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GAIN Report

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Bangladesh

Grain and Feed Annual

2017

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Report Highlights:

Rice production for MY 2017/18 (May-April) is forecast at 34.7 MMT on higher yields. Wheat production for MY 2017/18 (July-June) is forecast at 1.3 MMT on higher planted area in response to higher demand. Corn production for MY 2017/18 (May-April) is forecast to rise to 3.1 MMT. As for imports, wheat imports in MY 2017/18 are projected to rise to 5.9 MMT on expectation of lower international prices and fast growing demand; corn imports in MY 2017/18 are also forecast to rise to 1 MMT on increased feed usage in the expanding poultry sector.

Commodities:

Rice, Milled

Production:

In marketing year (MY) 2017/18 (May to April), total rice production is forecast higher by 0.4 percent to 34.7 million tons on higher yields, but forecast for planted area is down 0.3 percent to 11.7 million hectares on lower *Boro* (planted in December/January) and *Aus* (planted in March/April) rice planted area. Farmers are reportedly switching to more profitable crops like maize, potato, jute, pulses, and oilseeds. Nevertheless, post contacts indicate that planted area for *Aman* rice (planted in July/August and harvested in November/December) will rise to meet staple food demand and to avoid switching crops during the monsoon season.

Post contacts and official data suggest total rice production in MY 2016/17 will rise 0.2 percent to 34.6 million tons (comprised of 18.9 million tons of *Boro* rice, 2.3 million tons of *Aus* rice, and 13.4 million tons of *Aman* rice). Although farmer's preference for irrigated *Boro* rice area fell due to higher production costs for irrigation and labor, rice yields actually improved on increased usage of HYV hybrid rice variety.

For more information on rice growing seasons (*Boro*, *Aman*, and *Aus*), please see GAIN Report [BG3004](#).

Trade:

Imports for MY 2016/17 are estimated at 100,000 MT higher on demand in local markets. Rice imports for MY 2017/18 are projected to increase 125,000 MT on expectations of better pricing from regional suppliers.

Bangladesh importers and rice millers have requested the government of Bangladesh (GOB) reduce import tariffs to ensure adequate domestic supplies, but the GOB believes domestic supplies of paddy rice in the wholesale market still are sufficient. Sources indicate that the spread between high domestic prices and lower international prices is great enough that importers are still netting profits despite the high import tariffs. Bangladesh primarily imports rice from China, Thailand, and India, with India being the largest supplier in recent years. Meanwhile, Bangladesh also exported a small amount of rice seed to the government of Bhutan; a state owned enterprise, The Farm Machinery Corporation Limited (FMCL) of Bhutan, cultivates 5 MT of imported variety BRR1 Dhan-26 and BRR1 Dhan-28.

Stocks:

The government of Bangladesh (GOB) procures grain for its public food distribution system (PFDS). According to the Ministry of Food, as of March 21, 2017 rice stocks in the PFDS system are estimated at 550,660 MT, which is approximately 47 percent lower than last year.

The Ministry of Food (MOF) states that as of March 21, 2017, the government had procured 424,458 MT of rice, which is 85 percent of the target for FY 2016/17. Purchases included 0.45 MT of parboiled rice and 50,000 MT of non-parboiled *Aman* rice from December 1, 2016 to March 30, 2017, at prices of BDT 33 (US\$ 0.41) and BDT 32, respectively.

GOB distributes rice to the poor through various programs and from July 1, 2016 to March 16, 2017 total distribution was 1.1 MMT, which is up 56 percent year on year. An additional 0.3 MMT of wheat was also distributed through the PFDS system.

