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# Bangladesh

# Grain and Feed

# Annual

# 2008

**Approved by:**
Holly Higgins
U.S. Embassy

**Prepared by:**
Sayed Sarwer Hussain

**Report Highlights:**
Under normal weather conditions, Bangladesh's MY 2008/09 foodgrain production is forecast at 30.2 million tons (29.4 million tons of rice and 800,000 tons of wheat), up 3 percent from the cyclone hit MY 2007/08 production. Imports are forecast at 1 million tons of rice and 2 million tons of wheat, marginally lower than the MY 2007/08 imports. India continues to remain the single largest supplier of rice to Bangladesh. Following an export ban on Indian wheat imposed lat year, Bangladeshi importers are now sourcing wheat from other origins.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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## RICE

### TABLE 1: Commodity, Rice, Milled, PSD

| **Country** | **Bangladesh** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Commodity** | **Rice, Milled** | | | | | | (1000 HA) (1000 MT) (MT/HA) | | |
| | 2006 | Revised | | 2007 | Estimate | | 2008 | Forecast | |
| | USDA Official | Post Estimate | Post Estimate New | USDA Official | Post Estimate | Post Estimate New | USDA Official | Post Estimate | Post Estimate New |
| **Market Year Begin** | | 07/2006 | 07/2006 | | 07/2007 | 07/2007 | | 07/2008 | 07/2008 |
| Area Harvested | 11200 | 11200 | 11200 | 11090 | 11090 | 11000 | 0 | 0 | 11300 |
| Beginning Stocks | 441 | 441 | 441 | 446 | 446 | 446 | 0 | 0 | 246 |
| Milled Production | 29000 | 29000 | 29000 | 28500 | 28500 | 28400 | 0 | 0 | 29400 |
| Rough Production | 43504 | 43504 | 43504 | 42754 | 42754 | 42604 | 0 | 0 | 44104 |
| Milling Rate (.9999) | 6666 | 6666 | 6666 | 6666 | 6666 | 6666 | 0 | 0 | 6666 |
| MY Imports | 769 | 769 | 769 | 1000 | 1000 | 1600 | 0 | 0 | 1000 |
| TY Imports | 650 | 650 | 650 | 1000 | 1000 | 1570 | 0 | 0 | 800 |
| TY Imp. from U.S. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Supply** | **30210** | **30210** | **30210** | **29946** | **29946** | **30446** | **0** | **0** | **30646** |
| MY Exports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TY Exports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Consumption | 29764 | 29764 | 29764 | 29800 | 29800 | 30200 | 0 | 0 | 30200 |
| Ending Stocks | 446 | 446 | 446 | 146 | 146 | 246 | 0 | 0 | 446 |
| **Total Distribution** | **30210** | **30210** | **30210** | **29946** | **29946** | **30446** | **0** | **0** | **30646** |
| Yield (Rough) | 3.88429 | 3.88429 | 3.88429 | 3.85518 | 3.85518 | 3.87309 | 0 | 0 | 3.90301 |

### Production

Assuming a normal summer monsoon, MY 2008/09 (July-June) rice production is forecast at 29.4 million tons from 11.3 million hectares.  Production in MY 2007/08 is estimated at 28.4 million tons down by 2.1 percent from the MY 2006/07 production.  The MY 2007/08 *Aus* rice crop (planted in March/April and harvested in June/July) was affected by floods during harvesting season, while the *Aman* rice crop (planted in July/August and harvested in November/December) was damaged by recurring floods at planting time and a devastating cyclone just before the harvest, resulting in a production loss of about 1.4 million tons.  A government contingency plan to raise grain production to at least partially offset the crop losses-- by supplying seeds, fertilizer, credit supports, and extension services for the *Boro* rice cultivation (planted in December/January and harvested in April/May)-- is currently underway.  The *Boro* rice crop is also benefiting from favorable weather conditions and is likely to result in higher production, currently estimated at 15.6 million tons, compared with 14.8 million tons in MY 2006/07.  Area and production estimates of rice by season are shown below in Table 2.

