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Report Name: Cotton and Products Annual

Country: Bangladesh

Post: Dhaka

Report Category: Cotton and Products

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Report Highlights:

For marketing year (MY) 2023/24, Post forecasts cotton imports at 8.5 million bales. Post reduced its MY 2022/23 cotton import and consumption estimates on high global prices, slowdown of the Bangladeshi economy, and production disruptions due to power shortages. In MY 2021/22, India was the preferred cotton exporter, taking 35 percent of Bangladesh's import market, with Brazil at 13 percent and the United States at 7 percent.

Cotton

Table 1: Bangladesh's Production, Supply, and Distribution of Raw Cotton

Cotton	2021/2022		2022/2023		2023/2024	
Market Year Begins	Aug 2021		Aug 2022		Aug 2023	
Bangladesh	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	45	0	45	0	46
Area Harvested (1000 HA)	45	45	46	45	0	46
Beginning Stocks 1000 480 lb. Bales	2452	2452	2293	2308	0	2051
Production 1000 480 lb. Bales	151	151	155	153	0	155
Imports 1000 480 lb. Bales	8200	8515	7700	7700	0	8500
MY Imports from U.S. 1000 480 lb. Bales	0	0	0	0	0	0
Total Supply 1000 480 lb. Bales	10803	11118	10148	10161	0	10706
Exports 1000 480 lb. Bales	0	0	0	0	0	0
Domestic Use 1000 480 lb. Bales	8500	8800	8100	8100	0	8800
Loss 1000 480 lb. Bales	10	10	10	10	0	10
Total Dom. Cons. 1000 480 lb. Bales	8510	8810	8110	8110	0	8810
Ending Stocks 1000 480 lb. Bales	2293	2308	2038	2051	0	1896
Total Distribution 1000 480 lb. Bales	10803	11118	10148	10161	0	10706
Stock to Use % (PERCENT)	26.98	26.23	25.16	25.32	0	21.55
Yield (KG/HA)	731	731	734	740	0	734
(1000 HA), 1000 480 lb. Bales, (PERCENT), (KG/HA)						

Production
For marketing year (MY) 2023/24, Post forecasts cotton harvested area and production at 46 thousand hectares and 155 thousand bales, respectively. The Bangladesh Cotton Development Board (CDB), a governmental organization, provides extension and advisory support to cotton farmers. According to CDB data, cotton cultivation area and production has remained steady since 2016.

Post estimates MY 2022/23 cotton harvested area and production at 45 thousand hectares and 153 thousand bales, respectively, 2.2 percent and 1.3 percent lower than the USDA official estimates.

According to CDB, cotton grows in 39 out of 64 districts in Bangladesh. However, total cotton cultivation in Bangladesh covers only 0.55 percent of the country's 8.1 million hectares of arable land. Domestically produced cotton accounts for less than 2 percent of total cotton consumption in the country. Kustia, Jhenaidah, Jeshore, Chuadanga, Bandarban, and Rangamati are the major cotton producing districts in Bangladesh.

Bangladesh produces numerous varieties of cotton, including *Gossypium hirsutum*, *Gossypium arboretum*, *Gossypium herbaceum*, and *Gossypium barbadense*. American upland cotton is cultivated in the *rabi* (winter) crop season from July to August and is harvested in December and January. Other varieties are cultivated in the *kharif* (summer) crop season from March to April and harvested in December and January.

Research and Development
The CDB is focused on developing hybrid and short duration high yielding cotton varieties with desirable fiber characteristics. The CBD, in partnership with Supreme Seed (a private Bangladeshi seed company), has been importing hybrid cotton seed from China and conducting research on variety adaptability.

The CBD has introduced Bt cotton in Bangladesh. It is currently undergoing field trials. Please see the Bangladesh Agricultural Biotechnology Annual Report 2022 for more information.

