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# Bangladesh

# Grain and Feed Update

# 2015

**Approved By:**
Scott Sindelar

**Prepared By:**
Joshua Emmanuel Lagos and Tanvir Hossain

**Report Highlights:**

For marketing year (MY) 2015/16 (May to April), Post's rice production estimate is lowered to 34.6 million tons due to floods that affected *Aman* rice production in parts of northern and southern Bangladesh, and revised *Boro* rice production on reports of average yields and normal weather. The MY 2015/16 rice and wheat import forecasts are unchanged.

**Post:**
Dhaka

**Commodities:**
Rice, Milled
Wheat

**Executive Summary:**

For marketing year (MY) 2015/16 (May to April), Post's rice production estimate is lowered to 34.6 million tons due to floods that affected *Aman* rice production in parts of northern and southern Bangladesh, and revised *Boro* rice production on reports of average yields and normal weather. The MY 2015/16 rice import forecast is unchanged at 600,000 tons. For MY 2014/15, rice imports are revised to 1.224 million tons on Pakistani export data. For MY 2015/16, Post's wheat import forecast is unchanged at 3.6 million tons. Post's MY 2014/15 wheat import estimate is revised to 3.795 million tons on customs data.

**Author Defined:**

**Rice and Wheat Production**

For MY 2015/16, Post's estimate for total rice area and production is lowered to 11.8 million hectares (HA) and 34.6 million tons on floods that affected *Aman* rice production in parts of northern and southern Bangladesh, and revised *Boro* rice production on reports of average yields and normal weather. For *Aman* rice, due to cyclone Komen and a strong monsoon, Post contacts noted that approximately 213,346 HA of total arable land used for rice, vegetables, jute, betel nuts, sugarcane, and rice seedlings experienced flooding (especially around Jessore and Rangpur) from mid-July to mid-September. Official sources and other contacts believe that late August and September rains and good weather will result in strong production in areas unaffected by floods, such as Bogra.

**Table 1. Bangladesh: *Boro, Aus,* and *Aman* Rice Area and Production Estimates**

| Crop | 2013/14 (Estimate) | | 2014/15 (Estimate) | | 2015/16 (Forecast) | |
|---|---|---|---|---|---|---|
| | Area 1,000 HA | Production 1,000 MT | Area 1,000 HA | Production 1,000 MT | Area 1,000 HA | Production 1,000 MT |
| *Boro* | 4,700 | 18,780 | 4,680 | 18,600 | 4,700 | 18,700 |
| *Aus* | 1,170 | 2,410 | 1,220 | 2,600 | 1,220 | 2,600 |
| *Aman* | 5,880 | 13,200 | 5,890 | 13,300 | 5,890 | 13,300 |
| Total Rice | 11,750 | 34,390 | 11,790 | 34,500 | 11,800 | 34,600 |

From around the end of July to mid-August, a late monsoon reportedly caused some farmers to use irrigation, which is unusual as *Aman* rice is mainly rain-fed, while others delayed planting and selected short season/early seed varieties. Some farmers expressed a preference for an Indian developed short season variety called Swarna, which they believe is drought tolerant and disease resistant. According to sources, in areas affected by flooding, the government provided free seed and fertilizer from the Flood Rehabilitation and Incentive Program to farmers in 24 districts to cultivate wheat, corn, mustard, potato, rice, or other crops; nonetheless, it is unclear if this assistance will address any rice production shortfalls.

Many farmers noted that labor costs continue to rise, while others cited higher energy and fertilizer costs. Other sources believe a main challenge is low organic soil matter which causes farmers to increase fertilizer usage (particularly nitrogen) on an annual basis. In some areas, the average crop intensity is as high as 300 to 400 percent.

