in Bangladesh 3 [25].

4. Market Access Issues

Bangladeshi exportable (as an LDC) is getting duty free access to Australia. Australia will follow the rules of origin process if the product is manufactured inside Bangladesh. Then the product should be manufactured with 50% raw material at least from Bangladesh/other LDCs/Australia [2]. As jute products manufactured in Bangladesh mostly 100% materials from inside the country, so majority of jute goods will enjoy the duty free access to Australia. But every export initiatives need to pay certain fees/charges to custom authority in Australia4 and it would be easier by taking help from professional broker using internet in all the process [1].

5. Market Segment Analysis

The market segment in Australia is analysed in two ways – consumers and importers of jute goods.

In consumer context, the initial target market may be the Bangladeshi diasporas. The immigrant from India and other Asian people also will be interested to jute items as they are familiar with these products. But immediate after capturing this market, the exporters should target the mainstream market. The products may be for these markets are the shopping bags and different kinds of bags, ladies purse, home textile, floor coverings, decorative items etc. For geo-textile, the customers living sub-urban areas or country-side, in government/private projects will be probable target market. The big retailer, wholesaler or distributor of food or manufactured goods can be potential buyer traditional jute items, like sacking/bag, woven fabric, food grain bag etc.

The potential buyer can be big grocery retailer like Woolworhts, Coles, Seven-Eleven, Foodland etc. for various types of shopping bags including sacks; decorative items, handicrafts, hand bags etc.

Clothing retailer like Target, K-mart, BigW, Myer, David Jones can be buyers for fashion cloths, home textile, ladies purse, handicrafts and decorative items etc.

Hardware and other parts related retailer like Bunnings and carpet retailer like Rugs a Million would be potential buyer for floor coverings, jute mate, hessian bags and cloths, etc. In addition, there are lots of companies who are doing geo- textile or geo-fabrics business (e.g. Golden Fibre Australia, Tontine Fibers, Geofabrics, Meccaferri Australia to name a few) can be potential buyer for Bangladeshi jute geo-textile. There are lots of small and medium companies and businesses who would be potential buyer for jute items.

6. Price of the Product

During the visit to retail supermarkets, light weight jute shopping bags made from India, were sold in AUD 2:00 one piece. It can be assumed that Bangladesh can offer better price than India because of low labour cost and available of raw materials. Other light weight plastic shopping bags that are produced in Australia are price competitive than jute shopping bags. But this can be encountered by highlighting the harmful impacts of plastic bags uses to environment.

C. Competitive Factors

The competitive factors in Australian market are assessed through application of two theories – Porter's five forces model and Porter's idea of competitive advantage.

1. Industry Analysis

After analysing Bangladesh jute industry by using Porter's five forces model [21], the following results are revealed:

Competitive Rivalry: These competitive rivals are Bangladeshi jute industry itself, Indian jute exporters and local Australian companies who are related to jute business manufacturing either from India or Bangladesh. As this competition is not intense and monopolize by one company, there are much scope for Bangladeshi jute companies to create own position.

Threat of New Entry: But there is enough possibility of entrance of new rivals. As China, Nepal, Thailand, Vietnam, Cambodia and few African and Latin American countries are also producing jute, they can enter the market with diversified jute goods.

Buyer Power: Buyer in Australian market hold moderate power to influence the exporters/producers' decision. As these customers have the scope to turn to substitute products, the exporter needs to be highlights and advertise the product offerings.

Threat of Substitute: The threat of substitutes is the strongest position among these five forces analysis. The substitute products – leather bags, synthetic geo-textile, other packing materials etc. are traditionally used by Australians and strongly prevailed in the market.

Supplier Power: Supplier for Bangladeshi Jute industries are local growers, middleman, jute mills or distributor. The numbers of supplier are many and they do not have enough bargaining power to impact the total process of the industry.

2. Competitive Advantages

Based of Porter's [19-20] idea on competitive advantages, the jute sector can determined it's competitiveness - whether on cost leadership or on product differentiation.

The competitive advantages of Bangladeshi jute products are based on both the product differentiation and cost leadership. Bangladeshi jute yarns are higher quality than Indian jute. Moreover, Bangladeshi JDPs are made by utilizing superior skills and resources. Innovation, artisans' long experience and technological implications make jute goods more attractive, useful and durable than rivals.

Another competitive advantage is cheap products exported from Bangladesh because of low labour cost and cost of doing business.

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D. Strategies for Intervention

According to Kotler & Keller [16], the jute goods marketing strategies in Australian market can be done in four ways – product, promotion, pricing and place/distribution.

