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Bangladesh

Grain and Feed Annual

2013

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Report Highlights:

Assuming normal weather conditions, Bangladesh food grain production is forecast at 35.4 million tons in MY 2013/14 (34.2 million tons of rice and 1.2 million tons of wheat). Food grain imports are forecast at 3.3 million tons (300,000 tons of rice and 3 million tons of wheat). In September 2011, the Government of India removed export bans on wheat and rice, and since then, India has become Bangladesh's principal food grain supplier.

Commodities:

Rice, Milled

Production:

Assuming a normal monsoon, Bangladesh rice production is forecast to reach 34.2 million tons from 11.7 million hectares in MY 2013/14 (May-April), marginally higher than the 34 million tons produced in MY 2012/13.

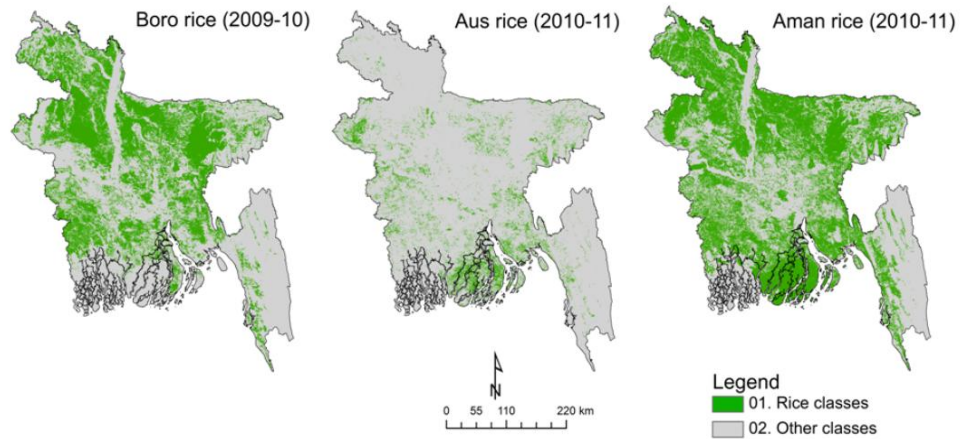
Bangladesh harvests three rice crops a year - *Boro* (planted in December/January and harvested in April/May), *Aus* (planted in March/April and harvested in June/July) and *Aman* (planted in July/August and harvested in November/December). With favorable weather conditions throughout the *Boro* and *Aus* rice growing seasons, rice MY 2012/13 rice production is estimated at 18.8 million tons and 2.4 million tons, respectively. The *Aman* crop was initially affected by less than optimal monsoon rainfall and flash floods. However, the *Aman* crop recovered, and favorable weather conditions led to higher yields, offsetting the loss due to reduced acreage. *Aman* rice production is estimated at 12.8 million tons.

Table 1: Bangladesh- Rice Area and Production Estimates

Crop	2011/12 (Estimate)		2012/13 (Estimate)		2013/14 (Forecast)	
	Area (tha*)	Production(tmt**)	Area (tha*)	Production(tmt**)	Area (tha*)	Production (tmt**)
<i>Boro</i>	4750	18600	4750	18800	4700	18500
<i>Aus</i>	1120	2300	1150	2400	1200	2500
<i>Aman</i>	5850	12800	5750	12800	5850	13200
Total Rice	11720	33700	11650	34000	11750	34200

*-Thousand Hectares; **- Thousand Metric Tons

Figure 1: Bangladesh Rice Cropping Patterns



Source: http://irri.org/index.php?option=com_k2&view=item&id=11680:rice-cropping-patterns-in-bangladesh&Itemid=100242&lang=en