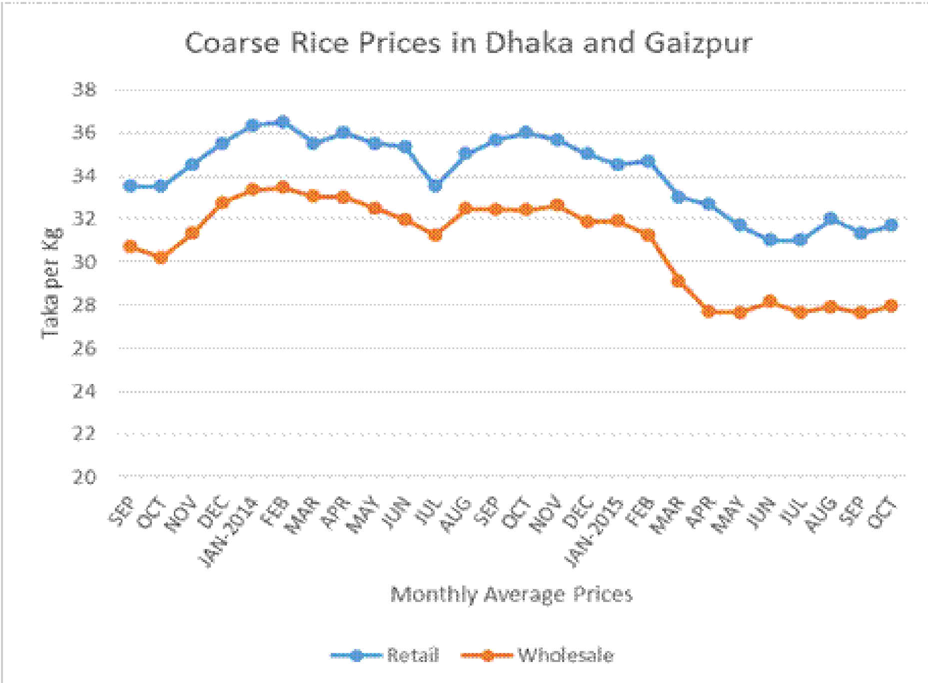
*Boro* rice transplanting generally begins between mid-November to mid-February. Because most farmers use high yielding varieties for *Boro* rice production, this generally requires irrigation, which stresses groundwater resources. Official contacts stated that they hope to influence farmers to cultivate less water intensive crops such as vegetables, wheat, or mustard seed; however, these alternatives are only viable in highland areas. For more information on rice growing seasons (*Boro, Aman, and Aus),* please see GAIN Report BG3004 or BG5003.

Post's MY 2015/16 (July to June) wheat production forecast is unchanged. Wheat (planted mid-November and harvest in March) can compete with *Boro* rice if grown in certain highland areas.

**Rice and Wheat Market Prices**

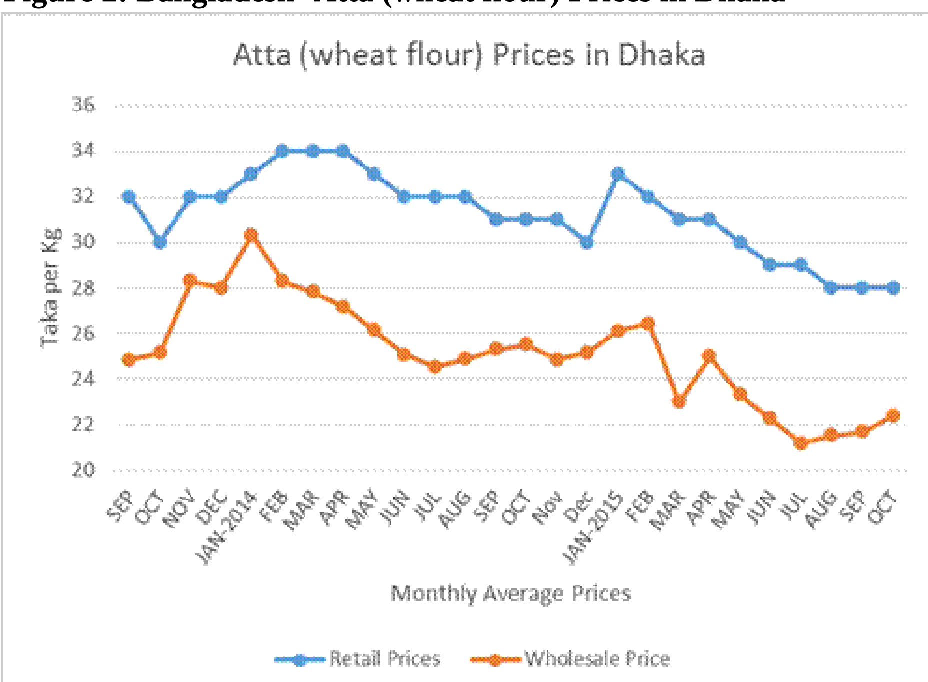
For October 2015, the wholesale and retail prices for rice in Dhaka and Gazipur were BDT 27.95 ($0.35) and BDT 31.66 ($0.41) per kilogram, respectively, which were 12 percent and 13.7 percent less than last year (Figure 1). For the same month, the wholesale and retail prices for wheat flour (also called *atta*) were estimated at BDT 22.39 ($0.29) and BDT 28 ($0.36) per kilogram (Figure 2). Wheat flour is approximately BDT 3.66 less expensive than rice at the retail level, which for some consumers is a significant price difference and may influence buying decisions. However, convenience can also drive consumer preferences, as cooked rice can be stored for a longer period than unleavened flatbread (*chapatis*). For MY 2015/16, the September WASDE predicts that global wheat production will be the largest on record, which raised exportable supplies, and should pressure international prices. Bangladesh imports approximately 70 percent of its total consumption needs.

