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Bangladesh

Cotton

Bangladesh Cotton Annual - 1999

1999

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Report Highlights:

Current year cotton imports are projected at 145,000 tons, up 12 percent from last year due to continued expansion of the Bangladesh textile industry and lower world cotton prices. The US continues to be the principal supplier, with 30 percent of the business. Next year's imports are forecast to climb 3 percent to 150,000 tons.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
New Delhi [IN1], BG

Production

Upland cotton production is forecast to climb 36 percent to 15,000 tons in 1999/00 on a 44 percent increase in harvested area. As always, late monsoon rains and insect infestations will have a lot to say about final results, as they did this year when rains damaged one-third of the area, reducing production to an estimated 11,000 tons.

Upland cotton has had only modest growth since its introduction into Bangladesh in the late seventies. It has not fit in well with the usual cropping pattern, especially competition from wheat, despite intense government support. Most Bangladesh cotton is 1 inch to 1 5/32 inches. Production of the indigenous "Comilla Cotton", a short staple variety, has been declining due to diminishing demand from the traditional handloom and cottage industry sector. There is no transgenic cotton produced in Bangladesh.

Man-made fiber (polyester) production is projected to decline to 1,800 tons in 1998/99. Output has dropped two-thirds in the past two years due to the inability of the industry to compete with nearby Asian producers. Production of cotton yarn is projected at 120,000 tons this year, up 7.5 percent from 1997/98. Production of fabric (1998/99) is projected at 1,050 million meters, 7 percent above the previous year.

Consumption

This year's raw cotton consumption is estimated at 153,000 tons, up 7.7 percent from 1997/98 due to increased demand from the rapidly-growing private spinning sector and lower world prices.

Consumption of cotton yarn is projected at 480,000 tons, up 2 percent from 1997/98. Of this, about 130,000 tons is for domestic utilization, while 350,000 tons is for use in export-based hosiery, knitwear and fabrics. Total 1998/99 fabric consumption is projected at 3.6 billion meters, comprised of 1.1 billion for local use and 2.5 billion for export-based garments.

Bangladesh has 118 spinning mills (25,000 spindles each), 109 weaving/finishing mills (about 10 million meter/year capacity each) and 104 dyeing/finishing mills (about 10 million meter/year capacity each). Industry sources estimate that the country needs 234 spinning, 344 weaving/finishing and 327 dyeing/finishing mills to meet domestic and export demand for hosiery, knitwear and garments. The industry believes that to be fully competitive after 2005, when textile quota restrictions in Europe and America are eliminated, they have to be able to spin and weave all yarn and fabric domestically. This would require 242 spinning, 500 weaving and finishing and 475 dyeing/finishing mills. No major foreign investment in spinning, weaving, and dyeing and finishing textiles has occurred in Bangladesh. A few nearby countries have set up small ready-made garment, hosiery and knitwear factories.

Marketing

As Bangladesh's textile industry is growing at about 10 percent annually, it has required larger imports of raw cotton. The United States has been the principal source, while the CIS is the major competitor. Most of the larger mills buy from the US despite the fact that the CIS's prices are 5-10 cents per pound lower. This year's imports are projected at 145,000 tons, up 12 percent from last year.

Cotton yarn imports are estimated at 370,000 tons in 1998, with India having a 78 percent share of the market. Imports in the first quarter of 1999 are estimated at 95,000 tons; the projection for all of 1999 is 376,000 tons. China has 80 percent of cotton fabric imports, which are estimated at 2.63 billion meters in 1998. Trade sources believe that Chinese fabric prices are highly subsidized. Imports during the first quarter of 1999 are estimated at 660 million meters; the projection for all of 1999 is 2.65 billion meters.

Smuggling of bonded, duty-free yarn and fabrics (from export-based hosiery, knitwear and garment plants) is continuing, though at a much reduced level. Trade sources report that Indian 30 count yarn is available at US\$ 2.60/kg for carded and US\$ 3.00 for combed compared to US\$2.85/kg for carded and US\$ 3.28 for combed Bangladeshi yarn. Still, there is a 25 percent cash incentive for export-based yarn production in Bangladesh.

Tariffs and Taxes

	Raw Cotton	Yarn	Thread	Fabrics	Man-made Fiber
Advance Income Tax	3.0%	3.0%	3.0%	3.0%	3.0%
Development Charge	2.5%	2.5%	2.5%	2.5%	2.5%
License Fee	2.5%	0	0	0	0
Customs Duty	0	7.5%	15.0-30.0%	42.0%	0
Value Added Tax	0	15.0%	15.0%	15.0%	15.0%

Commodity, Cotton, PSD

PSD Table							
Country:	Bangladesh						
Commodity:	Cotton						
		1997		1998		1999	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		07/1997		07/1998		07/1999	(MONTH/YEAR)
Area Planted	35300	34800	36000	40400	0	42000	(HECTARES)
Area Harvested	35300	34800	36000	29100	0	42000	(HECTARES)
Beginning Stocks	9000	9000	11200	11000	0	14000	METRIC TONS
Production	14500	14000	14800	11000	0	15000	METRIC TONS
Imports	129000	130000	144000	145000	0	150000	METRIC TONS
TOTAL SUPPLY	152500	153000	170000	167000	0	179000	METRIC TONS
Exports	0	0	0	0	0	0	METRIC TONS
USE Dom. Consumption	141000	141500	155800	152800	0	163800	METRIC TONS
Loss Dom. Consumption	300	500	200	200	0	200	METRIC TONS
TOTAL Dom. Consumption	141300	142000	156000	153000	0	164000	METRIC TONS
Ending Stocks	11200	11000	14000	14000	0	15000	METRIC TONS
TOTAL DISTRIBUTION	152500	153000	170000	167000	0	179000	METRIC TONS

Commodity, Cotton, Import Trade Matrix

Import Trade Matrix			
Country:		Units:	Metric Ton
Commodity:			
Time period:	Aug-Jul		
Imports for	1998		1999
U.S.	38000	U.S.	45000
Others		Others	
Pakistan		Pakistan	5000
CIS	32000	CIS	28000
India	10000	India	10000
South America	5000	South America	5000
Africa	30000	Africa	35000
Australia	10000	Australia	10000
Total for Others	87000		93000
Others not listed	5000		7000
Grand Total	130000		145000

Commodity, Cotton Yarn, Import Trade Matrix

Import Trade Matrix			
Country:		Units:	Metric Ton
Commodity:	Cotton Yarn		
Time period:	Jan-Dec		
Imports for	1997		1998
U.S.	0	U.S.	0
Others		Others	
India	280000	India	290000
Pakistan	65000	Pakistan	40000
Indonesia	4000	Indonesia	15000
Thailand	6000	Thailand	15000
Total for Others	355000		360000
Others not listed	10000		10000
Grand Total	365000		370000

Commodity, Cotton Fabric, Import Trade Matrix

Import Trade Matrix			
Country:		Units:	Mil. Meters
Commodity:	Fabric		
Time period:	Jan-Dec		
Imports for	1997		1998
U.S.	0	U.S.	0
Others		Others	
China	1590	China	2100
Pakistan	550	Pakistan	260
India	80	India	60
Indonesia	260	Indonesia	90
Thailand	70	Thailand	50
Total for Others	2550		2560
Others not listed	50		65
Grand Total	2600		2625