1. Product Offerings

The traditional jute goods and JDPs offered to Australian consumers need to be modified and customized according to consumer preferences. So to make the products attractive and suitable for market, there must be adaptation of customer and social condition. Designs, research and development are very important to mitigate the product demand on specific market [25].

One example can be stated here that JDPs producers produce shopping bags for various purposes (e.g. hand purse, office bag) for domestic and other Asian markets. But for Australian customer's they can modify a normal bag to wine bottle bag (as they are doing for European customers). Another example is that, while exporting jute garments items, the producers should consider and think about the size of Australians [26].

Most of jute exporters still rely on promotional brochure and do not have own website even. So, export promoting government agency (e.g. Export Promotion Bureau) in Bangladesh should support local jute exporters to participate trade fairs in Australia. The exporters may display products and communicate product features with customers through trade fairs [25]. During trade fairs, the exporters can meet potential buyers, explain their products benefits and request to display their products on trial basis.

In addition, branding is another best way to promote Bangladeshi jute items to Australian as well as world market. The exporters can highlight the distinctive attributes of products and create brand awareness. Jute exporters should establish product positioning by differentiating products' uses value to customers. For all types of jute goods, eco-friendly feature is a distinctive attributes that should be used in branding.

2. Pricing

To gain this cost leadership role in Australian market, jute exporters can follow cost based pricing strategy by counting marginal cost in every stages.To maintain the low unit cost and price escalation, the jute exporters should rationalize the value chain and pressure the distribution channel members to minimize the profit margins. The producers should vertically integrate different production processes (e.g. screen print, laminating) to get economies of scale.

3. Distribution

The fig. 4 shows supply chain members before the export of products. From domestic market to export destination, there are few more members – transporting agencies, shipping companies, freight forwarders, wholesaler/distributors in export market, retailer or small shop owner and finally customer. All these channel members are present in Australian market. Jute exporters should maintain relationship based on a common code of conduct to deliver a cheap but quality product to ultimate users. The sector can review the role of each channel members and thus can minimize the cost. For example, the role of Intermediaries can be minimized to save the production cost.

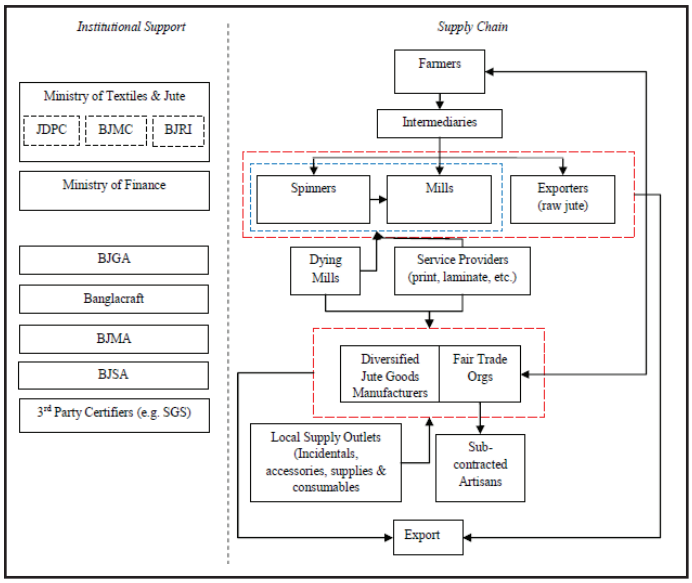

Fig. 4: Distribution Channels of Jute Goods Production in Bangladesh
Source: World Bank, 2013

VII. Research Limitations

It needs to recognize that there were several limitations in doing this market research. For example, there are no specific data on total production of JDPs in different product categories. Though JDPC and IJSG proposed HS code for specific diversified jute products, the manufacturers and exporters are not seen to categorize their product under those code. So, absence of proper HS code creates problems to calculate export statistics. Above all, there are not sufficient academic research and publication on export potential of jute products from Bangladesh to Australia. These limitations create demand for specific research on export potential of JDPs to a specific market further.

VIII. Conclusion

Through market screening model Australia was selected for potential market of Bangladeshi jute items because of its economic development, continuous increase of multi-cultural immigrants (who are potential customer for their home country products), purchasing power of consumers and geographical proximity and cultural familiarity to Bangladeshi jute exporters. At the end of this report analysis, a decision can be taken that Australia would be a promising destination for Bangladeshi JDPs.

