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Bangladesh

Grain and Feed Update

July 2019

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Report Highlights:

Post's marketing year (MY) 2019/20 (May/April) rice production is forecast marginally lower at 35.2 million metric tons (MMT) on estimated lower planting (11.7 million hectares) due to *Aus* season rice area reduction and crop damaged by flooding. MY 2019/20 rice imports forecast are also revised lower to 0.1 MMT on sufficient domestic supplies and uncompetitive imports due to the government decision to raise import duty to 55 percent.

MY 2019/20 (July/June) wheat planted area and production estimates are slightly down to 0.33 million hectares and 1.148 MMT on revised official estimates. Post's MY 2019/20 (July/June) wheat import forecast is unchanged on expectation of strong domestic demand.

For marketing year (MY) 2019/20 (May/April), Post's estimates for total corn area and production are revised up at 0.5 million hectares and 4 million tons due to adopting of new hybrid corn varieties supplied by seed importers. For MY 2019/20, the corn import forecast is lowered to 1.5 million tons due to good harvest of winter corn, which constitutes more than 80 percent of total corn production.

Post:

Dhaka

Commodities:

Rice, Milled

Wheat

Corn

General Information:

Rice, Wheat and Corn Production:

For MY 2019/20 (May/April), Post's rice production forecast is revised marginally lower to 35.2 MMT from 11.7 million hectares on reduced planting of *Aus* (summer) rice. *Aus* rice (planted in March/April and harvested in July/August) production is estimated lower at 2.2 MMT due to decreased acreage (1 million hectare) against the initial expectation (1.17 million hectares); the acreage was reduced due to shifts to other competing crops and also due to flooding, which affected 28 districts out of 64. Field sources report that farmers switched from *Aus* rice to jute, maize, and vegetable cultivation due to higher returns to recover the lower return from *Boro* (winter) rice production.

Given the normal progression of the 2019 monsoon, *Aus* rice will be near harvest from mid-July to August; *Aman* (autumn) rice seedling production in seed beds is progressing well and transplantation will continue till August. For more information on rice growing seasons (*Boro*, *Aus* and *Aman*), please see GAIN Report [BG3004](#) or [BG5003](#).

Based on an official source Post's MY 2019/20 (July/June) wheat area and production estimates are revised down at 0.33 million hectares and 1.15 MMT (Note: MY 2019/02 wheat was planted in November/December, 2018 and harvested in March/April, 2019).

For marketing year (MY) 2019/20 (May to April), Post's estimate for total corn planted area and production is revised up at 500,000 hectares and 4 million tons due to increased yields achieved by adopting new imported hybrid varieties supplied by various seed importers.

The monsoon season in Bangladesh officially started on June 17, 2019 and heavy rains began July 9, 2019 across the country, including the upstream neighbor of Nepal as well as two Indian states, Assam and Meghalaya. The massive rains triggered widespread flooding and landslides and affected the livelihood of 6 million people. The river water level is swelling above the danger mark at 25 of 93 river monitoring points: lowlands are flooding in 28 districts countrywide (Figure 4). As of July 15, 2019, the meteorological department had recorded and forecast heavy rainfall at a maximum level of 490-570 mm,

surpassing average rainfall (519 mm) for the month of July; flooding is expected in the major river valleys. Official primary estimates of crop damaged area are 78,803 hectares and *Aus* rice, *Transplanted Aman* rice seed bed, jute, vegetables, sugarcane, banana and chili are the most damaged crops. Bangladesh is the 7th most vulnerable country with regard to the adverse effects of climate change.

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

Rice by Season	2017/18 (Estimate)		2018/19 (Estimate)		2019/20 (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
<i>Boro</i> (Winter)	4,472	17,800	4,752	18,909	4,850	19,400
<i>Aus</i> (Summer)	1,100	2,350	1,145	2,500	1,000 (F)	2,200 (F)
<i>Aman</i> (Autumn)	5,700	12,500	5,873	13,500	5,880 (F)	13,600 (F)
Total Rice	11,272	32,650	11,770	34,909	11,730	35,200