**Table 2: Area and Production of Rice by Seasons**

| Crop | 2006/07 (Estimate) | | 2007/08 (Estimate) | | 2008/09 (Forecast) | |
|---|---|---|---|---|---|---|
| | Area (1000 HA) | Production (1000 MT) | Area (1000 HA) | Production (1000 MT) | Area (1000 HA) | Production (1000 MT) |
| Aus | 1,040 | 1900 | 1,000 | 1,700 | 1000 | 1,700 |
| Aman | 5,820 | 12,300 | 5,600 | 11,100 | 5,800 | 12,200 |
| Boro | 4,340 | 14,800 | 4,400 | 15,600 | 4,500 | 15,500 |
| **Total** | 11,200 | 29000 | 11,000 | 28,400 | 11,300 | 29,400 |

## Consumption

Rice consumption in MY 2008/09 is forecast to remain unchanged at 30.2 million tons assuming increased availability of wheat through imports to offset the supply shortage. Consumption in MY 2007/08 at 30.2 million tons is estimated up by 1.5 percent from MY 2006/07.

Domestic rice supplies, already under pressure due to the production shortfall and limited import options, received a further set back when India, the largest supplier of rice to Bangladesh, hiked the minimum export price from $425 per ton to $500 per ton. Retail prices of coarse varieties of rice have reportedly increased by 57 percent and that of medium and fine grades have surged by 53 to 61 percent within a span of one year. The average wholesale price of coarse rice in December 2007 was Taka 28,000 (US$412) compared to Taka 18,250 (US $265) per ton in December 2006.

As farmers are holding on to their paddy (un-milled rice) stocks fearing that they may have to buy back the same at higher price later, number of rice mills in the northern districts are facing possible closure. Traders are also holding on to their stocks due to an expectation of higher prices later.

## Trade

Due to the production shortfall caused by natural calamities, Bangladesh's rice import requirement in MY 2007/08 is up by almost 1 million ton to 1.6 million tons from the MY 2006/07 imports of 769,000 tons. According to official sources, imports through January 2008 have reached 1.18 million tons compared with 281,100 tons during the corresponding period of MY 2006/07. Assuming normal production, rice imports in MY 2008/09 are forecast at 1 million tons.

In view of the limited availability of Indian rice, both public sector and private sector importers are now looking for rice of other origins. The GOB is yet to sign any government to government agreement with any country for rice imports, although negotiations are underway with the Indian government for imports of 500,000 tons, which were earlier committed by India.

The government tender process for import of food grains is lengthy and some terms and conditions are difficult for exporters to meet. As a result, most GOB tenders do not receive an adequate response. In view of the current food crisis, the GOB has recently slightly modified tender norms which would permit faster finalization of the tender.

**Stocks**

MY 2007/08 beginning rice stocks with public sector agencies are estimated at 446,000 tons. December 31, 2007, rice stocks held by the government are estimated at 434,000 tons, compared to 604,000 ton a year ago. Farmer and trader-held stocks, not typically included in the PS&D table, are estimated at 7.5 million tons. The government's rice procurement target for MY 2007/08 is 1.4 million tons, compared to last year's actual procurement of 900,000 tons. The targeted quantity for public distribution of rice in MY 2007/08 is 1.8 million tons compared to 1.3 million tons in MY 2006/07.

**Policy**

Rice imports are currently permitted duty free. However, there is a three percent advance income tax. There is no quantitative restriction on rice imports.

**Marketing**

Bangladesh is typically a price buyer, generally purchasing lower quality (25% or more broken) parboiled rice. However, there remains a small niche market for high quality rice (basmati or equivalent) imported mostly from India and Pakistan. India in recent years was the single largest supplier of rice to Bangladesh but in view of the rice export ban imposed by the government of India, Bangladeshi importers are now sourcing rice from other countries. Rice imports from the U.S. are not currently commercially competitive due to the high freight cost, high price, and longer shipping period vis-à-vis rice from other origins.

**TABLE 3: Commodity, Rice, Import Trade Matrix**

| | | | |
|---|---|---|---|
| **Import Trade Matrix** | | | |
| **Country** | Bangladesh | | |
| **Commodity** | Rice, Milled | | |
| Time Period | Jan-Dec | Units: | MT |
| Imports for: | 2006 | | **2007** |
| U.S. | | U.S. | |
| Others | | Others | |
| India | 502,000 | India | 820,000 |
| Pakistan | 34,000 | Pakistan | 70,000 |
| Thailand | 24,000 | Thailand | 125,000 |
| Vietnam | 20,000 | Vietnam | 100,000 |
| Myanmer | 30,000 | Myanmer | 175,000 |
| | | Combodia | 60,000 |
| | | | |
| | | | |
| | | | |
| | | | |
| Total for Others | 610,000 | | 1,350,000 |
| Others not Listed | 40,000 | | 250,000 |
| Grand Total | 650,000 | | 1,600,000 |