Value Added Cotton
Overview of the Garment Industry
The ready-made-garment (RMG) sector is Bangladesh's major source of export earnings. In Bangladesh fiscal year (FY) 2021-22 (July-June), the country earned around 82 percent of its total export income from the RMG sector (Table 2). Bangladesh exports several RMG products, including trousers, t-shirts, knitted shirts, sweaters, blouses, and underwear, to more than 50 countries (Table 3). The Bangladesh Garment Manufactures and Exporters Association (BGMEA) counts 4,500 RMG factories that employ approximately 4 million people as their members. Around 40 percent of BGMEA member factories are knitwear and sweater manufactures; the remaining are woven garment manufactures. BGMEA member factories account for 100 percent of Bangladesh's woven garment exports, more than 95 percent of its sweater exports, and approximately half of its light knitwear exports. Contacts also note there are about 1,000 small and medium-sized RMG factories in Bangladesh that are not BGMEA members.

Table 2: Bangladesh's Apparel Sector Exports

Fiscal Year	Apparel Exports ($ Million)			Total Exports	RMG as % of Total Exports
	Woven	Knit	Total	($ Million)	
2012-2013	11,040	10,476	21,516	27,027	80
2013-2014	12,442	12,050	24,492	30,187	81
2014-2015	13,065	12,427	25,491	31,209	82
2015-2016	14,739	13,355	28,094	34,257	82
2016-2017	14,393	13,757	28,150	34,656	81
2017-2018	15,426	15,189	30,615	36,668	83
2018-2019	17,245	16,889	34,133	40,535	84
2019-2020	14,041	13,908	27,949	33,674	83
2020-2021	14,497	16,960	31,457	38,758	81
2021-2022	19,399	23,214	42,613	52,083	82

Source: BGMEA

Table 3: Major Apparel Items Exported from Bangladesh, by Value (Million $)

Fiscal Year	Trousers	T-Shirts & Knitted Shirts	Sweaters	Shirts & Blouses	Underwear
2015-2016	10,167	6,893	3,182	3,076	1,173
2016-2017	9,943	6,651	3,362	2,919	1,329
2017-2018	10,834	7,154	3,675	2,927	1,411
2018-2019	11,755	7,902	4,256	3,190	1,640
2019-2020	9,363	6,274	3,598	2,450	1,359
2020-2021	10,682	7,240	4,052	2,048	1,790
2021-2022	14,508	9,858	5,640	2,766	2,344

Source: BGMEA

Overview of Textile Industry

The Bangladesh textile industry is composed of yarn, fabric, and dyeing-printing-finishing mills and contributes more than 13 percent of Bangladesh's GDP (Table 4). Total cotton consumption capacity is about 15 million bales; however, Bangladesh is currently consuming approximately 8.5 million bales of raw cotton annually (Table 5). Approximately 80 percent of the yarn is cotton, while the remaining 20 percent is mixed yarn from cotton and artificial fibers. In general, the demand for cotton yarn and fabrics in Bangladesh's garment sector has been increasing. According to the Bangladesh Textile Mills Association (BTMA), local textile mills meet 85 percent of demand for knit fabrics and about 40 percent for woven fabrics; the remainder is imported.

Table 4: Basic Statistics of Textile Sector in Bangladesh, 2021

Items	Unit	Number
Yarn Manufacturing Mills	Number	510
Annual Yarn Spinning Capacity	Million MT	3.7
Fabric Manufacturing Mills	Number	901
Annual Fabric Manufacturing Capacity	Billion Meters	8.35
Dyeing-Printing-Finishing Mills	Number	317
Annual Processing Capacity	Billion Meters	5
Total number of Mills under BTMA	Number	1,728
Total Cotton Consumption Capacity	Million Bales (480 lb. bale)	15

