



COMMITTEE ON COMMODITY PROBLEMS

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COMMODITY MARKET SITUATION AND SHORT-TERM OUTLOOK 2018–2020

Executive Summary

This document briefly reviews developments in food and agricultural commodity markets since the 72nd Session of the Committee on Commodity Problems (CCP) in 2018, focusing on the market situations in 2018 and 2019 and on their prospects for 2020. The document was prepared in May 2020. The information is updated by document CCP74/2021/INF/6.

In the past two years, animal and plant diseases continued to influence directly or indirectly several of those markets, as did recurring tensions between several major country players. In 2020, most agricultural markets were reportedly affected by the measures taken to thwart the Corona-19 pandemic. While they generally tended to depress international food prices, they were also associated with a renewed surge of price volatility.

International prices of raw materials, horticulture and tropical products followed diverging patterns over the past two years, with price increases for some commodities (e.g. cotton, abaca, bananas) and declines for others (e.g. coir, sisal). In general, raw materials, horticulture and tropical markets were characterised by a relatively elevated price volatility.

Suggested action by the Committee

The Committee is invited to take note of the market situation and outlook for the various food and agricultural commodities and to discuss their likely implications. The Committee may also wish to:

- Stress the increasing importance of FAO's commodity market monitoring, assessment and outlook work and reports, especially in view of the growing risks and uncertainties posed by climate variability, plant and animal pests and diseases, pandemics and economic shocks;
- Request FAO to continue this work and to strengthen its activities and support to Members to enhance the transparency and functioning of markets, promote policy coordination and avoid counterproductive policy measures;
- Urge governments and other stakeholders to keep improving the timeliness and quality of data on the supply, demand, trade, stocks and prices of food and agricultural commodities and to make the data and information available and publicly accessible in a regular manner.

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I. Introduction

1. This paper gives a brief overview of the tendencies that have shaped the major food and non-food agricultural commodity markets from the last CCP Session in 2018 until the first few months of 2020. The macroeconomic contexts in 2018 and 2019 were characterized by a subdued world economic growth, relatively low crude oil prices and a stable to strengthening US dollar. While in January the World Bank had forecast a sluggish GDP growth of 2.5 percent for 2020, the outbreak of the Covid-19 pandemic resulted in a much gloomier global economic outlook. Under the assumption that the pandemic would recede in the second half of the year, the World Bank foreshadowed in May a slump of 3 percent in world GDP, a far sharper retreat than witnessed during the 2009 global financial crisis.

2. According to the FAO Food Price Index FFPI¹(2014-16=100), which trails the international quotations of five major food commodity groups (Meat, Dairy, Cereals, Oils and Sugar), world food prices remained subdued in 2018 and 2019, when the index averaged 95.6 and 94.4 points, respectively. A 6.6 percent rebound in 2017 had been short-lived, as world food quotations subsequently resumed the declining path that had prevailed since 2012. The Index dropped by 2.2 percent in 2018 and by a further 0.8 percent in 2019. In February and March 2020, food prices were sharply down compared to the previous months, influenced by the measures taken to contrast the Covid-19 pandemic. Prices of raw materials, horticulture and tropical products followed a more diversified pattern, with market-specific factors dominating price movements.

3. As expected, the changes in the international prices of the five commodity groups forming the FFPI were far more pronounced than those of the FFPI itself, where price increases in one sector compensate for downturns in others. In 2018, the 2.2 percent decline of the FFPI was driven by significant price drops for sugar (-21.7 percent) and vegetable oils (-14.1 percent), with more limited falls incurred by meat (-2.9 percent) and dairy (-0.7 percent). By contrast, after three years of contraction, in 2018 the prices of cereals rebounded strongly (+10.6 percent). In 2019, the 0.8 percent fall of the FFPI was the result of receding quotations for dairy (-4.1 percent), cereals (-4.2 percent) and vegetable oil (-5.1 percent), much of which compensated by gains in meat (+5.4 percent) and sugar (+1.6 percent). In February and March 2020, prices of virtually all the food commodities included in the FFPI fell, with particularly pronounced drops in the sugar and vegetable oil prices.