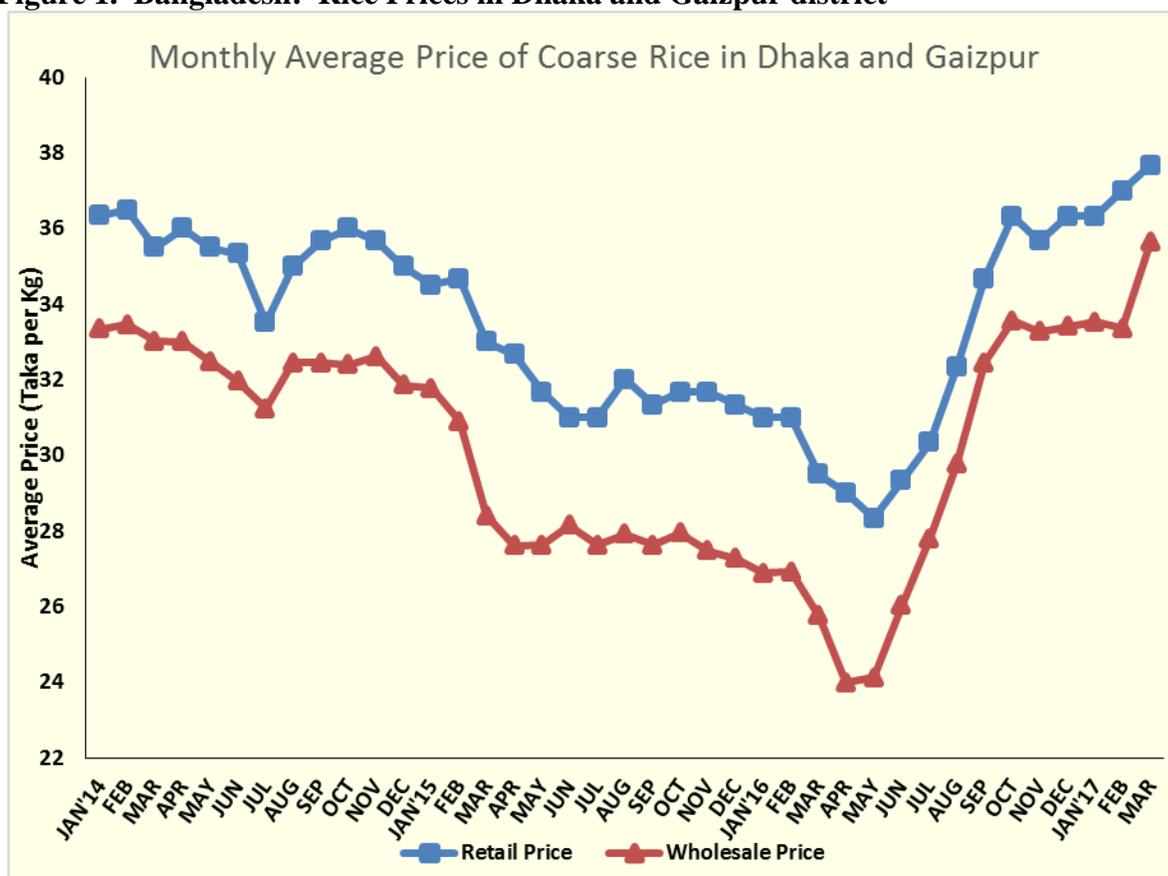
Policy:

On its annual budget for FY 2016/17, GOB imposed 25 percent import tariffs on husked (brown) rice, fortified rice kernels, and other semi-milled or wholly-milled rice to protect domestic rice producers. Slowed imports likely will result in lower ending stocks. (Please see the Production and Trade sections).

In MY 2017/18 GOB has plans to expand HYV and Nerica variety in *Aus* rice season by distributing seed and fertilizer and by subsidizing irrigation to over 200,000 small and marginal farmers.

Another recent government policy involves required use of jute hessian sacks for preserving food grains in the public silos. This policy will generate increased jute cultivation to supply demand for some 10 million jute sacks annually, an economic value of about TK 540 million.