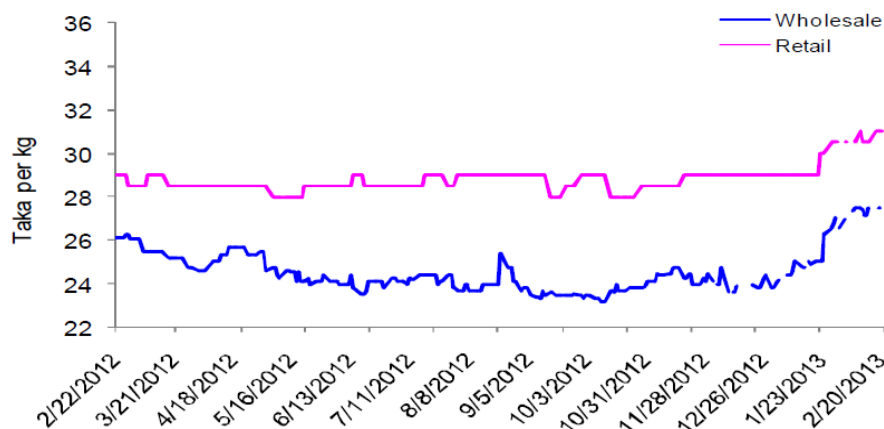
Rice is grown throughout Bangladesh except in the hilly south-eastern region. Planting, however, can vary considerably according to the season (Figure 1). *Boro* rice is cultivated in most growing areas except for the saline soil coastal zone. The low yielding *Aus* rice crop is cultivated mainly in isolated pockets of the west and the south during the summer. The monsoon season rain-fed *Aman* rice crop is the most widespread, as it also includes the coastal zone. A late monsoon can affect the size of the *Aman* planted area, and a lack of rainfall during summer can also reduce the *Aus* area. But irrigation dependent *Boro* rice is generally less susceptible to adverse weather conditions.

Bangladesh rice yields range from 1.25 tons per hectare for local varieties (*Aus* crops) to 4.5 tons for hybrids (*Boro* crops). Yields have been generally increasing as more farmers are adopting hybrids and high yielding varieties (HYV), and are investing in mechanization, fertilizers and other agrochemicals. Growth in rice production is now largely dependent on an expansion of irrigated acreage for *Boro* crops. At the same time, an expansion of irrigation is stressing Bangladesh's water table, which in certain areas is dropping by 4 to 5 feet a year. The Government of Bangladesh (GOB) is therefore focusing on expanding rain-fed *Aus* rice production, encouraging the introduction of saline and submergence-resistant rice varieties.

Consumption:

MY 2013/14 rice consumption is forecast at 34.7 million tons: 29.5 million tons for food use, 0.6 million ton for seed use, and 4.6 million tons feed use and wastage. With annual population growth of 1.8 million people, Bangladesh requires approximately an additional 300,000 metric tons of rice a year. MY 2012/13 consumption of rice is estimated at 34.5 million tons.

Figure 2: Bangladesh- Trends of Coarse Rice Prices in the Capital Dhaka City



Source: Ministry of Food

Since the MY 2011/12 *Aman* rice harvest (December 2011), the wholesale domestic price of rice has eased, dropping by 8 percent to Taka 24,000 (US \$330) per ton in December, 2012. The retail price of coarse rice has fallen by 7.5 percent to Taka 29 (\$0.36) per kilogram. However, wholesale and retail rice prices, have again risen since January 2013.

Trade:

Strong domestic production, sufficient stocks, and the continued relative low price in the domestic market have effectively decreased demand for rice imports in MY 2012/13. As of mid-February 2013, Bangladesh imported only 25,100 tons of rice. Most of these imports (about 85 percent) comprise of private sector purchases of Basmati or equivalent varieties. The GOB has imported about 4000 tons of rice, but is not likely to import any more in the current marketing year. Bangladesh rice imports in MY 2012/13 are estimated at 40,000 tons. Notwithstanding large private sector stocks in MY 2011/12, , the GOB had to import 464,000 tons of rice (about 82 percent of the total imports) to ensure steady supply and to contain increasing domestic rice prices. In calendar year 2012, Bangladesh imported 53,160 tons of rice, as compared to 1.48 million tons in CY 2011.