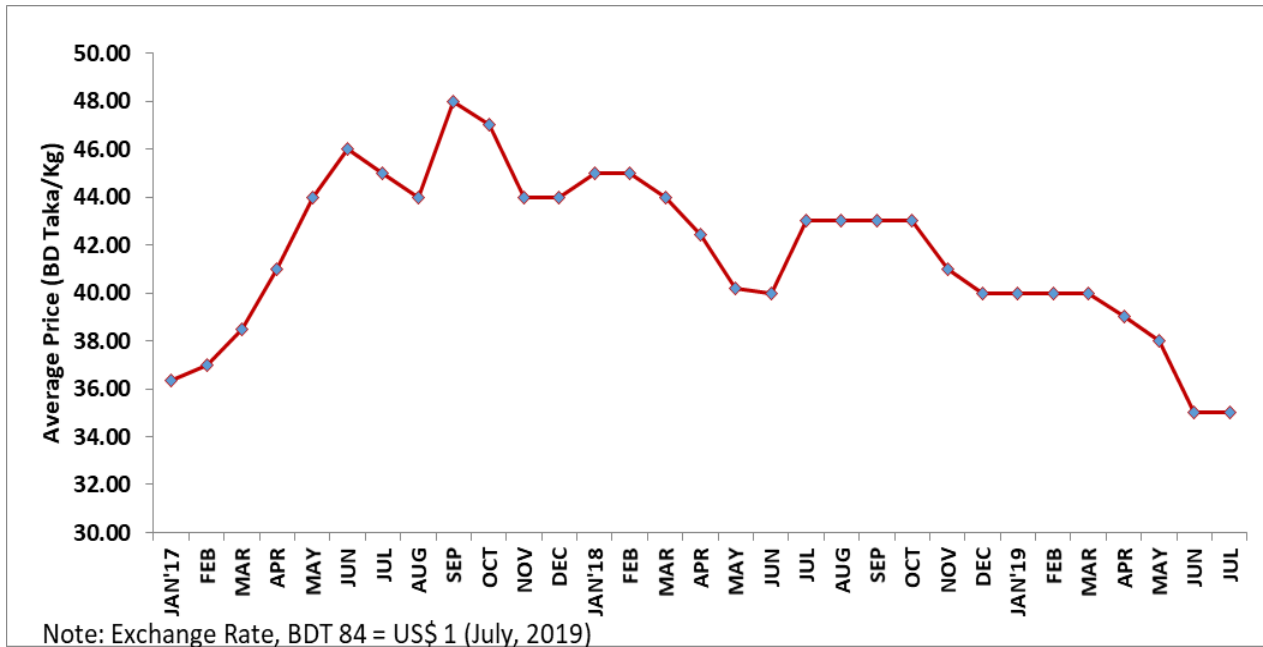
Note: Boro season rice will be harvested in March-April, 2019 and marketed in May 2019, so rice harvested in Boro season is considered as the first rice harvested in Market Year (MY) 2019/20 (May-April). On the other hand, Boro rice in year 2019 is considered as the last rice crop of Fiscal Year (FY) 2018/19 (July-June) in Bangladesh.

Rice, Wheat and Corn Market Prices:

Sufficient supplies have weakened domestic prices of wheat and rice in recent months. For July 2019, the retail prices for rice were BDT35 (US\$0.42) per kilogram, which was 18.6 percent less than the same month last year (Figure 1). For the same month, the average retail price of wheat flour (also called *atta*) was estimated at BDT30 (US\$0.36) per kilogram, which was about 15 percent higher than last year (Figure 2), and 14 percent below current rice retail prices.

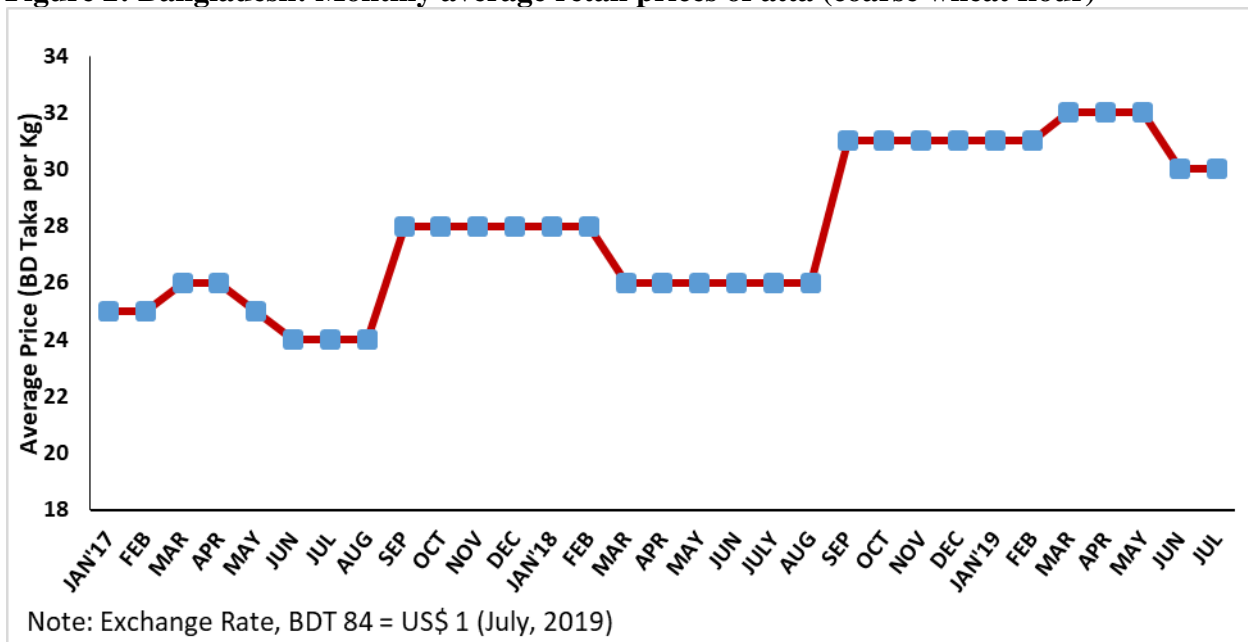
In July 2019, the wholesale price of corn was BDT16.5 (US\$0.20) per kilogram, which was 27.5 percent lower than last year due to higher domestic corn production (See Figure 3).