Source: BTMA

Table 5: Bangladesh's Spinning Capacity and Growth

Calendar Year	No. of Spinning Mills	Spindle Capacity (Million Bale)	Growth in No. of Mills (%)	Growth in Spindle Capacity (%)
2012	392	10	0.0	2.1
2013	394	10	0.5	0.0
2014	407	10	3.3	5.1
2015	413	11	1.5	7.3
2016	424	12	2.7	5.4
2017	425	12	0.2	6.5
2018	430	13	1.2	6.1
2019	433	13	0.7	2.0
2020	433	14	0.0	4.2
2021	510	15	18.0	7.1

Source: BTMA

Yarn and Fabric Production to Rise

Post forecasts MY 2023/24 yarn production to rise to 1.7 million MT, made up of 1.3 million MT of cotton yarn and 0.4 million MT of mixed yarn, on rebounding cotton imports. Post also forecasts MY 2023/24 fabric production at 4.6 billion meters, up about 2.2 percent over MY 2022/23.

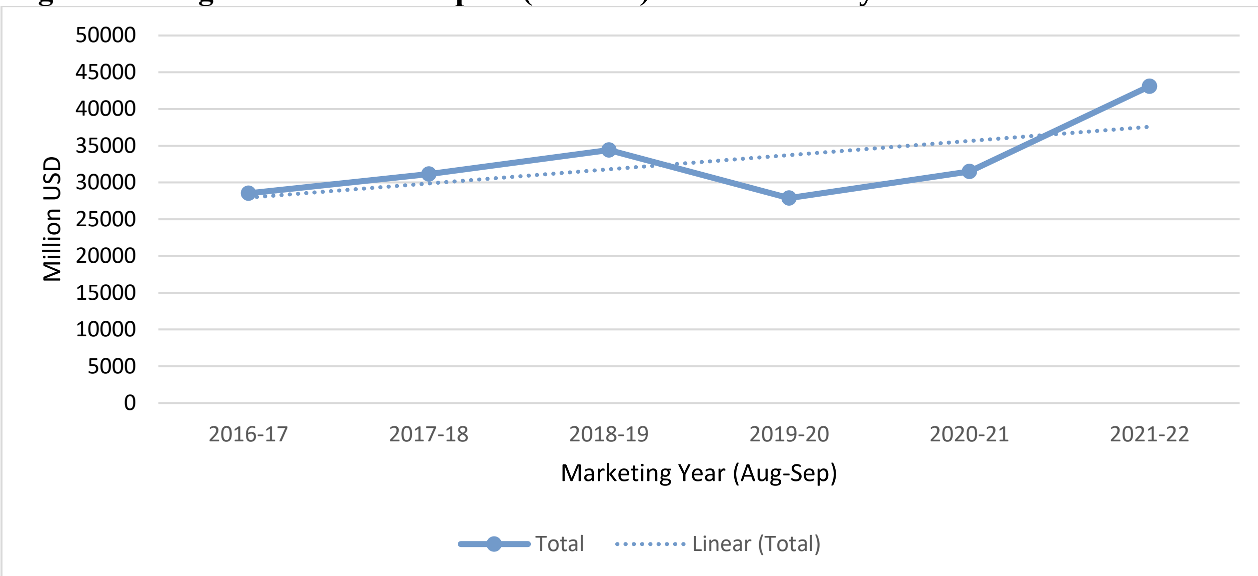
For MY 2022/23, Post revised its yarn production estimate down 13 percent to 1.3 million MT on lower importation of raw cotton (see the previous Cotton and Products Update Report). Post estimates MY 2022/23 fabric production at 4.5 billion meters, the same as Post's previous projection.

RMG Exports Hit a Record High

Bangladesh's RMG sector saw record high exports of $43.1 billion in MY 2021/22, up 37 percent from MY 2020/21 (Figure 1). Note that the COVID-19 pandemic adversely affected Bangladesh's RMG exports in MY 2020/21.