Based on current production forecasts and carry-over stocks, Bangladesh rice imports are forecast to reach 375,000 tons in MY 2013/14. Almost all of this volume will likely be through the private sector. On average, Bangladesh's import requirement is now around 500,000 tons a year.

Stocks:

In MY 2011/12, the GOB distributed 1.4 million tons of rice through the Public Distribution System (compared 1.6 million tons in MY 2010/11). In MY 2012/13, public distribution is estimated to reach 1.7 million tons (1 million tons for free distribution to the most food insecure, and 0.7 million tons for sale at subsidized prices). As a result, ending stocks are estimated to fall to 881,000 tons in MY2012/13, down from 1.34 million tons in MY 2011/12. As of December 31, 2012, GOB rice stocks were estimated at 1.2 million tons, nearly level with the previous year. The GOB has set a 1.3 million ton target for domestic rice procurement in MY 2012/13 (compared to an actual procurement of one million tons in MY 2011/12).

Policy:

Rice imports are currently duty free. There are no quantitative restrictions on rice imports.

Marketing:

Bangladesh typically purchases lower quality (25 percent or more broken) parboiled rice. However, when international supplies tight, some non-parboiled rice has also imported (i.e. in MY 2010/11). There is a small niche market for high quality (basmati or equivalent) rice imported from India or Pakistan. Due to geographical proximity, India has typically been the principal supplier to Bangladesh. However, India's recent ban on rice exports, (which was lifted in the Fall 2011), pushed Bangladeshi importers to seek alternative suppliers in other countries like Myanmar, Vietnam, Thailand, Pakistan, and China. Rice from the United States has generally not been commercially feasible due to relative high prices, freight costs, and long shipping periods.

Production, Supply and Demand Data Statistics:**Table 2: Bangladesh- Commodity, Rice, Milled, PSD**

Rice, Milled Bangladesh	2011/2012		2012/2013		2013/2014		
	Market Year Begin: May 2011		Market Year Begin: May 2012		Market Year Begin: May 2013		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	11,720	11,720	11,650	11,650		11,700	(1000 HA)
Beginning Stocks	1,378	1,378	1,341	1,341		881	(1000 MT)
Milled Production	33,700	33,700	34,000	34,000		34,200	(1000 MT)
Rough Production	50,555	50,555	51,005	51,005		51,305	(1000 MT)
Milling Rate (.9999)	6,666	6,666	6,666	6,666		6,666	(1000 MT)
MY Imports	563	563	50	40		375	(1000 MT)
TY Imports	30	53	250	300		430	(1000 MT)
TY Imp. from U.S.	0	0	0	0		0	(1000 MT)
Total Supply	35,641	35,641	35,391	35,381		35,456	(1000 MT)
MY Exports	0	0	0	0		0	(1000 MT)
TY Exports	0	0	0	0		0	(1000 MT)
Consumption and	34,300	34,300	34,500	34,500		34,700	(1000

Residual							MT)
Ending Stocks	1,341	1,341	891	881		756	(1000 MT)
Total Distribution	35,641	35,641	35,391	35,381		35,456	(1000 MT)
Yield (Rough)	4.	4.3136	4.	4.3781		4.385	(MT/HA)
TS=TD		0		0		0	

Author Defined:

Table 3: Bangladesh- Commodity, Rice, Import Trade Matrix

Import Trade Matrix			
Country	Bangladesh		
Commodity	Rice, Milled		
Time Period	Jan-Dec	Units:	Ton
Imports for:	2011		2012
U.S.	2,070	U.S.	22
Others		Others	
Thailand	550,000	Thailand	100
Myanmar	350,000	Myanmar	11,000
Vietnam	340,000	Vietnam	-
China	3,000	China	1,800
India	135,000	India	30,000
Total for Others	1,378,000		42,900
Others not Listed	103,000		10,078
Grand Total	1,483,070		53,000