Figure 1: Bangladesh: Monthly average retail prices of coarse rice



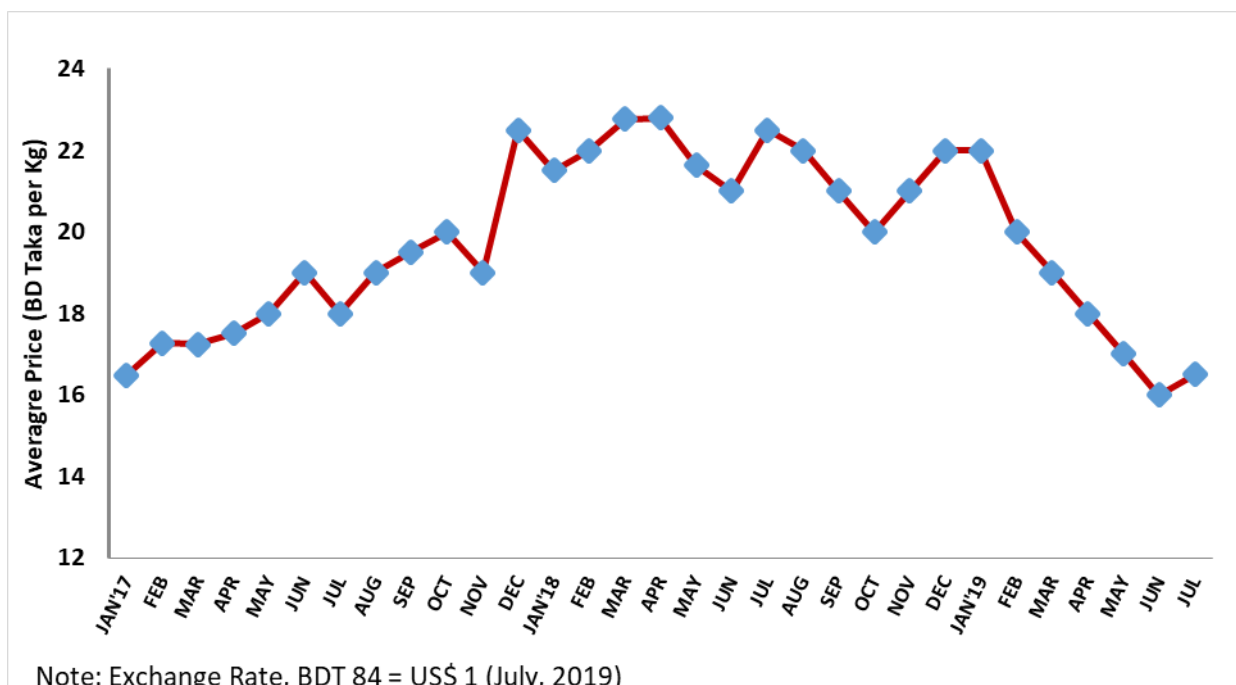
Source: Ministry of Agriculture, Government of Bangladesh

Figure 2: Bangladesh: Monthly average retail prices of atta (coarse wheat flour)



Source: Ministry of Agriculture, Government of Bangladesh

Figure 3. Bangladesh: Monthly Average wholesale prices of corn supplied to feed industry



Source: Ministry of Agriculture, Government of Bangladesh

Rice, Wheat and Corn Imports:

The MY 2019/20 rice import forecast is lowered to 0.1 MMT on expectation of strong import protection policy. The added 55 percent tariff on rice imports (see Policy section below) further affected import prospects. MY 2018/19 rice imports are revised marginally lower to 0.55 MMT based on the latest customs data.

MY 2019/20 wheat import forecast is unchanged to 6.3 MMT on expected strong domestic demand. Based on the current pace of imports, Post's MY 2018/19 wheat import estimate is revised down to 5 MMT on competitive international prices. In MY 2018/19 until May 2019, Russia (40.5%), Canada (25%), and Ukraine (23%) are the lead exporting partners, followed by the United States (8.4%). Exports from the United States increased by 61 percent compared to the last market year. The WASDE July 2019 report lowered Russia and Ukraine wheat exports and production due to extremely high temperatures and below average precipitation in June. Canada also forecast lower production due to reduced area for the MY 2019/20. The WASDE report also forecast improved export competitiveness for the United States in the latter stages of the 2019/20 marketing year.

For MY 2019/20, Post's forecast is reduced to 1.5 MMT; high stocks of corn due to higher domestic production are expected to lower import demand. Brazil and India are the lead exporters of corn to Bangladesh.

Rice and Wheat Stocks:

According to the Ministry of Food (MOF), government rice stocks on July 29, 2019 were 1.5 MMT, compared to 1.3 MMT at the same time last year. In July 29, 2019, wheat stocks at public granaries were 0.306 MMT, up from 0.265 MMT one year earlier.