Figure 1. Bangladesh: Rice Prices in Dhaka and Gaizpur district



Source: Department of Agricultural Marketing

Table 1. Bangladesh: Tariff structure of Rice import based on FY 2016/17

HS Code	Items	CD	SD	VAT	AIT	RD	ATV	TTI
10061010	Rice in the husk (paddy or rough) wrapped/canned up to 2.5 kg				5			5
10061090	Rice in the husk (paddy or rough) Excl. wrapped/canned up to 2.5 kg				5			5
10062000	Husked (Brown) Rice	25		15	5		4	54.02
10063010	Semi-Milled Or Wholly Milled Rice	25		15	5		4	54.02
10063090	Semi-Milled Or Wholly Milled Rice	25		15	5		4	54.02
10064000	Broken Rice	25		15	5		4	54.02

Note: CD – Custom duty, SD – Supplementary duty, VAT – Value added tax, AIT – Advance Income Tax RD – Regulatory duty, ATV – Advanced Trade VAT, TTI – Total tax incidence

Table 2. Bangladesh: Boro Rice Competes with the Most Alternative Crops

Growing Season	Competing Crops
<i>Boro – Winter crop</i> (Oct 17 – March 18)	<i>Boro</i> rice, potato, wheat, maize, sugarcane, cotton, mustard, lentils, onions, soybeans, groundnuts, and vegetables
<i>Aus – Summer crop</i> (March 18 – July 18)	<i>Aus</i> rice, jute, maize, mungbeans, ginger, chili, onions, groundnuts and vegetables
<i>Aman – Monsoon crop</i> (July 18 – Oct 18)	<i>Aman</i> rice, cotton, jute, black gram, and soybeans

Source: Crop Calendar of Krishi Diary

Marketing:

Bangladesh typically purchases lower-quality (25 percent or more broken) parboiled rice. A small niche market exists for high quality (e.g. basmati) rice imports, however, till now U.S. rice exports have not been price competitive.

Prices:

In March 2017, wholesale and retail prices for rice were BDT 36 (US\$0.45) and BDT 38 per kilogram, which is 38 and 28 percent higher than last year (see Figure 1). Despite good harvest of the *Aman* season rice (which is marketed in December), prices of milled rice in MY 2016/17 soared to a three-year high. Some sources claim the leading rice traders are sitting on stocks to create an artificial shortage and thus push up prices. Since the private sector provides no official records of grain stocks, this claim is not easily confirmed or disputed.

Production, Supply and Demand Data Statistics:

Table 3. Bangladesh: Commodity, Rice, Milled, PSD

(Area in Thousand Hectares and Quantity in Thousand Metric Tons)

<i>Rice, Milled</i>	2015/2016		2016/2017		2017/2018	
	May 2015		May 2016		May 2017	
<i>Market Begin Year</i>	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<i>Bangladesh</i>						
Area Harvested	11,765	11,765	11,768	11,748	0	11,715
Beginning Stocks	1,592	1,592	1,205	1,205	0	879
Milled Production	34,500	34,500	34,581	34,578	0	34,700
Rough Production	51,755	51,755	51,877	51,872	0	52,055
Milling Rate (.9999)	6,666	6,666	6,666	6,666	0	6,666
MY Imports	217	217	50	100	0	125

TY Imports	35	35	50	45	0	50
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	36,309	36,309	35,836	35,883	0	35,704
MY Exports	4	4	0	4	0	4
TY Exports	4	4	0	4	0	4
Consumption and Residual	35,100	35,100	35,000	35,000	0	35,000
Ending Stocks	1,205	1,205	836	879	0	700
Total Distribution	36,309	36,309	35,836	35,883	0	35,704
Yield (Rough)	4.40	4.40	4.41	4.42	0.00	4.44

Commodities:

Wheat

Production:

Wheat planted area and production for MY 2016/17 have been revised to 415,000 hectares and 1.27 million tons, respectively; fear of wheat blast dissuaded some farmers from planting wheat. Assuming favorable weather conditions, the MY 2017/18 wheat crop (planted in November/December and harvested in March/April) is forecast to reach 1.3 million tons from 420,000 hectares of land. Wheat accounts for about 12 percent of total cereal consumption; it is the second most important food staple in Bangladesh after rice. Post contacts advise that the wheat blast outbreak was insignificant in this wheat season.

Imports:

In MY 2016/17, Bangladesh wheat imports are estimated at 5.7 MMT, a 21 percent increase from MY 2015/16 due to record low prices in the international market and comparatively high prices in the local market. Bangladesh wheat imports for MY 2017/18 are forecast at 5.9 million tons (1.35 MMT by the GOB and 4.55 MMT through private commercial sales). The import forecast in MY 2017/18 is 3.5 percent higher than the previous year due to changing food consumption habits, fast urbanization, and expected lower prices in international markets.