4. Estimated from its monthly values, the FFPI volatility (calculated as the annualized standard deviation of returns) was low and falling over the past two years, not exceeding 5.3 points and 4.9 points in 2018 and 2019, respectively. The modest price variability displayed over the two years marked a full return to the pattern that had prevailed prior to the price surges of 2008-2011, a period that saw the metric reach values of up to 22 points. However, the stability manifested in 2018 and 2019 was interrupted in the first months of 2020, as volatility was markedly up in February and March at 6.3 and 7.7 points respectively.

5. Price volatility in 2018 and 2019 varied greatly across the various food markets. Meat prices remained relatively stable, with the volatility not exceeding 6 points over the 24-month period. It was much higher for the other commodity groups, where it approached 10 points for cereals and dairy products, and even reaching 14 points for vegetable oils and up to 21 points for sugar. In the first three months of 2020, price volatility in these two commodity markets remained high and increasing.

6. Although food prices are mostly driven by their own market fundamentals; however, because they are denominated in United States dollars (USD), they are also influenced by variations in the USD exchange rates, as a strengthening of the currency will tend to depress the Index and vice-versa.

¹ The FAO Food Price Index was revised in June 2020. It is now based on the average of prices in 2014-16, instead of 2002-2004. In addition, several new commodities/prices have been included in some of the sub-indices, with weights accordingly adjusted. More information about the new FFPI is available in the Special Feature of the June 2020 issue of Food Outlook.

According to the United States Federal Reserve's Broad Dollar Index, the value of the USD relative to 16 major currencies dropped slightly in 2018, but recovered in 2019. Correcting for these exchange rate variations, the dollar-adjusted FFPI declined by 3.0 percent in 2018, but rose by 2.5 percent in 2019. In the first three months of 2020, it was up by 9.0 percent, year-on-year. The more pronounced changes in the dollar-adjusted FFPI compared with the non-adjusted FFPI tend to indicate that in the past two years, countries probably faced wider fluctuations in food prices when expressed in their own currencies.

II. Basic food commodities

A. Cereals

7. After rising for the first half of 2018, international **cereal prices** remained relatively stable over the second half of the year, but exhibited renewed volatility throughout 2019, swayed by trade uncertainty, poor harvests, and the exogenous shocks of African swine fever (ASF) and the Covid-19 pandemic. The cereal price index averaged higher in 2018 and 2019 than in the previous four years, but remained well below the levels reached in 2008 and in 2011-2013.

8. Following two consecutive years of expansion, **cereal production** fell in 2018 before rebounding to a new high in 2019. In line with the 2018 production slump, closing stocks of cereals decreased in 2018/19 for the first time in six years. However, with Covid-19 stifling cereal utilization growth in 2019/20, global cereal inventories again reached a record in 2019/20. Reflecting these trends, the global cereal stocks-to-use ratio decreased in 2018/19 (from 33.0 percent in 2017/18 to 32.4 percent) and then remained nearly stable in 2019/20 (32.5 percent). Global cereal trade fell in 2018/19, but recovered in 2019/20. Early prospects for 2020/21 point to another rise in global cereal production, sustained by increases in coarse grain and rice, outdoing a decline in wheat. By contrast, world **cereal utilization** in 2020/21 is tentatively forecast to expand by a modest amount from the stagnated level in 2018/19 and reach an all-time high. Based on FAO's early forecasts for production in 2020 and consumption in 2020/21, total world **cereal inventories** by the end of countries' marketing seasons in 2021 are also forecast to may again reach a new record, up 4.5 percent (nearly 40 million tonnes) from their already high opening level.

9. World **wheat** production fell to a five-year low in 2018, but rallied in 2019 to a level just slightly short of the 2016 record. The 2018 production decline stemmed mostly from reductions in the Russian Federation (from a record in 2017), the European Union (reaching a six-year low), and Australia (reaching an eleven-year low), while the 2019 upturn was mostly driven by a recovery in the European Union and record harvests in India and Ukraine. Breaking the five-year growth streak, global wheat inventories fell in 2018/19, recovering negligibly in 2019/20, mostly on China's account. Excluding China, stocks in the rest of world actually fell in 2019/20. Reduced export availabilities following poor 2018 harvests in major exporting countries, in particular Australia, the Russian Federation and Ukraine, led to the largest year-on-year decline in wheat trade in 2018/19 in over two decades. Wheat trade rebounded in 2019/20 on larger sales from the European Union and Ukraine. Looking forward to 2020/21, world wheat production in 2020 is forecast slightly below the 2019 near-record level, but above the previous five-year average. Global wheat utilization in 2020/21 is also expected to contract slightly on reduced feed and industrial utilization. Although global wheat stocks are forecast to increase at the close of the 2021 seasons, excluding China, they would fall to their lowest level since 2013. World wheat trade in 2020/21 (July/June) is likely to increase marginally, supported by higher import demand in North Africa and Middle eastern countries.