**TABLE 4: Commodity, Rice, Prices Table**

| | | | |
|---|---|---|---|
| **Prices Table** | | | |
| **Country** | Bangladesh | | |
| **Commodity** | Rice, Milled | | |
| Prices in | Taka | per uom | MT |
| | | | |
| Year | 2006 | 2007 | % Change |
| Jan | 16850 | 18250 | 8% |
| Feb | 16850 | 18500 | 10% |
| Mar | 17000 | 19000 | 12% |
| Apr | 16500 | 19000 | 15% |
| May | 16250 | 18750 | 15% |
| Jun | 16750 | 19800 | 18% |
| Jul | 17500 | 20000 | 14% |
| Aug | 17750 | 22000 | 24% |
| Sep | 17500 | 24000 | 37% |
| Oct | 17700 | 24000 | 36% |
| Nov | 18000 | 26000 | 44% |
| Dec | 18250 | 28000 | 53% |
| | | | |
| Exchange Rate | 68 | Local Currency/US $ | |
| Date of Quote | 2/7/2008 | MM/DD/YYYY | |

## WHEAT

### TABLE 5: Commodity, Wheat, PSD

| Country | Bangladesh | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Commodity | Wheat | | | | | (1000 HA) (1000 MT) (MT/HA) | | |
| | 2006 | Revised | | 2007 | Estimate | | 2008 | Forecast |
| | USDA Official | Post Estimate | Post Estimate New | USDA Official | Post Estimate | Post Estimate New | USDA Official | Post Estimate | Post Estimate New |
| **Market Year Begin** | | 07/2006 | 07/2006 | | 07/2007 | 07/2007 | | 07/2008 | 07/2008 |
| Area Harvested | 372 | 372 | 372 | 460 | 460 | 440 | 0 | 0 | 400 |
| Beginning Stocks | 731 | 176 | 176 | 502 | 502 | 116 | 0 | 0 | 156 |
| Production | 765 | 765 | 740 | 900 | 900 | 840 | 0 | 0 | 800 |
| MY Imports | 1806 | 1700 | 1700 | 1800 | 1800 | 1600 | 0 | 0 | 2000 |
| TY Imports | 1806 | 1700 | 1700 | 1800 | 1800 | 1600 | 0 | 0 | 2000 |
| TY Imp. from U.S. | 87 | 87 | 87 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Supply** | **3302** | **2641** | **2616** | **3202** | **3202** | **2556** | **0** | **0** | **2956** |
| MY Exports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TY Exports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Feed Consumption | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FSI Consumption | 2800 | 2500 | 2500 | 2900 | 2900 | 2400 | 0 | 0 | 2800 |
| Total Consumption | 2800 | 2500 | 2500 | 2900 | 2900 | 2400 | 0 | 0 | 2800 |
| Ending Stocks | 502 | 141 | 116 | 302 | 302 | 156 | 0 | 0 | 156 |
| **Total Distribution** | **3302** | **2641** | **2616** | **3202** | **3202** | **2556** | **0** | **0** | **2956** |
| Yield | 2.056452 | 2.056452 | 1.989247 | 1.956522 | 1.956522 | 1.909091 | 0 | 0 | 2.00000 |

### Production

Assuming normal weather conditions, MY 2008/09 wheat production is forecast at 800,000 tons from 400,000 hectares compared with an estimated 840,000 tons from 440,000 hectares in MY 2007/08. Wheat acreage is steadily declining due to lack of suitable high yielding varieties, and competition from more remunerative rice, maize, potato, and winter vegetables. Despite high domestic wheat prices, wheat acreage is unlikely to increase due to lower returns vis-à-vis competing crops, and farmers' preference for rice, which is their major staple. Wheat is grown mostly under non-irrigated conditions and with low input (fertilizer, insecticides, and labor) use.

### Consumption

Assuming an improved supply situation through larger imports, MY 2008/09 wheat consumption is forecast at 2.8 million tons compared with 2.4 million tons in MY 2007/08. Because of the higher retail price of wheat vis-à-vis rice, wheat consumption by the low income group has declined significantly in recent years. Rural *chakki* mills (small flour mills) are struggling to remain in operation due to a shortage of wheat. Furthermore, the government is not supplying wheat through its Public Food Distribution System (PFDS). However, wheat consumption by the middle and high income groups is steadily growing due to changing food habits and the growth in the HRI sector.

High import costs and reduced domestic availability have pushed wheat prices up significantly. The average wholesale prices of white fine flour and "atta" (coarse flour) in December 2007 were Taka 34,000 ($500) and Taka 32,000 ($470) per ton respectively, compared with Taka 24,000 ($348) and Taka 18,000 ($260) per ton in December 2006.