Bangladesh meets 75 percent of its wheat consumption needs through imports, sourcing lower quality wheat from Russia and Ukraine, and higher quality wheat from Canada, Australia and the United States. According to trade sources, during the current MY 2016/17 about 40 percent of wheat imported is sourced from Russia and 30 percent from Ukraine.

According to GOB data, wheat imports in MY 2015/16 were 416,310 metric tons. In MY 2016/17, from July 2016 to March 2017 GOB imported 223,210 MT of wheat through public tender.

Stocks:

The Ministry of Food (MOF) reports that as of March 21, 2017, public distribution, up 9.7 percent year on year, has lowered GOB wheat stocks to 182,720 tons, down from 346,380 tons year on year.

Policy:

Wheat imports currently have a zero duty and no quantity restrictions. However, the public wheat tendering process does not encourage wide participation. Many government tenders are never accepted since bidders often quote high prices to cover various risk factors. Despite some changes in GOB tender specifications, technical requirements such as “weight and quality at final discharge” are not in line with international practice, and therefore discourage broad participation in the tendering process. GOB tendering information is available at: <http://www.dgfood.gov.bd/tender.php>.

Table 4. Bangladesh: Tariff structure wheat based on FY 2016/17

HS Code	Items	CD	SD	VAT	AIT	RD	ATV	TTI
10011110	Durum wheat Seed, Wrapped/canned up to 2.5 Kg	5					4	9.25
10011190	Durum wheat Seed, EXCL. Wrapped/canned up to 2.5 Kg							
10011910	Durum wheat, Other than Seed, Wrapped/canned up to 2.5 Kg	5		15			4	25
10011990	Durum wheat, Other than Seed, EXCL. Wrapped/canned up to 2.5 Kg							
11010010	Wheat or Meslin Flour, wrapped/canned up to 2.5 kg	10			5		4	19.51
11010090	Wheat or Meslin Flour, Excl. wrapped/canned up to 2.5 kg	10			5		4	19.51
11081100	Wheat Starch	15		15	5		4	42.01
11090000	Wheat Gluten, Whether or Not Dried	25		15	5	4	4	58.82
190219	Uncooked Pasta, Not Containing Eggs, Not Stuffed	25	30	15	5	4	4	105.29
190230	Other Pasta, Nes	25	30	15	5	4	4	105.29
190240	Couscous	25	30	15	5	4	4	105.29

Note: CD – Custom duty, SD – Supplementary duty, VAT – Value added tax, AIT – Advance Income Tax RD – Regulatory duty, ATV – Advanced Trade VAT, TTI – Total tax incidence

Marketing:

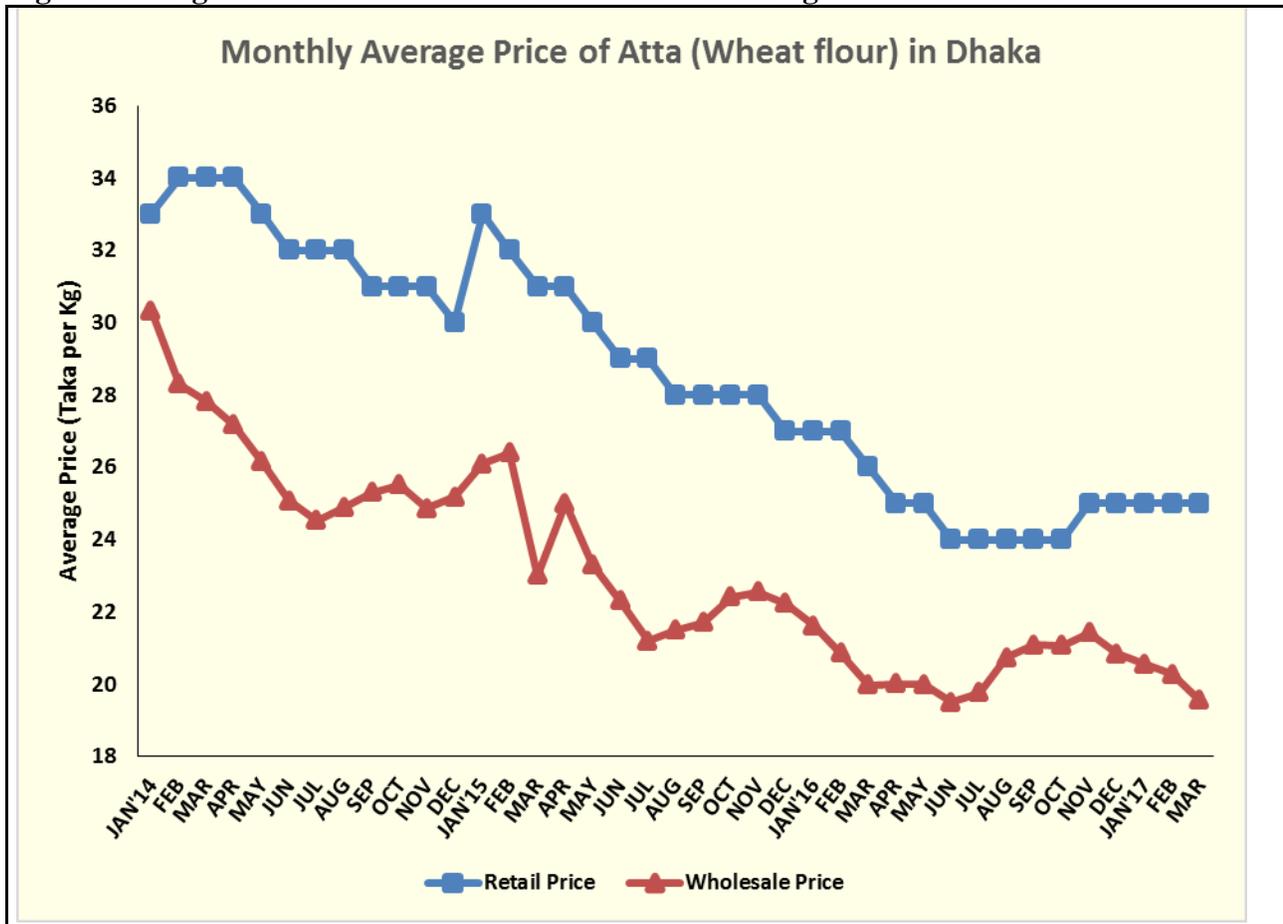
Bangladesh is known as a price sensitive wheat market and typically imports the lowest cost wheat. The small premium Bangladesh importers are willing to pay for better wheat is usually less than the additional cost of freight from distant origins. As a result, premium wheat from the United States is generally uncompetitive.

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 uncertainty for U.S. exporters as weight and quality are decided at port of final discharge; this is another reason participation from the U.S. trade in GOB tenders generally remains low.

Prices:

In March 2017 average retail and wholesale prices of loose wheat flour (atta) in Dhaka market were BDT 25 (US\$0.31) and BDT 20 per kilogram (Figure 2). Year on year the price of flour was about 4 percent and 2 percent lower at retail and wholesale markets. Low international wheat prices and high stocks have kept domestic wheat flour prices low over the last few months.

Figure 2. Bangladesh: Wheat Flour Retail Prices Increasing in Dhaka District



Source: Department of Agricultural Marketing

Production, Supply and Demand Data Statistics:

Table 5. Bangladesh: Commodity, Wheat, PSD						
(Area in Thousand Hectares and Quantity in Thousand Metric Tons)						
Wheat	2015/2016		2016/2017		2017/2018	
Market Begin Year	Jul 2015		Jul 2016		Jul 2017	
Bangladesh	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	420	420	425	415	0	420
Beginning Stocks	1,767	1,767	2260	2,260	0	2,535
Production	1,300	1,300	1335	1,275	0	1,300
MY Imports	4,693	4,693	5800	5,700	0	5,900
TY Imports	4,693	4,693	5800	5,700	0	5,900
TY Imp. from U.S.	87	87	0	200	0	250
Total Supply	7,760	7,760	9395	9,235	0	9,735
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	5,500	5,500	6850	6,700	0	7,000
Total Consumption	5,500	5,500	6850	6,700	0	7,000
Ending Stocks	2,260	2,260	2545	2,535	0	2,735
Total Distribution	7,760	7,760	9395	9,235	0	9,735
Yield	3.10	3.10	3.14	3.07	0.00	3.10