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Appendixes

Appendix 1: A list of Definition of actors related to jute products production to export

Jute Growers/Farmers	Farmers are related to Jute plantation, fibers extraction, dry jute fibers preparation. Farmers sell the dry jute fibers to intermediaries.
Intermediaries/Local traders	A group of middlemen who buy the jute from the farmers and local bazaars and sell them to the local traders or purchase centres of the jute mills.
Jute Mills	Jute mills produce yarn and twine from raw jute. Jute mills produce traditional items such as Hessian, sacking carpet backing cloth, ropes etc. Some jute mills are involved in producing jute diversified products. Some jute mills produce fabrics and supply to JDP producers. Jute mills also sale their products to exporters/traders. In certain case Jute mills directly sell to international market.
Furnishers/Converters	These entities are involved in intermediary activities such as colouring fabrics or yarns (known as wet processing), lamination, accessories development, printing and other activities. They work for JDP producers.
JDP producers, following a semi-industrial approach	These kinds of JDP producers involve certain machineries in production or finishing stages. Their activities include yarns or fabrics preparation, production of cushion covers, curtains, bags, clothes, paper, particle board etc. These products are sold to international markets and a little portion to domestic market.

JDP producers, following a cluster approach	These types of entities are local SMEs, companies or NGOs who collect products from artisans. These artisans are trained on newer designs, ideas and products. Then they sell to local retailers or exporters or international markets.
Wholesaler	The wholesalers are only related to JDP sub sector, but their role is very limited because of presence of other entities. These wholesalers are only related to domestic market to supply a very small portion of products.
Retailers	The retailers collect jute products from JDP producers. As domestic market is relatively small, there are not many retailers in the city dedicated only jute products. Some retailers also sell to international market.
Exporter/Traders	These groups collect product from jute mills or JDP producers and sell to international markets directly. These products can be traditional or non-traditional.

Appendix 2: Export of Jute Goods from Bangladesh to World

Value Thousand US$

HS Code	Commodities	2013-2014	2012-2013	2011-2012
420212	Trunks, suit-cases & sim container w/outer surface of plastics/ textiles	69	44	-
420222	Handbags, including those without handle, with outer surface of plastic sheeting or of textile materials.	1,342	571	23
441090	Particle board of other ligneous materials	481	46	19
530310	Jute and other textile bast fibres, raw or	121,208	218,696	19,917
530390	Jute & other textile bast fibres, other than raw or retted; tow & waste of jute & other bast fibres (including yarn waste & garnetted stock).	5,180	11,223	1,145
530710	Yarn of jute or of other textile bast fibres of heading 53.03, single.	400,029	428,684	33,813
530720	Yarn of jute or of other textile bast fibres, multiple (folded) or cabled	132,778	78,054	3,216
531010	Woven fabrics of jute or of other textile bast fibres of heading 53.03, unbleached.	44,814	38,788	2,109
531090	Woven fabrics of jute or of other textile bast fibres of heading 53.03, other than unbleached.	9,695	16,963	1,423
560900	Articles of yarn, strip, twine, cordage, rope and cables, n.e.s	729	743	57
570190	Jute Carpets, Knotted	1,	67	3
570239	Carpets and floor coverings of other textile materials, not made up	19	7	-
570249	Carpets and other floor coverings of other textile materials, made up,	26	29	-
570500	Other carpets and other textile floor coverings	3,970	2,757	256
580639	Narrow woven fabrics of other textile materials, nes	144	236	11
620319	Mens/boys suits, of other textile materials, not knitted	3,968	4,327	460
630399	Curtains (including drapes), interior blinds & curtain or bed valances, not knitted or crocheted, of textile materials, other than of cotton & synthetic fibres.	4,200	2,254	157
630499	Furnishing articles nes, of oth textile materials, not knitted o crocheted	244	58	-
630510	Sacks & bags, for packaging of goods, of jute or of other textile bast fibres	110,049	237,419	14,654
640520	Footwear with uppers of textile materials, n.e.s.	6,259	4,449	438

Source: Export Promotion Bureau, Bangladesh.