Table 2. Bangladesh: Stock at public granaries

July 29, 2019			July 29, 2018		
Rice (000 MT)	Wheat (000 MT)	Total (000 MT)	Rice (000 MT)	Wheat (000 MT)	Total (000 MT)
1523.74	305.7	1829.44	1263.51	267.89	1531.40

Source: MIS&M, Directorate General of Food, Ministry of Food

There is no official source of corn stock information, as the GOB does not procure and use corn. Corn is stored by feed millers and trading partners, but there is no association support to share demand, supply, and stock information for corn and related products.

Policy:

The Government of Bangladesh (GOB) has announced *Boro* rice and wheat procurement dates and prices in accordance with the 2017, Domestic Food Procurement Policy. On March 31, 2019 and mid-June, 2019, the Food Planning and Monitoring Committee (FPMC) of Ministry of Food decided to procure 1 MMT parboiled and 0.15 MMT white milled rice from millers and 0.4 MMT of paddy (un-milled rice) (equivalent 0.26 MMT rice) from farmers. The procurement price for paddy has been fixed at BDT26 (US\$0.30) per kg, parboiled rice at BDT36 (US\$0.42), and white rice (locally called *Atap*) at BDT35 (US\$0.42); these will be procured between April 25 and August 31, 2019. As of July 29, 2019, the Ministry of Food had procured 48 percent of the target for paddy, 79 percent for parboiled rice, and 58 percent for white rice. From April 1 to June 30, 2019, the GOB domestically procured 44,158 MT of wheat (88% of the 50,000 MT target) from farmers at BDT28 (US\$0.33) per kilogram.

The amount of *Boro* rice procurement from millers (1.15 MMT) covers six percent of the 19.4 MMT *Boro* season rice produced in MY 2019/20. GOB's procurement of *Boro* paddy (un-milled rice) (0.4 MMT) from the farmers is only one percent of the 29.84 MMT of paddy production in this *Boro* rice season. This procurement has minimal impact to raise farm gate paddy prices for the farmers, who are mostly excluded from the GOB's price support program. These insignificant price supports indicate that the GOB prefers to provide input or cost support to the rice farmers rather than to support prices through procurement. This season farmers sold nearly all of their harvested paddy to rice miller's agents and collectors at open market prices of BDT10-12.5 (\$0.11-0.14) per kilogram, which was well below the breakeven price.

To support domestic paddy prices, on June 2019, the National Board of Revenue of GOB increased the effective tariff rate on imported rice from 28 to 55 percent by raising the regulatory duty from 3 percent to 25 percent.

GOB has struggled with the age-old problem of finding the balance between ensuring farmers get a fair price for their paddy and ensuring consumers have access to a low-cost grain staple. To further bolster paddy prices, GOB has approved the export of non-fragrant rice varieties and offered a 30 percent export subsidy. Although the GOB claims exports total of 1.5 MMT, in fact Bangladesh rice will not be

price-competitive in international markets. But even that amount of exports will provide scarce relief to farmers this season since millers already hold ample stocks of paddy to mill and export as finished rice.

In the GOB's budget FY2019-20, the government allocated BDT662.34 billion (US\$7.88 billion) for the agriculture and rural development sectors, which was 12.6 percent of the budget and proportionately less than last year. In the budget FY2019-20, GOB approved BDT90 billion (US\$1.07 billion) of financial assistance to the farmers in the form of cheaper fertilizers, diesel, and electricity. GOB is also providing a 20 percent subsidy to major agricultural commodity exports such as jute and jute goods, leather, frozen fish, and tea.

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

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

Rice, Milled Market Begin Year	2017/2018		2018/2019		2019/2020	
	May 2017		May 2018		May 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Bangladesh						
Area Harvested	11,272	11,272	11,770	11,770	11,830	11,730
Beginning Stocks	854	854	1,500	1,500	1,546	1,455
Milled Production	32,650	32,650	35,000	34,909	35,300	35,200
Rough Production	48,980	48,980	52,505	52,369	52,955	52,805
Milling Rate (.9999)	6,666	6,666	6,666	6,666	6,666	6,666
MY Imports	3,200	3,200	550	550	100	100
TY Imports	1,400	1,400	300	200	50	50
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	36,704	36,704	37,050	36,959	36,946	36,755
MY Exports	4	4	4	4	4	100
TY Exports	4	4	4	75	4	100
Consumption and Residual	35,200	35,200	35,500	35,500	35,700	35,700
Ending Stocks	1,500	1,500	1,546	1,455	1,242	955
Total Distribution	36,704	36,704	37,050	36,959	36,946	36,755
Yield (Rough)	4.35	4.35	4.46	4.45	4.48	4.50

(1000 HA), (1000 MT), (MT/HA)

Note: Marketing Year (MY): May to April and Trade Year (TY): January to December (End year)

Table 4. Bangladesh: Commodity, Wheat, PSD

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

Wheat Market Begin Year	2017/2018		2018/2019		2019/2020	
	July 2017		July 2018		July 2019	
	USDA	New	USDA	New	USDA	New
Bangladesh						