**Figure 1: Bangladesh- Coarse Rice Prices in Dhaka and Gazipur**




Source: Ministry of Agriculture, Government of Bangladesh

**Figure 2: Bangladesh- Atta (wheat flour) Prices in Dhaka**




Source: Ministry of Agriculture, Government of Bangladesh

**Rice and Wheat Imports**

The MY 2015/16 rice import forecast is unchanged at 600,000 tons. For MY 2014/15, rice imports are revised to 1.224 million tons on Pakistani export data. For MY 2015/16, Post's wheat import forecast is unchanged at 3.6 million tons. Post's MY 2014/15 wheat import estimate is revised to 3.795 million tons on customs data.

**Rice and Wheat Stocks**

According to the Ministry of Food, in comparison to last year, on October 25, 2015 government rice stocks rose from 1.14 million to 1.26 million MT. For the same period, government wheat stocks rose from 255,230 to 342,010 MT.

**Policy**

On May 10, 2015, the Government of Bangladesh (GOB) imposed a 10 percent duty on rice imports; this duty is still in effect. According to officials, on May 20, 2015 the GOB rejected a Brazilian wheat shipment (52,500 MT) due to document discrepancies. In July and September 2015, Post contacts noted that because of quality concerns the GOB rejected wheat import consignments from France, totaling approximately 126,000 MT.

The GOB's wheat tender terms and conditions were modified a few years ago, which include: (a) reducing the performance guarantee (PG) from 10 to five percent (calculated on the value of the total shipment); (b) increasing the shipment period from 30 to 60 days; and (c) increasing the minimum purchased quantity from 25,000 to 30,000 MT. The GOB recently narrowed its quality parameters (see below) for government wheat tenders (see Table 2 below).

The GOB does not accept a certificate from the country of export certifying weight and quality (e.g., FGIS' Official Export Inspection Certificate). This creates significant uncertainly for U.S. exporters as weight and quality are decided at final discharge; as a result, participation from the U.S. trade in GOB tenders generally remains low.

**Table 2: Bangladesh- Quality Specifications for Government Wheat Tenders**

| **Quality Parameters** | **Government Tender Notification on 03/22/2015** | **Government Tender Notification on 08/13/2015** |
|---|---|---|
| i) Test weight | | |
| A. Specification | 75.0 Kg/hl | 76.0 Kg/hl |
| B. Margin of tolerance with claim for deviation beyond specification | 72.0 Kg/hl | 75.0 Kg/hl |
| C. Rejection | Below 72.0 Kg/hl | Below 75.0 Kg/hl |
| ii) Damaged kernels (maximum) | | |
| A. Specification | 4.0% (including maximum 0.2% heat | 3.0% (including maximum 0.2% heat damaged kernels and maximum 0.5% |

| | | |
|---|---|---|
| | damaged kernels) | insect damaged kernels) |
| B. Margin of tolerance with claim for deviation beyond specification | 7.0% (including maximum 0.5% heat damaged kernels) | 3.0% (including maximum 0.5% heat damaged kernels and maximum 0.5% insect damaged kernels) |
| C. Rejection | above 7.0% | above 3.0% (including maximum 0.5% heat damaged kernels and maximum 0.5% insect damaged kernels) |
| iii) Foreign material (maximum) | | |
| A. Specification | 1.0% | 0.7% |
| B. Margin of tolerance with claim for deviation beyond specification | 1.5% | 1.0% |
| C. Rejection | above 1.5% | above 1.0% |
| iv) Shrunken & broken kernels (maximum) | | |
| A. Specification | 5.0% | 4.0% |
| B. Margin of tolerance with claim for deviation beyond specification | 7.0% | 5.0% |
| C. Rejection | above 7.0% | above 5.0% |
| v) Wheat of other classes | | |
| A. Specification | 5.0% (including maximum 2.0% contrasting classes) | 4.0% (including maximum 2.0% contrasting classes) |
| B. Margin of tolerance with claim for deviation beyond specification | 7.0% (including maximum 3.0% contrasting classes) | 5.0% (including maximum 2.0% contrasting classes) |
| C. Rejection | above 7.0% | above 5.0% (including maximum 2.0% contrasting classes) |
| vi) Protein content (minimum) | | |
| C. Rejection | Below 12.0% | Below 12.5% |