10. Total **coarse grains** production declined in 2018, but reached a record in 2019, reflecting trends in global maize and barley production. In contrast, sorghum production increased in 2018 and then fell in 2019. Brazil and Argentina accounted for the bulk of the decline in world maize production in 2018, as well as for the subsequent upturn in 2019 when both countries gathered record crops. After five years of firm progress, coarse grain utilization growth weakened in 2018/19 and nearly stagnated in 2019/20 on falling industrial use of maize in China and the United States of America (USA). With

gains in production outweighing utilization, global coarse grains stocks reached a new record in 2019/20, boosted by increases in barley and sorghum. Global trade of coarse grains grew only marginally in 2018/19 before picking up in 2019/20. In 2018/19, sharp declines in trade in barley and sorghum countered a significant increase in maize trade. Early indications for 2020/21 point to significant gains in production of coarse grains and to a recovery in total utilization on stronger feed use and a partial recovery in industrial use. Coarse grains stocks in 2021 are projected to climb to a new record owing to maize inventory build-ups in the USA. International trade in 2020/21 is predicted to expand, driven by competitive prices and ample export supplies.

11. Conducive growing conditions and sustained government support boosted world **rice** production to an unprecedented high in 2018, exceeding global utilization and driving world carry-over stocks to an all-time high. The 2019 paddy season did not turn out as favourably. Under the influence of the El Niño weather phenomenon, erratic rains curtailed plantings in various Asian countries, adding to area cuts in the Americas, triggered by unattractive producer margins, and in China, by efforts to address oversupply problems. The ensuing decline in world rice output led to a drawdown of reserves, although another increase in the major rice exporters, India in particular, kept global stockpiles at the close of 2019/20 at their second highest level on record. World trade in rice in 2018 almost matched the 2017 record, amid lingering strong demand from Far Eastern countries, such as Bangladesh, Indonesia and the Philippines, which sought to stabilize local quotations and refurbish state stockpiles. Global rice trade contracted in 2019, when waning demand from Bangladesh and Indonesia coincided with a second successive year of falling deliveries to Africa and China. These tendencies steadied international rice quotations in 2019, after these had witnessed some demand-led increases the previous year. In the context of the ongoing Covid-19 pandemic, prospects for the 2020 season are clouded with uncertainties. However, given early indications of a more normal climatic unfolding over June-September and government initiatives in various important rice producing countries to mitigate the impact of the outbreak on the sector, world rice output in 2020 is tentatively forecast to rebound. If confirmed, the production recovery would facilitate an expansion in world rice utilization in 2020/21, further to keeping world rice reserves high.

B. Oilseeds, oils and meals

12. After falling in the second half of the 2017/18 season (October/September), international prices of oilseeds and derived products lingered around multi-year lows during 2018/19. Over that season, global production of oilseeds increased to an all-time high, mainly on account of soybeans, coinciding with a marked slowdown in world utilization of oilseeds and oilmeals, linked, in part, to extensive outbreaks of the ASF disease. Subdued global import demand for soybeans, along with uncertainties stemming from the protracted trade negotiations between the USA and China, kept international prices under downward pressure. As for vegetable oils, continued growth in palm oil output in 2018/19, amid favourable weather conditions in Southeast Asia, combined with falling global imports, resulted in a build-up of palm oil inventories in key exporting countries that weighed on the international vegetable oil prices.

13. With the opening of the 2019/20 season, the market situation changed and international prices for oilseeds and derived products gradually recovered. The upturn mainly reflected a rebound in global protein meal demand and deteriorating global palm oil production prospects, combined with higher uptakes from the biodiesel sector, but also the long-awaited signing of the 'Phase one' trade agreement between the USA and China. However, from February 2020 onwards, widespread Covid-19 outbreaks and the associated stalling of economic activities prompted marked price retreats. Unprecedented and protracted lockdowns across the world cast doubts on global demand prospects for the rest of the season, in particular for vegetable oils. Given the concurrent plunge in mineral oil quotations, which discourage discretionary blending of vegetable oils into diesel fuel, the drop in vegetable oil prices is likely to be more pronounced than for oilseeds and meals.