	Official	Post	Official	Post	Official	Post
Area Harvested	370	370	320	320	340	330
Beginning Stocks	1883	1883	1686	1686	686	786
Production	1153	1153	1000	1100	1100	1148
MY Imports	6150	6150	5000	5000	6500	6300
TY Imports	6150	6150	5000	5000	6500	6300
TY Imp. from U.S.	241	241	0	0	0	0
Total Supply	9186	9186	7686	7786	8286	8234
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	7500	7500	7000	7000	7300	7700
Total Consumption	7500	7500	7000	7000	7300	7700
Ending Stocks	1686	1686	686	786	986	534
Total Distribution	9186	9186	7686	7786	8286	8234
Yield	3.1162	3.1162	3.125	3.4375	3.2353	3.4788
(1000 HA), (1000 MT), (MT/HA)						

Note: Marketing Year (MY) and Trade Year (TY): July to June

Table 5. Bangladesh: Commodity, Corn, PSD
(Area in Thousand Hectares, Quantity in Thousand Metric Tons)

Corn Market Begin Year Bangladesh	2017/2018		2018/2019		2019/2020	
	May 2017		May 2018		May 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	436	436	450	450	450	500
Beginning Stocks	137	137	187	187	187	287
Production	3274	3274	3500	3500	3500	4000
MY Imports	1476	1476	1500	1600	1800	1500
TY Imports	1145	1145	1500	1400	1800	1500
TY Imp. from U.S.	55	55	0	0	0	0
Total Supply	4887	4887	5187	5287	5487	5787
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	4400	4400	4700	4700	5000	5100
FSI Consumption	300	300	300	300	300	300
Total Consumption	4700	4700	5000	5000	5300	5400
Ending Stocks	187	187	187	287	187	387
Total Distribution	4887	4887	5187	5287	5487	5787
Yield	7.51	7.51	7.78	7.78	7.78	8.00

(1000 HA), (1000 MT), (MT/HA)

Note: Marketing Year (MY): May to April and Trade Year (TY): October to September

Table 6. Bangladesh: Boro Rice Competes with the Alternative Crops

General Crop Season	Competing Crops	Rice Based Season
Robi (Mid Oct – Mid Mar)	<i>Boro</i> rice, potato, wheat, maize, sugarcane, cotton, mustard, lentils, onions, soybeans, groundnut, tobacco, and vegetables	<i>Boro</i> Planting: Dec-Feb Harvesting: Apr-May
Kharif-1 (Mid Mar – Mid Jul)	<i>Aus</i> rice, <i>broadcast Aman</i> , jute, maize, mungbean, ginger, chili, onions, groundnuts and vegetables	<i>Aus and Broadcast Aman</i> Planting: Apr-May <i>Aus</i> Harvesting: Jul-Aug <i>B. Aman</i> Harvesting : Nov
Kharif-2 (Mid Jul – Mid Oct)	<i>Transplant Aman</i> rice, cotton, jute, black gram, and soybeans	<i>Transplant Aman</i> Planting: Apr-May Harvesting: Nov-Dec