Table 4: Bangladesh- Commodity, Rice, Prices

Prices Table			
Country	Bangladesh		
Commodity	Rice, Milled		
Prices in	Taka	per uom	Ton
Year	2011	2012	% Change
Jan	32500	26000	-20%
Feb	32400	26000	-20%
Mar	31000	25200	-19%
Apr	31500	24700	-22%
May	30000	24300	-19%
Jun	28000	24000	-14%
Jul	30800	24000	-22%

Aug	31000	24000	-23%
Sep	30800	24000	-22%
Oct	30800	24300	-21%
Nov	28300	24500	-13%
Dec	26000	24000	-8%
Exchange Rate	Taka 81	Local Currency/US \$	
Date of Quote	2/12/2013	MM/DD/YYYY	

Commodities:

Wheat

Production:

Given favorable weather conditions, the MY 2012/13 Bangladesh wheat crop (planted in November/December and harvested in March/April) is estimated at 1.15 million tons from 410,000 hectares of land. While wheat area has increased in response to high prices, the growing scarcity of water for irrigation has prompted farmers to shift some *Boro* rice growing areas to wheat. While wheat only accounts for about 12 percent of total cereal consumption, it is the second most important food staple in Bangladesh after rice. The wheat growing season overlaps with *Boro* rice and other remunerative crops like corn, potato, and winter vegetables. However, wheat cultivation remains a preferred option particularly for non-irrigated land with low input-use.

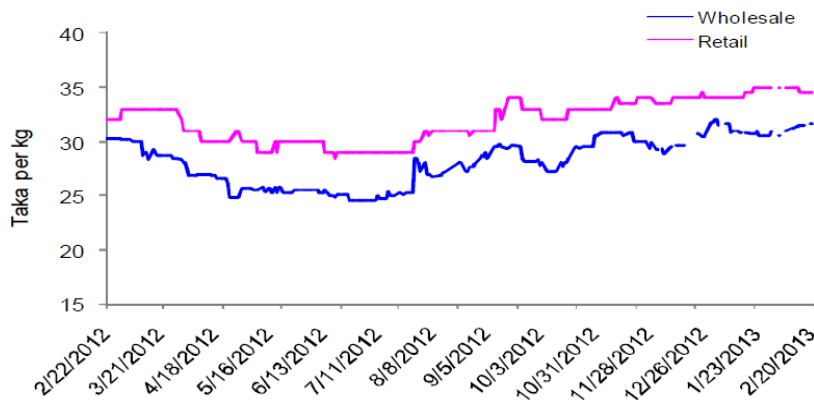
With the introduction of new wheat varieties developed by the Bangladesh Agricultural Research Institute (BARI), wheat yield per hectare of wheat has increased from 2.17 tons in MY 2007/08 to 2.77 tons in MY 2011/12. Assuming continuing normal weather conditions, MY 2013/14 wheat production is forecast to reach 1.2 million tons from 420,000 hectares. Based on GOB official data, wheat acreage and production for MY 2011/12 have been revised to 360,000 hectares and 995,000 tons respectively.

Consumption:

In MY 2012/13 Bangladesh wheat consumption is estimated at 4.0 million tons, unchanged from the previous year. With higher prices, wheat distribution under the GOB Public Food Distribution System (PFDS) has been scaled down, limiting consumption particularly in rural areas. During recent years, the GOB's open market sales of rice at below market price, and the relative high price of wheat, has slowed growth of wheat consumption among lower income consumers. However, wheat consumption generally continues to grow steadily driven by demand from mid to higher income urban consumers. Bangladesh wheat millers are seeing growing opportunities to market branded quality packaged wheat flour, replacing coarse wheat "*Atta*" flour typically sold in loose bulk form. An emerging bakery and biscuit sector, as well a growing hotel, restaurant and institutional (HRI) sector, is also contributing to a growth in quality wheat consumption (now estimated at around 100,000 tons a year).

In MY 2013/14, Bangladesh wheat consumption is forecast to increase by about 2.5 percent, to reach 4.1 million tons.

