

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Bangladesh**

### **Grain and Feed Update**

#### **Rice and Wheat January 2016 Situation and Outlook**

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**Report Highlights:**

For marketing year (MY) 2015/16 (May to April) the rice area and production forecast is unchanged at 11.8 million HA and 34.6 million metric tons (MMT). The MY 2015/16 wheat production estimate is unchanged.

**Post:**  
Dhaka

**Commodities:**  
Rice, Milled  
Wheat

### **Executive Summary:**

For MY 2015/16 (May to April) the rice area and production forecast is unchanged at 11.8 million HA and 34.6 MMT. The MY 2015/16 wheat production estimate is unchanged. On December 7, 2015, the Government of Bangladesh (GOB) raised the rice import duty from 10 to 20 percent to prevent less expensive rice imports from competing with domestic rice. Post contacts believe the new tariff may not impact the market for two to three months.

### **Author Defined:**

### **RICE**

#### **Production**

MY 2015/16 (May to April) the rice area and production forecast is unchanged at 11.8 million HA and 34.6 MMT. Aman area was affected by floods and rains (please see the October 2015 report); although some Post contacts believe that some farmers might have planted short season varieties to recover production losses, it is unclear whether this was effective or widespread. According to sources, Boro rice planting (from mid-November to mid-February) is continuing on schedule.

#### **Trade**

The MY 2015/16 import forecast is unchanged at 600,000 MT.

#### **Stocks**

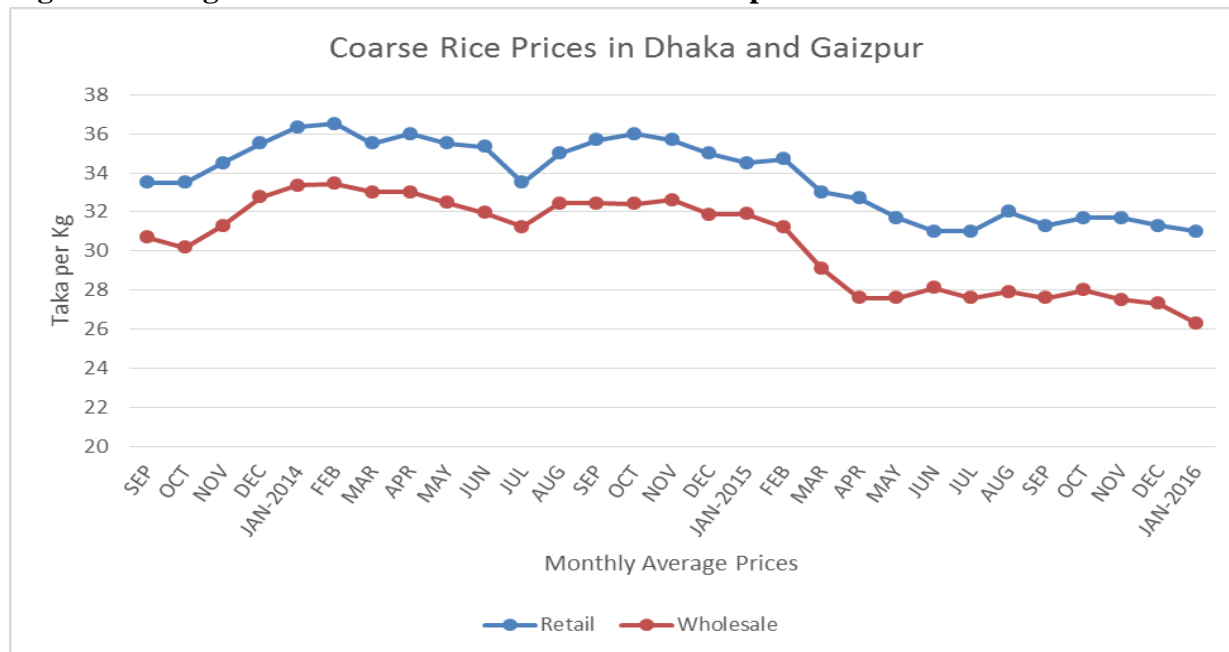
According to the Ministry of Food (MOF), in December 2015 public stocks are 1.13 MMT, approximately 50,370 MT lower than last year. According to a Post contact, the GOB has approved the construction of eight new steel silos for wheat and rice (two for wheat and the remaining for rice), which is expected to be built by June 2020. All eight silos are together projected to hold 535,000 MT.