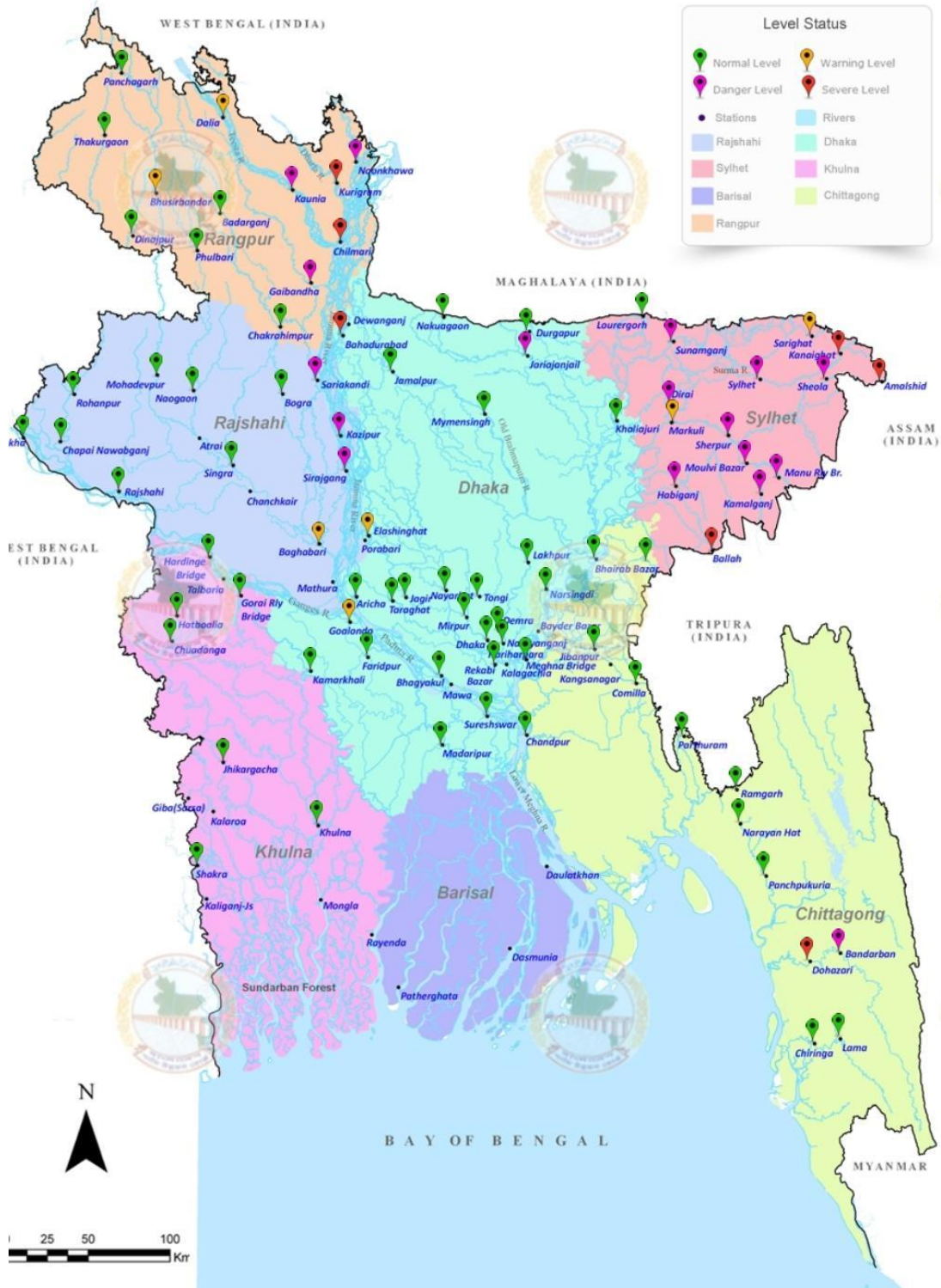
Source: Crop Calendar of Krishi (Agriculture) Diary

Table 7: Bangladesh: Month calendar of different natural hazard

Type of calamity	Period of year
Cold wave	December to February
Drought	March to May
Tornado	March to June
Cyclone	April to May and October to November
Flood with tide	April to May and October to November
Flood	June to September
Excessive rain	July to October
River bank erosion	June to October

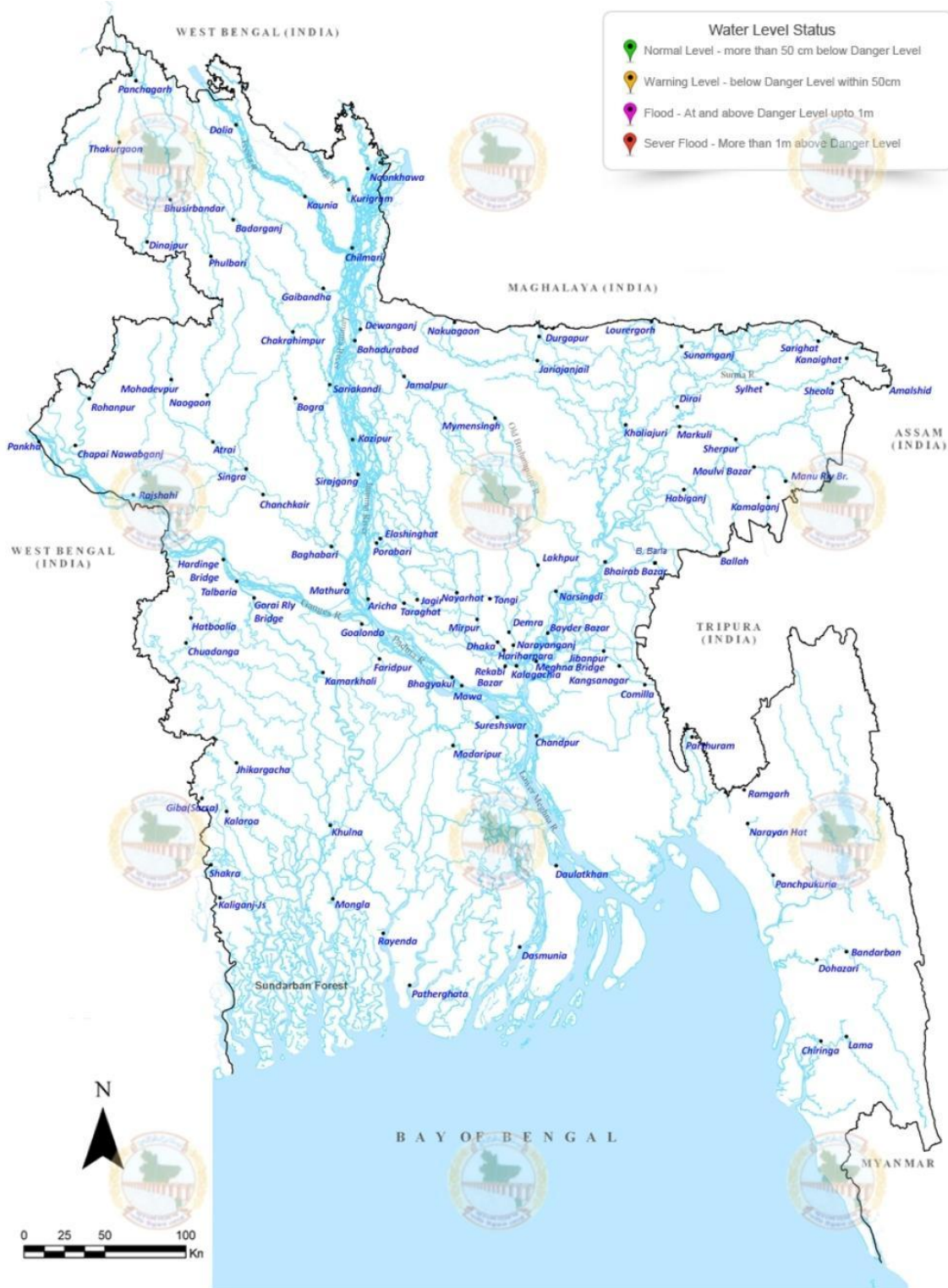
Source: Jahan, F., and Quddusi, K. S. M. K. A. (2013) Climate Change and Bangladesh: Geographical and Socio-economic Impacts, Dhaulagiri Journal of Sociology and Anthropology Vol. 7.