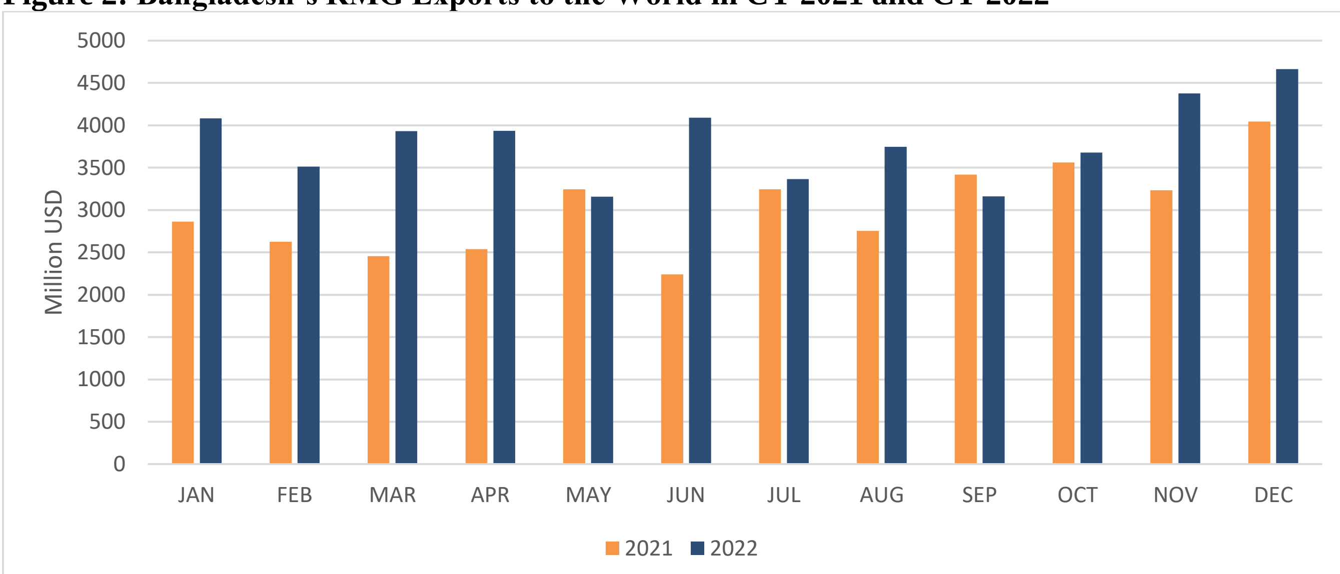
Bangladesh's RMG exports also hit a record high of $45.7 billion in calendar year (CY) 2022, up 26 percent from the previous year (Figure 2), on higher work orders.

Figure 1: Bangladesh's RMG Export (in value) to the World by MY



Source: BGMEA and Export Promotion Bureau of Bangladesh (EPB)

Figure 2: Bangladesh's RMG Exports to the World in CY 2021 and CY 2022



Source: BGMEA and EPB

In CY 2022 around 46 percent of Bangladesh's RMG export earnings came from woven products with remainder from Knit products. The export value of woven and knit products in CY 2022 were about $21 billion and $24.7, respectively (Table 6).

Table 6: Monthly Bangladesh's RMG Exports (Million $) to the World, by Product

Months	Woven		Knit		Total Exports	Total Exports
	CY 2022	CY 2023	CY 2022	CY 2023	CY 2022	CY 2023
January	1,972	2,121	2,112	2,301	4,084	4,422
February	1,716	1,844	1,796	2,100	3,512	3,944
March	1,881		2,050		3,931	
April	1,811		2,123		3,934	
May	1,415		1,743		3,158	
June	1,864		2,228		4,092	
July	1,513		1,854		3,367	
August	1,684		2,062		3,746	
September	1,428		1,734		3,162	
October	1,602		2,076		3,678	
November	1,990		2,388		4,378	
December	2,119		2,546		4,665	
Total:	**20,995**	**3,965**	**24,712**	**4,401**	**45,707**	**8,366**