C. Sugar

14. In 2019/20 (October/September), world sugar production is expected to decline for the second consecutive year, reaching 169.6 million tonnes and falling short of global consumption by around 6 million tonnes. The drop reflects the impact of unfavourable weather conditions, which negatively affected yields in major producing areas notably India and Thailand. As a result, international sugar prices, as measured by the ISA daily prices for raw sugar, increased markedly between September 2019 and March 2020, when they started to fall.

15. Global sugar consumption is foreseen to reach 175.7 million tonnes in 2019/20, only 1.7 million tonnes, or 1 percent, up from 2018/19, and below the past 10-year trend. Falling per capita income and the Covid-19 related lockdown are expected to depress world sugar demand. On the other hand, lower international sugar prices and the need to rebuild sugar inventories in some traditional importing markets are anticipated to foster a moderate expansion in trade in 2019/20.

D. Meat

16. Following a 2.2 percent increase in 2018, world meat production contracted by 1.0 percent in 2019, departing from the steady growth sustained over the past two decades. The 2019 decline was the result of a sharp fall in world output of pig meat, caused by the spread of ASF virus in East Asian countries, especially China, only partially offset by increases in other meat outputs. Over the two years, concerns about meat quality and safety instigated a widespread use of non-tariff barriers, which along with an intensification of trade frictions, especially between China and the United States, created much uncertainty in global markets. Nonetheless, world meat trade rose vigorously in 2018 and 2019, underpinned by sharp increases in imports by China, particularly of pig meat.

17. In 2020, global meat production is forecast to contract, depressed again by animal diseases, but also by Covid-19-related market disruptions and the lingering effects of droughts on the bovine and ovine meat sectors. Large imports of pig meat will likely keep sustaining an expansion of meat trade in 2020, despite possible declines in the volumes exchanged in the other types of meats.

E. Dairy products

18. Sustained by rising dairy herd numbers and productivity gains, global milk production continued to expand in 2018 and 2019, although growth was dampened by unusually high temperatures and droughts that impaired the sector in key producing regions. World trade in dairy products increased over the two years, spurred by large purchases by Asian countries, China in particular.

19. The outlook for 2020 points to a weaker growth in global milk production, but also to a 4 percent drop in the volume of trade, which, if confirmed, will be the sharpest in three decades. A marked contraction in import demand lies behind the poor prospects for trade in dairy products this year, much of which imputable to the negative effects of the Covid-19 disease on domestic consumption and trade logistics.

III. Raw materials, horticulture and tropical products

A. Tea

20. The FAO Tea Composite Price, a weighted average price index for black tea, which includes crush, tear, curl (CTC) and Orthodox teas, fell by 12 percent in 2019 to an average of USD 2.42 per kg. The composite price declined further in the first quarter of 2020 to USD 2.27 per kg, on the back of large availabilities and the measures imposed by many countries to contain the spread of Covid-19. With the exception of Calcutta, prices dropped in the major auctions: Cochin, Colombo and Mombasa.

The sharp retreat in prices was mainly on account of CTC tea quotations. World tea production (black, green, instant and other) is estimated to have reached 6.25 million tonnes in 2019, a 3.8 percent increase over the previous year, sustained by gains in India (3.8 percent), China (7.3 percent) and Bangladesh (17.0 percent). By contrast, Kenya, the leading tea exporter, recorded a 7 percent output contraction, due to prolonged drought conditions. World tea exports declined in 2019, mainly on reduced shipments from Kenya. The drop in world tea imports reflected a subdued import demand, especially from the Russian Federation, the European Union, the USA and Canada.

21. In the short run, the impact of Covid-19 on the tea market will likely be moderate. The market is expected to continue to be underpinned by robust demand in developing and emerging countries, creating new rural income opportunities and improving food security in tea-producing countries. Tea consumption has grown particularly rapidly in China, India and other emerging economies, driven by a combination of higher incomes and diversification into other market segments, such as organic and specialty teas.