Figure 4: Bangladesh: River water level at different points, Date: July 14, 2019



Source: Flood Forecasting and Warning Center, Bangladesh Water Development Board

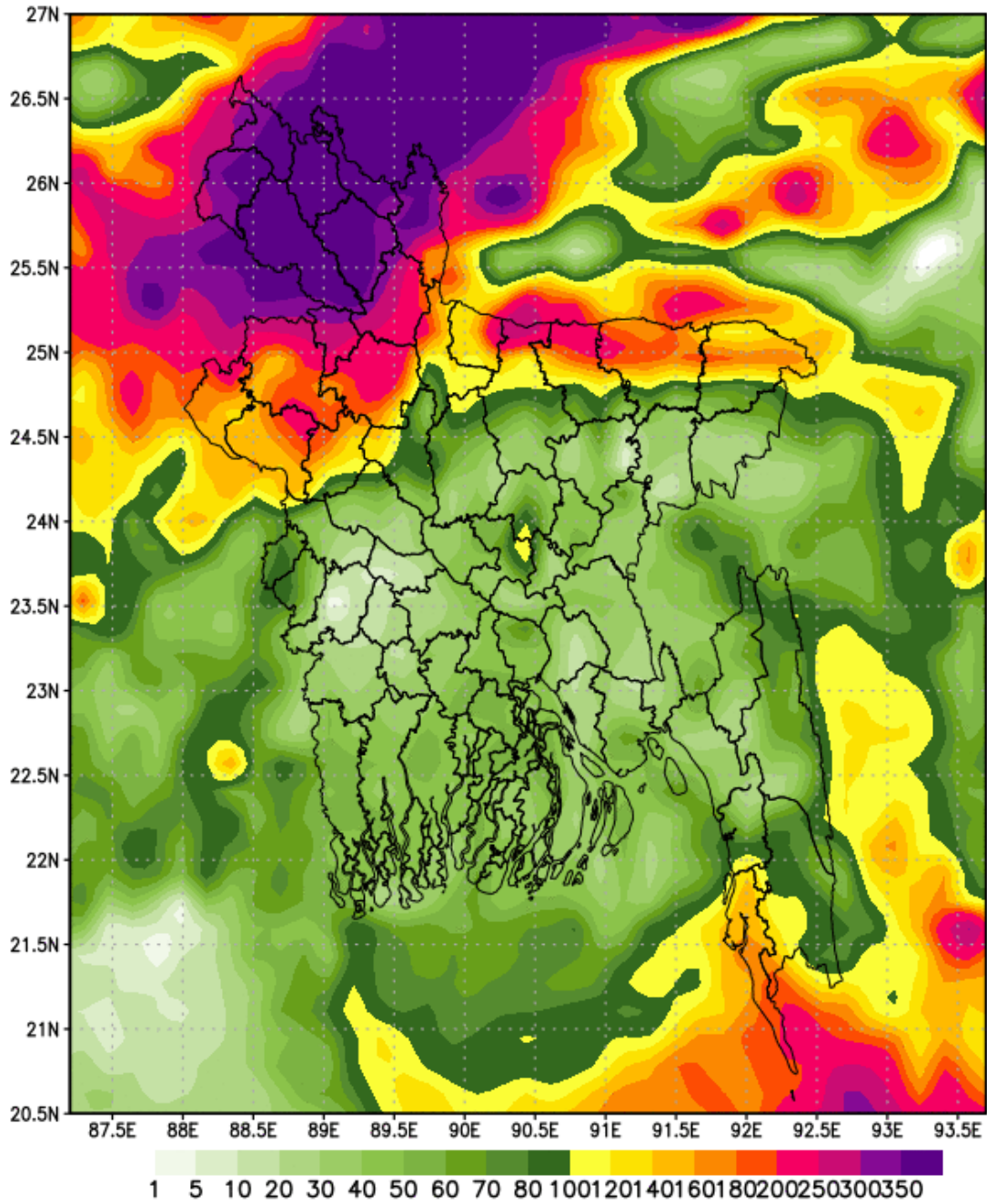
Figure 5: Bangladesh: River water level at different points, Date: July 30, 2019