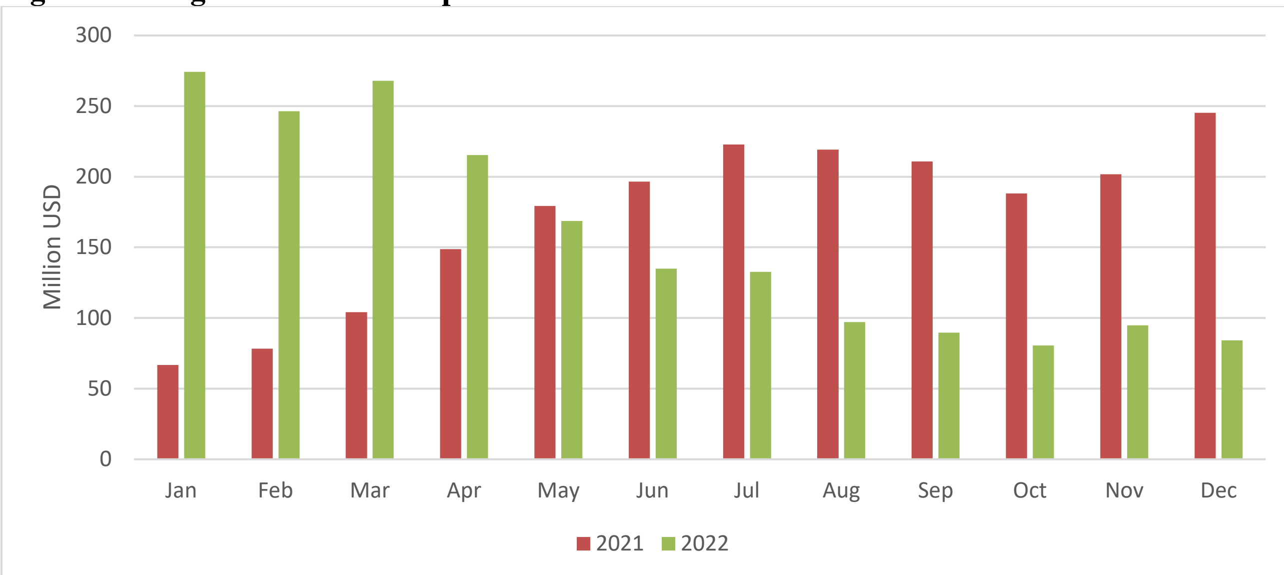
Source: BGMEA

Yarn Imports Fall; Exports Remain Steady

Bangladesh requires yarn imports to meet domestic demand. Preferred yarn exporters include India, Indonesia, China, Turkey, and Pakistan. According to Trade Data Monitor, LLC (TDM), in CY 2022 the value of Bangladesh's yarn imports under harmonized system (HS) codes 5204, 5205, and 5207 was about $1.9 billion, down 8.5 percent from the previous year (Figure 3). In 2022, India supplied 74 percent of Bangladesh's total yarn imports, followed by China (12 percent) and Pakistan (7 percent) (Figure 4).