#### **Prices**

From December 15, 2015 to March 15, 2016, the GOB is planning to procure 200,000 MT of Aman rice for state reserves, offering BDT 31 (\$.39) per kilogram for milled rice. This rice is primarily procured for the public distribution system, which distributes rice and other grains to the poor. For January 2016, the wholesale and retail rice prices in Dhaka and Gazipur are BDT 26.34 (\$.33) and BDT 31 (\$.39) per kilogram, respectively, which are 17.3 percent and 10.1 percent less than same month last year (Figure 1). During part of CY 2014, prices rose due to strikes (*hartals*) that disrupted transportation; prices were less strong in later months after the *hartals* ceased. For MY 2015/16, higher carry-in stocks likely are helping to mitigate domestic rice prices; these stocks likely were partially built with less

expensive imported rice in the last couple years. According to media articles, the retail rice prices have increased to BDT 100 per 50 kilograms due to more expensive jute bags, which are compulsory for transporting and selling rice.

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



Source: Department of Agricultural Marketing

## Policy

On December 7, 2015, the GOB raised the rice import duty from 10 to 20 percent to prevent less expensive rice imports from competing with domestic rice. Post contacts believe the new tariff may not impact the market for two to three months. Less expensive imported rice likely helped build stocks that are mitigating domestic market prices for MY 2015/16 (Please see the Price section above and the Rice Production, Supply, and Distribution chart below). Higher production costs for Bangladeshi farmers (such as labor and fuel) coupled with more expensive imports may cause domestic rice prices to rise in the future.

The MOF recently revised its food grain procurement policy, which included updating procurement specifications for paddy rice, milled rice, and wheat. The policy notes that only registered farmers can sell grain to the government on a first-come first-serve basis; moreover, by 2016 all rice millers must use rubber rollers and polishers.

**Table 1. Bangladesh: Commodity, Rice, Milled, PSD**

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

<i>Rice, Milled</i>	2013/2014		2014/2015		2015/2016	
<i>Market Begin Year</i>	May 2013		May 2014		May 2015	
<i>Bangladesh</i>	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	11,770	11,750	11,800	11,790	12,000	11,800
Beginning Stocks	696	696	937	937	1,436	1,436
Milled Production	34,390	34,390	34,600	34,500	34,600	34,600
Rough Production	51,590	51,590	51,905	51,755	51,905	51,905
Milling Rate (.9999)	6,666	6,666	6,666	6,666	6,666	6,666
MY Imports	751	751	600	1,224	600	600
TY Imports	700	1,323	600	600	600	850
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	35,837	35,837	36,137	36,661	36,636	36,636
MY Exports	0	0	0	25	0	0
TY Exports	0	0	0	0	0	0
Consumption and Residual	34,900	34,900	35,300	35,200	35,500	35,500
Ending Stocks	937	937	837	1,436	1,136	1,136
Total Distribution	35,837	35,837	36,137	36,661	36,636	36,636
Yield (Rough)	4.38	4.39	4.40	4.39	4.33	4.39

## WHEAT

### Production

The MY 2015/16 wheat production estimate is unchanged. Reportedly, new seeds are available that are heat tolerant such as BARI Gom-25, BARI Gom-26, BARI Gom-27, and BARI Gom-28.

### Imports

For MY 2015/16, Post's estimate is unchanged at 3.6 MMT; high carry-in stocks are expected to lower import demand.