B. Coffee

22. International coffee prices recorded new lows and marked volatility during 2018/19 (October 2018 – September 2019). The ICO monthly average composite indicator price fluctuated between 93.33 and 111.21 US cents/lb over this period, averaging US cents 100.52 per pound in 2018/19, the lowest level over the last 10 years. Depressed prices were the result of large availabilities, in the major producing regions. In 2018/19, world coffee production reached 10.27 million tonnes, a sharp increase of 8 percent from 2017/2018, while global consumption was estimated at 9.9 million tonnes, 3.5 percent more than in the previous season. The attractive prices were behind a 5.7 percent growth in 2018/2019 world imports.

23. For 2019/20, although world production is preliminarily forecast to contract by 4 percent to 9.9 million tonnes, it will likely still exceed by 0.3 million tonnes expected global consumption. Indeed, growth in global consumption is expected to be subdued in 2018/19, largely reflecting the impact of the Covid-19 pandemic, which has caused disruptions throughout the coffee value chain and accentuated the already precarious economic conditions faced by many coffee growers.

C. Bananas

24. Global production of bananas increased moderately by 1.2 percent in 2018, sustained by demand-driven area expansions and yield improvements in several of the largest producing countries. Global exports rose dynamically in 2018 and 2019, sustained by strong supply growth in the two leading exporters, Ecuador and the Philippines, as adverse weather continued to constrain shipments from several other key origins, most notably Costa Rica and the Dominican Republic. Trade growth in 2019 was underpinned by strong demand in Europe and the United States, the major banana import zones. Sharply rising demand in China provided additional impetus to trade, allowing China to overtake the Russian Federation as the third largest world banana market in 2019. Average import prices in the United States remained high in 2019 and close to their 2018 levels, reflecting a brisk domestic demand coupled with weather-induced supply shortages in the country's key providers. EU import prices, on the other hand, were generally down in 2019, averaging at their lowest value in the decade.

25. As for 2020, weather and diseases remain a major cause for concern, especially after the Banana Fusarium Wilt TR4 fungus was for the first time detected in 2019 in banana plantations in Latin America and the Caribbean, the world's largest exporting region. The disease, against which no treatment exists, is currently confirmed in 17 producing countries, predominantly in South and Southeast Asia. Disruptions to global supply chains caused by the Covid-19 pandemic are also raising concern in 2020, having already contributed to heightened prices in the first four months of the year in both the United States and the EU.

D. Tropical Fruits

26. World production of the four major tropical fruits (mangoes, pineapples, papayas and avocados) increased by 4.7 percent in 2018 to 103 million tonnes, about half of which corresponded to mangoes. Growth in production was underpinned by strong domestic demand in several of the key producing countries, most notably India. Global exports of the four tropical fruits expanded by 9.6 percent in 2019, hitting a new record of 7.8 million tonnes. All four major tropical fruits witnessed strong growth in imports by the United States and the European Union, the two traditional markets, but also China, where demand was sustained by rising incomes and changing consumer preferences. Globally, pineapple, avocado and mango are the three most traded tropical fruits, bananas aside.

27. International prices of major tropical fruits, indicatively measured at the United States wholesale level, remained particularly subject to seasonal and weather-related fluctuations. In 2018, US wholesale prices for avocados were down from the high reached in 2017, but rose again sharply in the first half of 2019, reflecting a weather-induced tightening of export supplies in Mexico and Peru. Similarly, weather-related shortages in 2019 were behind rapidly rising prices of pineapples, which peaked at 2.09 USD/kg in August. Papaya prices in 2019 continued on their upward trend that has characterized the market over the past 10 years.

E. Citrus

28. Following a robust expansion in 2018, world production of citrus (mainly including oranges, tangerines and grapefruits) declined in 2019, generally depressed by unfavourable weather conditions. The contraction was driven by a reduced orange harvest in Brazil, where the crop was impaired by excessively warm temperatures and below-average rainfall, but also in Egypt, the European Union and Morocco. On the other hand, production of oranges increased moderately in the United States, after several years of contraction caused by the citrus greening disease.

29. In 2019/20, world orange juice production is forecast to drop by 17 percent on the back of significant reductions in Brazil. The global declining trend in orange juice consumption, although slowing in recent years, was much behind the weakening of growth in world citrus production. Trade in fresh citrus fruits have long been regionalized. While fluctuating over seasons and varieties, prices for citrus fruits have been stable and displayed a relatively low volatility. However, prices have increased markedly since the beginning of 2020, spurred by consumer demand for healthy and nutritious foods as a reaction to the spread of Covid-19.