Commodities:

Corn

Production:

Estimated corn production is 2.8 MMT in MY 2016/17. Assuming normal growing conditions, in MY 2017/18 corn planted area is forecast at 440,000 ha and production at 3.1 MMT on expectation of increase in feed demand from poultry and aquaculture industries. This 8.6 percent increase in planted area over MY 2016/17 also reflects farmers' desire to utilize less fertile sandy soil (char land).

The area planted for corn in Bangladesh has expanded at 16 percent per year over the last five year period, a growth rate faster than for any other crop. The growth is fueled by expansion of corn for use as a feed ingredient in the livestock and poultry sector, which in turn have kept margins high for corn farmers.

Corn market price mechanisms are sensitive and farmers in turn respond quickly to price changes of corn and competing crops: one study estimated that an increase in corn price by ten percent leads to a rise in production of four percent. In addition to favorable prices attracting farmers to plant corn, the growing scarcity of water for irrigation also has prompted farmers to shift from wheat and *Boro* rice to corn. The corn growing season does conflict with growing seasons for wheat and *Boro* rice, and other cash crops like potato, and winter vegetables, nevertheless, corn cultivation remains a preferred option particularly for non-irrigated land.

Trade:

For MY 2017/18, corn imports are projected up 28 percent at 1 MMT, which assumes increasing demand for use in livestock feed production and mixing with wheat flour for human consumption.

Stocks:

There is no GOB official stock information for corn stocks; GOB does not procure corn locally.

Policy:

Table 6. Bangladesh: Tariff structure of corn import based on FY 2016/17

HS Code	Items	CD	SD	VAT	AIT	RD	ATV	TTI
10051010	Maize Seed, wrapped/canned up to 2.5 kg							
10051090	Maize Seed, Excl. wrapped/canned up to 2.5 kg							
10059010	Other Maize, wrapped/canned up to 2.5 kg				5		5	
10059090	Other Maize, Excluding wrapped/canned up to 2.5 kg				5		5	
11022000	Maize (Corn) Flour	25		15	5		4	54.02
11042300	Other Worked Grains Of Maize (Corn), Nes	5		15	5		4	30
15152100	Crude Maize (Corn) Oil	10		15	5		4	36.01
15152900	Refined Maize (Corn) Oil & Fractions, Not Chemically Modify	10		15			4	31.01

Note: CD – Custom duty, SD – Supplementary duty, VAT – Value added tax, AIT – Advance Income Tax RD – Regulatory duty, ATV – Advanced Trade VAT, TTI – Total tax incidence

Marketing:

As of March 2017, corn prices observed in the retail and wholesale market remain attractive to farmers: BDT 22 (US\$ 0.28) and BDT 17 (US\$ 0.22) per kilogram, respectively, though prices are lower year on year by 12 percent and 7 percent.

Production, Supply and Demand Data Statistics:

Table 7. Bangladesh: Commodity, Corn, PSD

(Area in Thousand Hectares and Quantity in Thousand Metric Tons)

Corn	2015/2016		2016/2017		2017/2018	
Market Begin Year	May 2015		May 2016		May 2017	
Bangladesh	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	378	0	405	0	440
Beginning Stocks	0	0	0	374	0	168
Production	0	2605	0	2817	0	3100
MY Imports	0	769	0	777	0	1000
TY Imports	0	748	0	772	0	950
TY Imp. from U.S.	0	99	0	193	0	250
Total Supply	0	3374	0	3968	0	4268
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	0	2700	0	3500	0	3800
FSI Consumption	0	300	0	300	0	300
Total Consumption	0	3000	0	3800	0	4100
Ending Stocks	0	374	0	168	0	168
Total Distribution	0	3374	0	3968	0	4268
Yield	0	6.89	0.00	6.96	0.00	7.05