**Trade**

Wheat imports in MY 2007/08 are estimated at 1.6 million tons compared with 1.7 million tons in MY 2006/07. The ban on wheat exports from India combined with rising international prices have badly hit Bangladeshi wheat importers. Some importers are now sourcing wheat from east European countries, Canada, and the U.S. (via Singapore) even at high prices. Assuming wheat availability in the international market improves, imports in MY 2008/09 are forecast at 2.0 million tons (consisting of 100,000 tons food aid, 300,000 tons of public sector imports, and the rest in private commercial imports). According to official sources, July 1997 - January 2008 imports have totaled 1.15 million tons, compared with about 1.0 million tons during the corresponding period of the previous marketing year.

This marketing year, the GOB has so far been able to import only 125,500 tons of wheat by January 2008 against its import target of 400,000 tons. Many GOB tenders are never finalized due to high price quotes by bidders to cover the risk premiums associated with meeting the difficult government tender conditions.

**Stocks**

Government-held wheat stocks at the beginning of MY 2007/08 were just 116,000 tons as compared to 176,000 tons in MY 2006/07. Private sector carryover stocks of wheat in the current MY (2007/08) are estimated at around 200,000 tons, which are not included in the PS&D table. The government has so far not announced any procurement target for locally produced wheat. The slow down in wheat food aid is also affecting government efforts to build wheat stocks.

**Policy**

Wheat imports are currently duty free. However, there is a three percent advance income tax. There is no quantitative restriction on wheat imports.

**Marketing**

Bangladesh is predominantly a buyer of low quality, inexpensive wheat. India enjoyed a major share of the Bangladesh import market due to lower prices and low freight cost. Australia, Canada and the United States are traditional sources for higher quality wheat. Some private buyers are importing U.S wheat mostly through consolidators in Singapore along with low quality wheat from east European and Central Asian countries. The tender format for official wheat imports contains terms and conditions which discourage U.S. and other suppliers from participating in government tenders. Bangladeshi buyers are usually willing to pay a premium of around $15 per metric ton for U. S. wheat for its quality.

**TABLE 6: Commodity, Wheat, Import Trade Matrix**

| | | | |
|---|---|---|---|
| **Import Trade Matrix** | | | |
| **Country** | Bangladesh | | |
| **Commodity** | Wheat | | |
| Time Period | Jul/Jun | Units: | MT |
| Imports for: | 2006 | | **2007** |
| U.S. | | U.S. | |
| Others | | Others | |
| **Concessional** | | **Concessional** | |
| USA | 30,000 | USA | 65,000 |
| WFP | 35,000 | WFP | 0 |
| Australia | 12,000 | Australia | 0 |
| | | | |
| | | | |
| | | | |
| **Commercial** | | **Commercial** | |
| India | 100,000 | India | 30,000 |
| Canada | 75,000 | Canada | 80,000 |
| Australia | 250,000 | Australia | 50,000 |
| Argentina | 100,000 | Argentina | 100,000 |
| Russia | 600,000 | Russia | 550,000 |
| Ukraine | 148,000 | Ukraine | 120,000 |
| Singapore | 30,000 | Kazakhstan | 120,000 |
| Kazakhstan | 120,000 | Tunisia | 40,000 |
| | | U.S. | 220,000 |
| | | | |
| | | | |
| Total for Others | 1,500,000 | | 1,375,000 |
| Others not Listed | 200,000 | | 225,000 |
| Grand Total | 1,700,000 | | 1,600,000 |

**TABLE 7: Commodity, Wheat, Prices Table**

| | | | |
|---|---|---|---|
| **Prices Table** | | | |
| **Country** | Bangladesh | | |
| **Commodity** | Wheat | | |
| Prices in | Taka | per uom | MT |
| | | | |
| Year | 2006 | 2007 | % Change |
| Jan | 14500 | 19000 | 31% |
| Feb | 14750 | 19000 | 29% |
| Mar | 14800 | 20000 | 35% |
| Apr | 14800 | 20000 | 35% |
| May | 14800 | 22000 | 49% |
| Jun | 15000 | 22500 | 50% |
| Jul | 15250 | 23000 | 51% |
| Aug | 16000 | 23000 | 44% |
| Sep | 16800 | 24000 | 43% |
| Oct | 17250 | 28000 | 62% |
| Nov | 17750 | 30000 | 69% |
| Dec | 18000 | 32000 | 78% |
| | | | |
| Exchange Rate | 68 | Local Currency/US $ | |
| Date of Quote | 2/7/2008 | MM/DD/YYYY | |