Source: Flood Forecasting and Warning Center, Bangladesh Water Development Board

Figure 7: Bangladesh: Accumulated rainfall forecast

10 Day Accumulated Rainfall(mm): 00Z,16.07.19 to 00Z,26.07.19

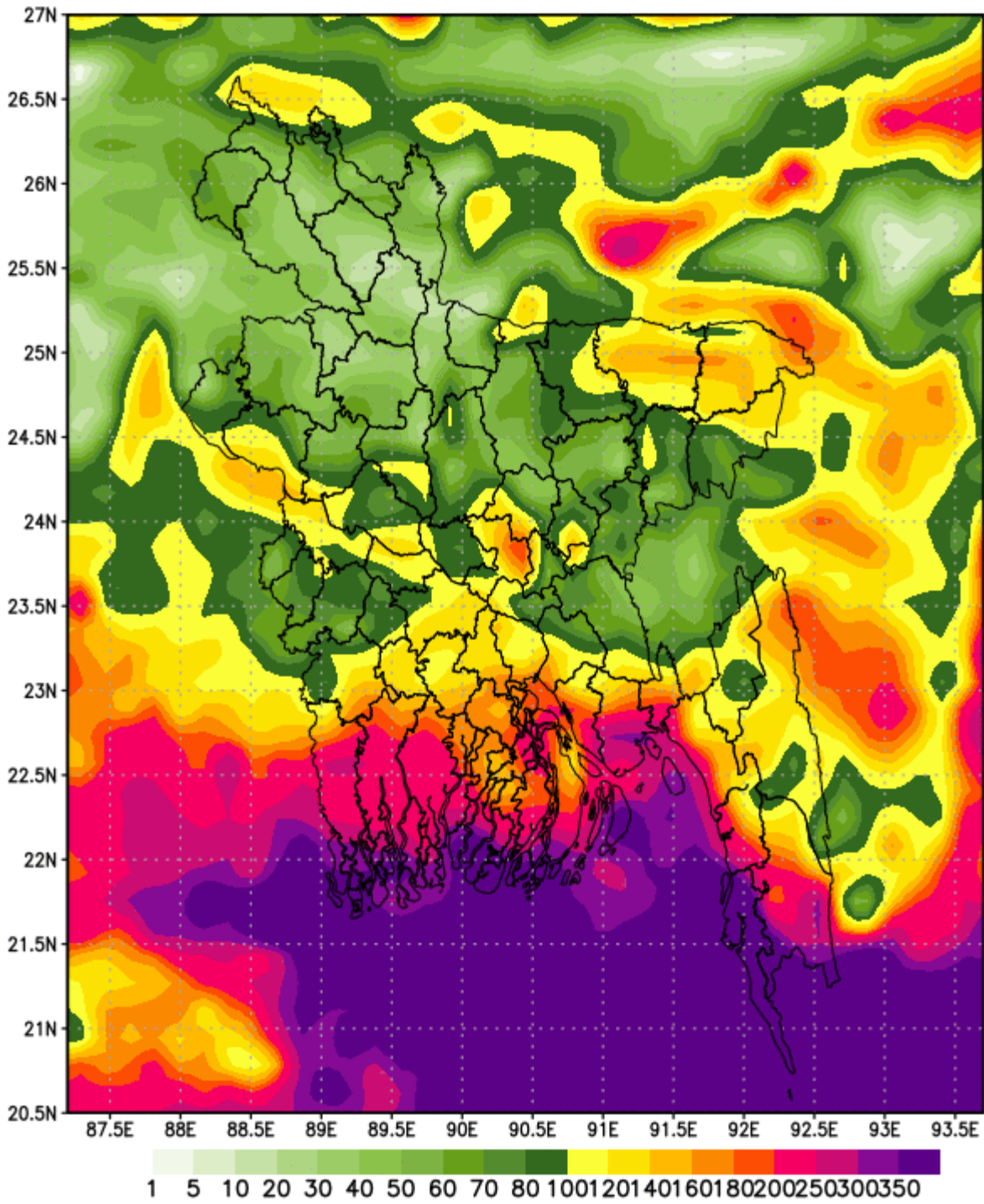


Source: Bangladesh Meteorological Department

<http://bmd.gov.bd/nwp-products/accumulated-rainfall/hour/10day/>

Figure 8: Bangladesh: Accumulated rainfall forecast

10 Day Accumulated Rainfall(mm): 00Z,29.07.19 to 00Z,08.08.19



Source: Bangladesh Meteorological Department
<http://bmd.gov.bd/nwp-products/accumulated-rainfall/hour/10day/>