Appendix 3: Bangladesh export of Jute goods to Australia

Value Thousand US$

HS Code	Commodities	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
420222	Handbags, including those without handle, with outer surface of plastic sheeting or of textile materials.	10	17	-	1	-
530310	Jute and other textile bast fibres, raw or	422	538	1,080	675	14
530390	Jute & other textile bast fibres, other than raw or retted; tow & waste of jute & other bast fibres (including yarn waste & garnetted stock).	120	144	174	200	24
530710	Yarn of jute or of other textile bast fibres of heading 53.03, single.	192	132	148	805	87
531010	Woven fabrics of jute or of other textile bast fibres of heading 53.03, unbleached.	1,665	811	137	658	23
531090	Woven fabrics of jute or of other textile bast fibres of heading 53.03, other than unbleached.	910	1,313	2,097	1,839	216
560900	Articles of yarn, strip, twine, cordage, rope and cables, nes	31	33	25	46	176
570500	Other carpets and other textile floor coverings	641	82	87	545	68
630399	Curtains (including drapes), interior blinds & curtain or bed valances, not knitted or crocheted, of textile materials, other than of cotton & synthetic fibres.	4	-	-	-	-
630499	Furnishing articles nes, of oth textile materials, not knitted o crocheted	214	-	-	-	-
630510	Sacks & bags, for packaging of goods, of jute or of other textile bast fibres	687	1,064	956	1,285	1,057
640520	Footwear with uppers of textile materials, n.e.s.	0.9	-	9	-	7

Source: Export Promotion Bureau, Bangladesh.

Value Thousand US$

Appendix 4: Import of Jute Goods by Australia

HS Code	Commodities	2010	2011	2012	2013	2014
420212	Trunks, suit-cases & sim container w/outer surface of plastics/textiles	91,086	110,023	108,027	111,745	112,465
420222	Handbags, including those without handle, with outer surface of plastic sheeting or of textile materials.	90,327	102,820	105,063	106,769	104,111
441090	Particle board of other ligneous materials	1,175	1,276	1,669	2,434	2,579
530310	Jute and other textile bast fibres, raw or retted	149	355	764	87	106
530390	Jute & other textile bast fibres, other than raw or retted; tow & waste of jute & other bast fibres (including yarn waste & garnetted stock).	11	13	25	3	2
530710	Yarn of jute or of other textile bast fibres of heading 53.03, single.	244	0	12	0	2
530720	Yarn of jute or of oth textile bast fibres, multiple (folded) or cabled	12	30	33	12	26
531010	Woven fabrics of jute or of other textile bast fibres of heading 53.03, unbleached.	6,282	4,834	2,801	3,209	3,539
531090	Woven fabrics of jute or of other textile bast fibres of heading 53.03, other than unbleached.	1,390	1,560	1,531	2,103	1,597

560900	Articles of yarn, strip, twine, cordage, rope and cables, n.e.s	5,564	6,780	6,838	8,144	7,608
570190	Carpets of other textile materials, knotted	4,363	7,048	7,161	6,294	5,239
570239	Carpets and floor coverings of other textile materials, not made up	554	384	991	1,295	772
570249	Carpets and floor coverings of other textile materials, made up	5,962	7,489	6,632	7,071	6,805
570500	Other carpets and other textile floor coverings	20,667	20,695	22,688	27,040	28,787
580639	Narrow woven fabrics of other textile materials, n.e.s	666	692	499	637	817
590500	Textile wall coverings	530	698	707	3,248	3,684
620319	Mens/boys suits, of other textile materials, not knitted	1,991	2,525	2,309	2,582	3,131
630399	Curtains (including drapes), interior blinds & curtain or bed valances, not knitted or crocheted, of textile materials, other than of cotton & synthetic fibres.	4,722	6,492	6,545	9,090	7,517
630499	Furnishing articles n.e.s, of other textile materials, not knitted o crocheted	2,736	3,279	3,144	4,344	4,710
630510	Sacks & bags, for packaging of goods, of jute or of other textile bast fibres	3,923	7,153	4,878	6,974	3,478
640520	Footwear with uppers of textile materials, n.e.s	8,829	11,376	8,938	8,989	7,492

Source: prepared using data from Trademap, UN COMTRADE Statistics, 2015

Appendix 5: A sample of Fees payable to Australian customs.

Imported goods that DO NOT include wines	
Customs Value	$2,000.00
Customs duty = 5% x $2000	$100.00
T&I	$150.00
No WET	$0.00
VoTI	$2,250.00
GST = 10% of VoTI	$225.00
TOTAL PAYABLE (Duty + GST)	**$325.00**

Source: Australian Custom and Border Protection Service, 2013

Rahima Akter received her Master degree in International Business from University of South Australia, Australia in 2014. Before that she did Bachelor of Social Science in International Relations University of Dhaka, Bangladesh, 1999, and Master in Social Science in International Relations from same university in Bangladesh in 2000. Currently she is working as Research Officer at Export Promotion Bureau, Ministry of Commerce in Dhaka, Bangladesh. She has been working in this organization since 2006. She is responsible for product promotion, market research, policy formulation and regular contact with international trade related organization. Her research interests include business sustainability, corporate social responsibility in ready-made garments sector, ethics and business, compliance issues of business, market research on potential export items.