**Source:** Director General of Food, Ministry of Food

**Table 3. Bangladesh: Commodity, Rice, Milled, PSD**
(Area in Thousand Hectares, Quantity in Thousand Metric Tons)

| ***Rice, Milled*** | 2013/2014 | | 2014/2015 | | 2015/2016 | |
|---|---|---|---|---|---|---|
| ***Market Begin Year*** | May 2013 | | May 2014 | | May 2015 | |
| ***Bangladesh*** | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested | 11,750 | 11,750 | 11,800 | 11,790 | 12,000 | 11,800 |
| Beginning Stocks | 696 | 696 | 937 | 937 | 1,402 | 1,436 |
| Milled Production | 34,390 | 34,390 | 34,500 | 34,500 | 35,000 | 34,600 |
| Rough Production | 51,590 | 51,590 | 51,755 | 51,755 | 52,505 | 51,905 |
| Milling Rate (.9999) | 6,666 | 6,666 | 6,666 | 6,666 | 6,666 | 6,666 |
| MY Imports | 751 | 751 | 1,190 | 1,224 | 600 | 600 |
| TY Imports | 1,290 | 1,323 | 750 | 600 | 850 | 850 |
| TY Imp. from U.S. | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Supply | 35,837 | 35,837 | 36,627 | 36,661 | 37,002 | 36,636 |
| MY Exports | 0 | 0 | 25 | 25 | 0 | 0 |
| TY Exports | 0 | 0 | 25 | 25 | 0 | 0 |
| Consumption and Residual | 34,900 | 34,900 | 35,200 | 35,200 | 35,500 | 35,500 |
| Ending Stocks | 937 | 937 | 1,402 | 1,436 | 1,502 | 1,136 |
| Total Distribution | 35,837 | 35,837 | 36,627 | 36,661 | 37,002 | 36,636 |
| Yield (Rough) | 4.3906 | 4.3906 | 4.3860 | 4.3897 | 4.3754 | 4.3987 |

**Table 4. Bangladesh: Commodity, Wheat, PSD**
(Area in Thousand Hectares, Quantity in Thousand Metric Tons)

| ***Wheat*** | 2013/2014 | | 2014/2015 | | 2015/2016 | |
|---|---|---|---|---|---|---|
| ***Market Begin Year*** | Jul 2013 | | Jul 2014 | | May 2015 | |
| ***Bangladesh*** | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested | 410 | 410 | 415 | 415 | 415 | 420 |
| Beginning Stocks | 1,104 | 1,104 | 1,338 | 1,313 | 1,635 | 1,608 |
| Production | 1,280 | 1,280 | 1,300 | 1,300 | 1,300 | 1,320 |
| MY Imports | 3,354 | 3,329 | 3,797 | 3,795 | 3,600 | 3,600 |
| TY Imports | 3,354 | 3,329 | 3,797 | 3,795 | 3,600 | 3,600 |
| TY Imp. from U.S. | 86 | 0 | 0 | 0 | 0 | 0 |
| Total Supply | 5,738 | 5,713 | 6,435 | 6,408 | 6,535 | 6,528 |
| MY Exports | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|---|---|---|---|---|---|---|
| TY Exports | 0 | 0 | 0 | 0 | 0 | 0 |
| Feed and Residual | 0 | 0 | 0 | 0 | 0 | 0 |
| FSI Consumption | 4,400 | 4,400 | 4,800 | 4,800 | 5,300 | 5,300 |
| Total Consumption | 4,400 | 4,400 | 4,800 | 4,800 | 5,300 | 5,300 |
| Ending Stocks | 1,338 | 1,313 | 1,635 | 1,608 | 1,235 | 1,228 |
| Total Distribution | 5,738 | 5,713 | 6,435 | 6,408 | 6,535 | 6,528 |
| Yield | 3.1220 | 3.1220 | 3.1325 | 3.1325 | 3.1325 | 3.1429 |