Figure 3: Bangladesh- Trends of Coarse Wheat Flour Prices in the Capital Dhaka City



Source: Ministry of Food

Over the last year, the retail price of coarse wheat flour has been steadily increasing, reaching Taka 35 (\$0.44) per kilogram in February, 2013, a 9.4 percent increase from the previous year (Figure 3).

During this same period, the average wholesale price of wheat flour increased by about 7 percent to reach Taka 32,000 Taka (US \$400) per ton.

Trade:

Bangladesh wheat imports for MY 2013/14 are forecast at 3 million tons (700,000 tons by the GOB and 2.3 million tons through private commercial sales).

In MY 2012/13, Bangladesh wheat imports are estimated at 2.6 million tons, a 47 percent increase from the MY 2011/12 import level. Large beginning stocks discouraged wheat imports in MY 2011/12.

As of February 2013, Bangladesh wheat imports reached 1.14 million tons - 68 percent was through private commercial sales. During the same period last year, 1.18 million tons were imported - 62 percent was by the private sector. According to GOB data, wheat imports in MY 2011/12 were 1.77 million metric tons.

For the current 2012/13 marketing year, the GOB wheat import target is 800,000 tons, directed mainly to meet the demands of the PFDS. As of February 2013, the GOB imported 50 percent of this targeted amount. The GOB procurement drive for wheat is through open tender. The GOB wheat tender information is available at <http://www.dgfood.gov.bd/tender.php>.

Bangladesh meets 75 percent of its wheat consumption needs through imports, sourcing lower quality wheat from India, Russia and Ukraine, and higher quality wheat from Canada, Australia and the U. S. India’s export ban on wheat led Bangladesh to also import from European and South American countries. However, with the withdrawal of the export ban, India has re-emerged as the principal wheat

supplier. According to trade sources, about 78 percent of wheat imported during the current marketing year has been sourced from India.

Stocks:

In MY 2012/13, public sector beginning wheat stocks are estimated at 310,000 tons, unchanged from the level in MY 2011/12. As of February 2013, GOB wheat stocks declined to 211,000 tons due to the decrease in imports. Private sector wheat stocks, which were estimated at 1.77 million tons at the beginning of the MY 2011/12, fell to 536,000 tons at the beginning of MY 2012/13. During the July-February period of MY 2012/13, the GOB distributed 465,000 tons of wheat under PFDS, up by 37 percent from the distribution during the same period in the previous year. Assuming that the GOB meets its procurement targets, wheat stocks after PFDS distribution are expected to reach 355,000 tons by the end of MY 2012/13.

Policy:

Wheat imports currently have a zero duty, and there are no quantitative restrictions. However, the public wheat tendering process does not encourage wide participation. Many government tenders are never finalized as bidders often quote high prices to cover various risk factors. Despite some changes in GOB tender specifications, technical requirements like “weight and quality at final discharge” are not in line with international practice, and therefore discourage broad participation in the tendering process. GOB tendering specifications are provided in Table 2.

Marketing:

Bangladesh is generally considered to be a very price sensitive wheat market, typically importing lowest cost wheat. India’s geographic proximity offers a clear competitive advantage; however, India’s wheat export ban (now lifted since the Fall of 2011), prompted Bangladesh importers to seek alternative supplies, particularly in Europe and South America. While there is a growing market for higher quality wheat (typically imported from Canada, the EU and Australia), Bangladeshi buyers are still generally reluctant to pay price premiums for highest quality wheat.