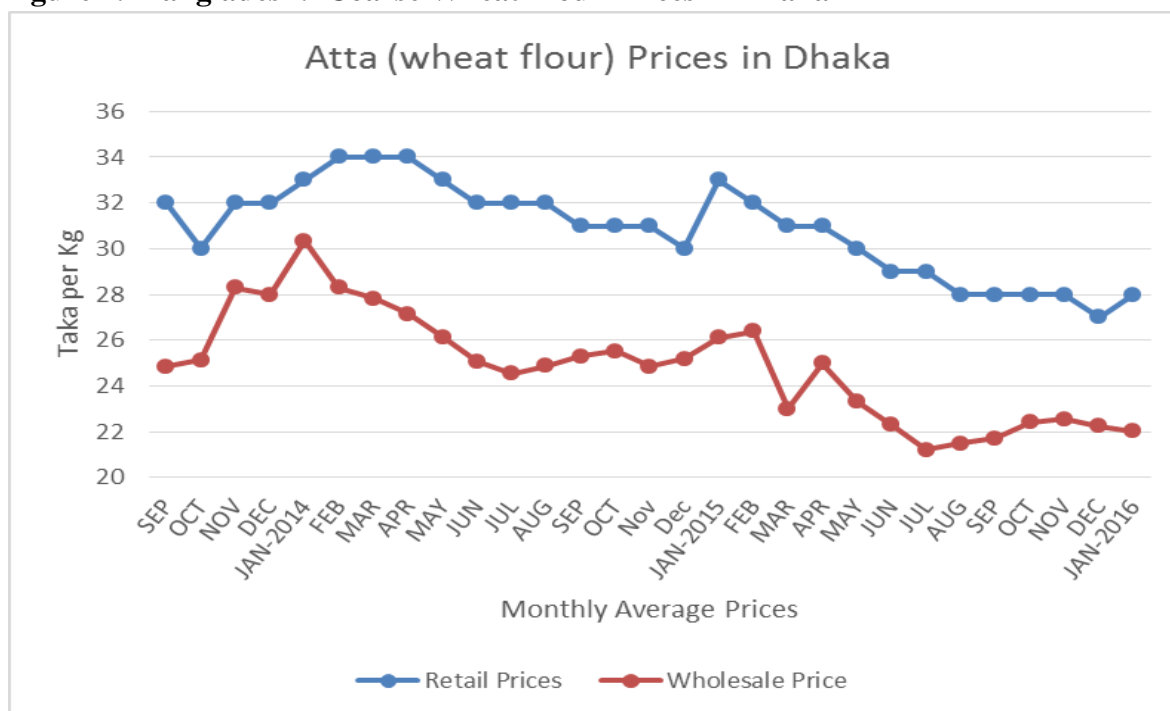
### Stocks

According to the MOF, during the last week of December 2015, public stocks were estimated at 361,740 MT, which is 205 percent higher than last year. The GOB now provides cash transfers to the poor in lieu of food, such as wheat flour, which may be one reason why December stocks are higher than the previous year.

## Prices

January 2016 wholesale and retail prices of loose wheat flour in Dhaka were BDT 22 (\$0.29) and BDT 28 (\$0.35) per kilogram, which is 15.6 percent and 15 percent lower than last year (Figure-2) due to low global wheat prices. Bangladesh imports approximately 90 percent of its total consumption needs.

**Figure 2. Bangladesh: Coarse Wheat Flour Prices in Dhaka**



Source: Department of Agricultural Marketing

## Policy

The MOF published new international milling wheat purchase specifications on November 25, 2015 (Table-2). Please see the Rice Policy section for other food grain updates.

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

Quality parameter	Specification	Rejection
i) Test weight	76 Kg/hl	Below 76 Kg/hl
ii) Damaged kernels (maximum)	3%	above 3%
iii) Foreign material (maximum)	0.7%	above 0.7%
iv) Shrunken & broken kernels (maximum)	4%	above 4%
v) Wheat of other classes	4% (including maximum 2% contrasting classes)	above 4% (including maximum 2% contrasting classes)
vi) Protein content (minimum)	12.5 (at Dry Matter Basis)	Below 12.5 (at Dry Matter Basis)
vii) Moisture content (maximum)	13.5%	Above 13.5%
viii) Dockage (maximum)	1% (All dockage shall be deductible from the value)	Above 1%
ix) Radioactivity (maximum)	50 Bq/Kg of 137 Cs (Relaxable for the crop of SAARC & South-East Asian Countries)	Above 50 Bq/Kg of 137 Cs (Relaxable for the crop of SAARC & South-East Asian Countries)

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

**Table 3. Bangladesh: Commodity, Wheat, PSD**

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

<i>Wheat</i>	2013/2014		2014/2015		2015/2016	
<i>Market Begin Year</i>	Jul 2013		Jul 2014		Jul 2015	
<i>Bangladesh</i>	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	410	410	415	415	420	420
Beginning Stocks	1,104	1,104	1,338	1,313	1,642	1,608
Production	1,280	1,280	1,300	1,300	1,320	1,320
MY Imports	3,354	3,329	3,804	3,795	3,600	3,600
TY Imports	3,354	3,329	3,804	3,795	3,600	3,600
TY Imp. from U.S.	86	0	0	0	0	0
Total Supply	5,738	5,713	6,442	6,408	6,562	6,528
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and	0	0	0	0	0	0

Residual						
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	1,642	1,608	1,262	1,228
Total Distribution	5,738	5,713	6,442	6,408	6,562	6,528
Yield	3.12	3.12	3.13	3.13	3.14	3.14