F. Cotton

30. Following a recovery period initiated in the 2016/17 season (August/July), international cotton prices declined in 2018/19, driven by falling polyester prices, the main substitute for cotton. Prices recovered in 2019/20, but fell back again at the beginning of February 2020, when demand for cotton products collapsed with the onset of the Covid-19 pandemic.

31. World cotton production, after contracting in 2018/19, is forecast to increase by 1 percent in 2019/20, with the largest gains anticipated in India, the United States and Sub-Saharan Africa. By contrast, global cotton utilization is predicted to contract for the second consecutive year, mostly reflecting the negative impact on sales from the pandemic-related confinement measures, which have affected the apparel and textile markets. Cotton trade expanded in 2018/19, mainly driven by a robust demand from China, Bangladesh, Viet Nam and Pakistan - countries that import large volumes of raw cotton for processing into textiles and apparel products. Regarding inventories, world cotton stocks decreased in 2018/19, as China began pursuing a policy of slow and managed release of the country's inventories. However, in 2019/20, amid an increase in world production and an expected setback in consumption, global stocks will likely rise again.

G. Sisal

32. Since hitting a record high of USD 2011 per tonne in 2015, sisal international prices have trended downwards in following years, falling to USD 1699 per tonne in 2018 and USD 1663 per tonne in 2019. The fall in quotations over the past two years was mainly caused by the large export availabilities in Brazil, together with a depreciation of the Brazilian currency. Nevertheless, demand for sisal in domestic and foreign markets remained strong due to its large variety of applications (cordage, geotextiles, carpets, buffing cloth, specialty paper, binding material, etc.) and the increasing awareness that natural fibres are environmentally friendly. Imports of sisal raw fibre, which are mainly driven by industrial demand for the production of composite building materials, are expected to grow in 2020/21, as sisal is not only biodegradable, but also lighter than traditional building materials.

H. Abaca

33. Abaca international prices (c.i.f.), which have increased sharply since 2015, are very much influenced by the demand for the production of coffee filters and tea bags, particularly in the European Union. Prices have been relatively stable between 2017 and the first quarter of 2020. During January-April 2020, prices averaged USD 2493 per tonne, a slight increase of 0.5 percent compared to January-April 2018. Besides coffee filters and tea bags, the abaca market is expected to be further stimulated by increasing application of this fibre in ropes and yarns, textiles, handicrafts and “soft” applications in the automotive industry.

I. Coir

34. Prices of coir fibre and products are typically subject to wide fluctuations. In 2018 and 2019, the prices of bristle fibre increased due to tighter supplies from Sri Lanka, while prices of mattress fibre declined due to large availabilities in Sri Lanka. In 2019, the prices of yarn and twine, reached, respectively, USD 963 per tonne and USD 1259 per tonne, as global demand for coir products remained strong. In 2018 and 2019, exports of coir fibre nearly doubled the levels reached in 2010, driven by increased coir fibre imports by developed countries and China, the largest international market of coir fibre. Further growth in the coir market is expected in 2020/21 due to increasing demand for value added products. India, the largest producer and exporter of coir fibre and products, is expected to drive the expansion, although strong growth is predicted for all Asian countries.

J. Jute

35. International jute prices have increased steadily since January 2018, reaching a record of USD 809.2 per tonne in 2019, reflecting a combination of a strong global demand for high quality fibres and reduced export availabilities. A ban imposed by Bangladesh on exports of low-quality raw jute (un-cut Bangla Tossa Rejection (BTR) and Bangla White Rejection (BWR)) in January 2018, contributed to the rise in prices.

36. In 2019, world trade of raw jute increased by 3.5 percent and jute goods, by 2.4 percent, sustained by large imports by Pakistan, the top buyer of jute fibre, accounting for about 30 percent of the world total. The increase in global exports of jute fibre and products in 2019/20 was mainly supported by a rebound of deliveries from Bangladesh, on the back of the diversification of jute goods, an improved policy framework, a larger availability of quality raw materials and better crop management. By contrast, there was contraction of sales from India, the second largest exporter of jute goods. The decline was mainly caused by the country’s extended mandatory packaging of agricultural commodities (such as food grains and sugar) using jute bags, which restrained jute availabilities for export. Ongoing product diversification and policy support in both India and Bangladesh will strongly influence the jute market in 2019/20.