Table 5: Bangladesh-Standards Specified for the Imported Wheat in Government Tender Notifications

Sl. No.	Parameters	Specification	Margin of tolerance with claim for deviation beyond specification	Rejection
i)	Test weight	Minimum 75 Kg/hl	Minimum 72.0 Kg/hl	Below 72.0 Kg/hl
ii)	Damaged kernels (maximum)	4% (including maximum 0.2% heat damaged kernels)	7.0% (including maximum 0.5% heat damaged kernels)	Above 7.0%
iii)	Foreign material	Maximum 0.7%	Maximum 1.5%	Above 1.5%
iv)	Shrunken & broken kernels	Maximum 5%	Maximum 8%	Above 8%
v)	Wheat of other classes	5% (including maximum 2%	10% (including maximum 3%	Above 10.0%

		contrasting classes)	contrasting classes)	
vi)	Protein content (minimum)	10%(at 12% moisture)	9.5%(at 12% moisture)	Below 9.5%
vii)	Moisture content	Maximum 13.5%	Maximum 14.0%	Above 14.0%
viii)	Dockage (maximum)	1% (Shall be deductible from the value)	-	Above 1.0%
ix)	Radioactivity (maximum)	50 Bq /Kg of 137 Cs (Relax able for SAARC & SE Asian Countries.)	50 Bq /Kg of 137 Cs (Relax able for SAARC & SE Asian Countries.)	Above 50 Bq/kg of 137 Cs/134CsQuality

Source: Directorate General of Food, Bangladesh

Production, Supply and Demand Data Statistics:

Table 6: Bangladesh- Commodity, Wheat, PSD

Wheat Bangladesh	2011/2012		2012/2013		2013/2014		
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	400	360	420	410		420	(1000 HA)
Beginning Stocks	2,084	2,084	1,000	847		597	(1000 MT)
Production	1,000	996	1,100	1,150		1,180	(1000 MT)
MY Imports	2,016	1,767	3,000	2,600		3,000	(1000 MT)
TY Imports	2,016	1,767	3,000	2,600		3,000	(1000 MT)
TY Imp. from U.S.	152	152	0	0		0	(1000 MT)
Total Supply	5,100	4,847	5,100	4,597		4,777	(1000 MT)
MY Exports	0	0	0	0		0	(1000 MT)
TY Exports	0	0	0	0		0	(1000 MT)
Feed and Residual	0	0	0	0		0	(1000 MT)
FSI Consumption	4,100	4,000	4,200	4,000		4,100	(1000 MT)
Total Consumption	4,100	4,000	4,200	4,000		4,100	(1000 MT)
Ending Stocks	1,000	847	900	597		677	(1000 MT)
Total Distribution	5,100	4,847	5,100	4,597		4,777	(1000 MT)

							MT)
Yield	2.	2.7667	3.	2.8049		2.8095	(MT/HA)
TS=TD		0		0		0	

Author Defined:

Table 7: Bangladesh- Commodity, Wheat, Import Trade Matrix

Import Trade Matrix			
Country	Bangladesh		
Commodity	Wheat		
Time Period	Jul/Jun	Units:	Ton
Imports for:	2011		2012
U.S.	134,000	U.S.	152,000
Others		Others	
Canada	1,025,000	Canada	600,000
Australia	1,049,000	Australia	240,000
EU	275,000	Turkey	24,000
Ukraine	287,000	Russia	110,000
Uruguay	26,200	Ukraine	118,000
Argentina	144,000	India	500,000
Brazil	135,000		
Iran	47,500		
Romania	213,000		
Total for Others	3,201,700		1,592,000
Others not Listed	416,400		23,000
Grand Total	3,752,100		1,767,000

Table 8: Bangladesh- Commodity, Wheat, Prices

Prices Table			
Country	Bangladesh		
Commodity	Wheat		
Prices in	Taka	per uom	Ton
Year	2011	2012	% Change
Jan	26000	24000	-8%
Feb	25500	24000	-6%
Mar	23600	24000	2%
Apr	23200	22800	-2%
May	21200	21600	2%
Jun	20800	22000	6%
Jul	21600	23200	7%
Aug	20800	25200	21%
Sep	25000	26500	6%
Oct	25600	28000	9%
Nov	24800	29000	17%
Dec	24500	29000	18%
Exchange Rate	Taka 80	Local Currency/US \$	
Date of Quote	3/19/2013	MM/DD/YYYY	