

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Bangladesh

Post: Dhaka

Reinstating Rice Import Duty to Protect Growers

Report Categories:

Grain and Feed

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Report Highlights:

The Government of Bangladesh (GOB) announced the reinstatement of an import tariff on rice. The 25 percent import duty, coupled with a 3 percent supplementary duty, took effect on June 7, 2018. The Finance Minister declared the imposed import tariff during his FY 2018-19 budget speech.

General Information:

Commodities:

Rice (Milled Rice)

In market year (MY) 2018-19, farmers grew *Boro* rice on most of their rice-cultivable land with an expectation of higher prices because of shortage due to flooding last year. As a result, the market price reached a record high. With increased production and supply to the market this year, farmers are realizing lower prices for paddy (unhusked) rice, which led to an increasing concern of the GOB.

The prices of paddy rice at the farm level are between Bangladesh taka (BDT) 17.5 (US\$0.21) and BDT 22.5 (US\$0.27) per kg depending on quality. The prices are below the GOB's estimated production cost of BDT 24 (US\$0.29) per kg. Because of the gradual paddy price drop at the local market due to imports, the GOB decided to raise the import tariff to help farmers realize a reasonable price for their latest *Boro* season rice harvest. Last year, the GOB reduced the duty on rice imports in two phases to increase supply and curb price spikes owing to crop losses in areas where floods had a devastating impact. The GOB first reduced the duty on rice imports to 10 percent in June 2017, and in August, the duty was further reduced to 2 percent to raise stock levels. As a result, rice imports soared to 3.9 MMT in July 2017 - May 2018 period, up from only 0.133 MMT the previous year. The Commerce Minister said, "If the duty is not raised from the 2 percent, the traders will import a lot of rice and the local farmers will lose interest in growing rice in the next season." Moreover, the Minister said, "If needed, GOB will lower the duty again."