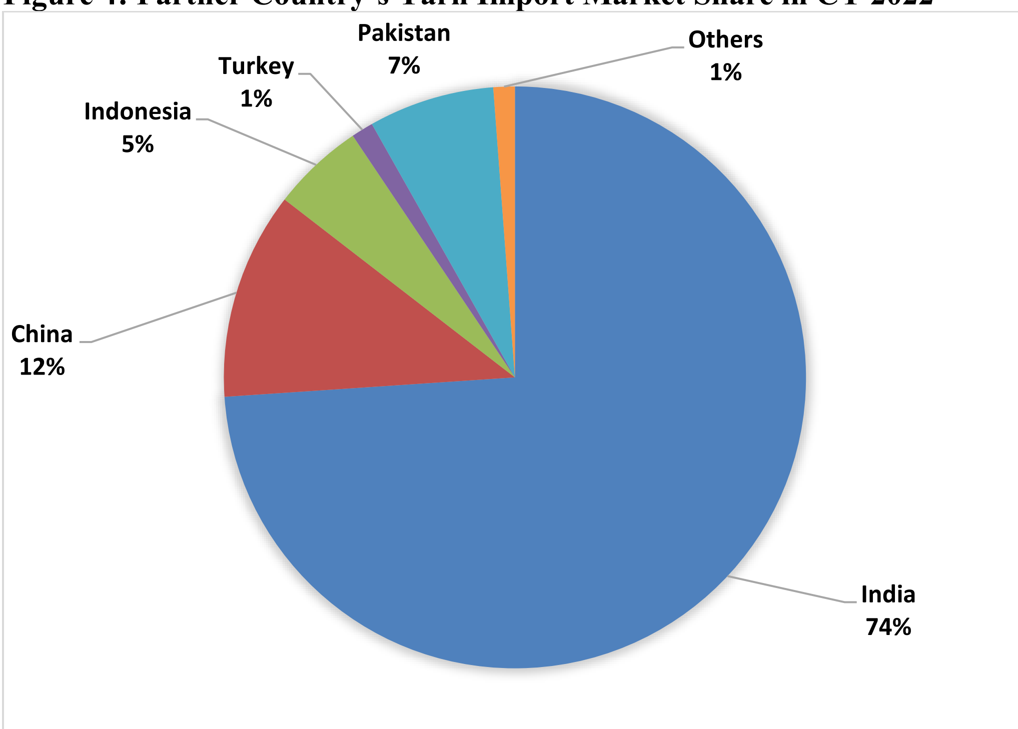
After recovering from the initial shock of the COVID-19 pandemic, Bangladesh started receiving more RMG orders, boosting demand for yarn. Thus, yarn imports started rising at the beginning of 2021 and the increase continued until the middle of 2022 (Figure 5). Then yarn imports fell gradually due to increasing fabric imports.

Figure 3: Bangladesh's Yarn Imports in CY 2021 and CY 2022



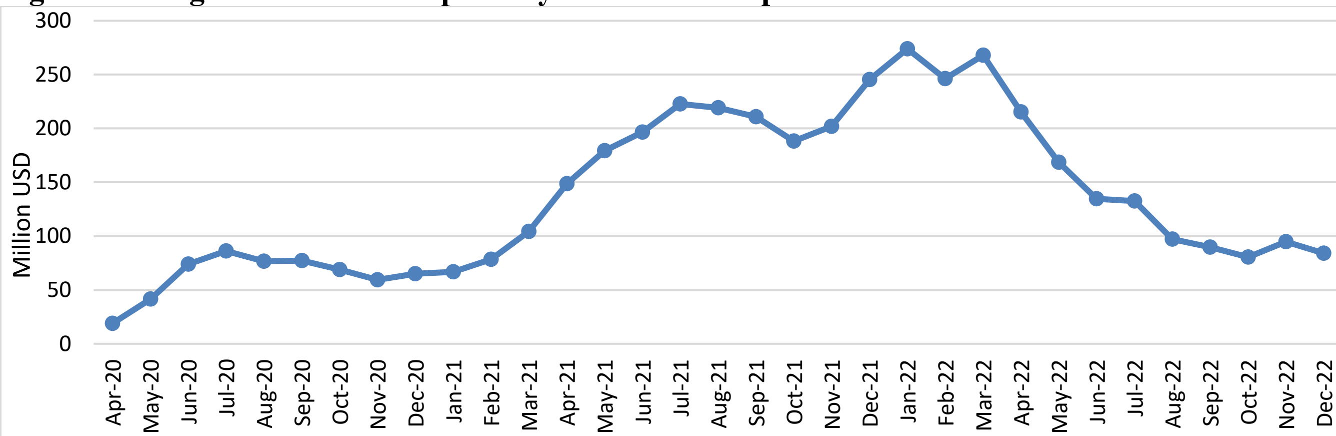
Source: TDM

Figure 4: Partner Country's Yarn Import Market Share in CY 2022



Source: TDM

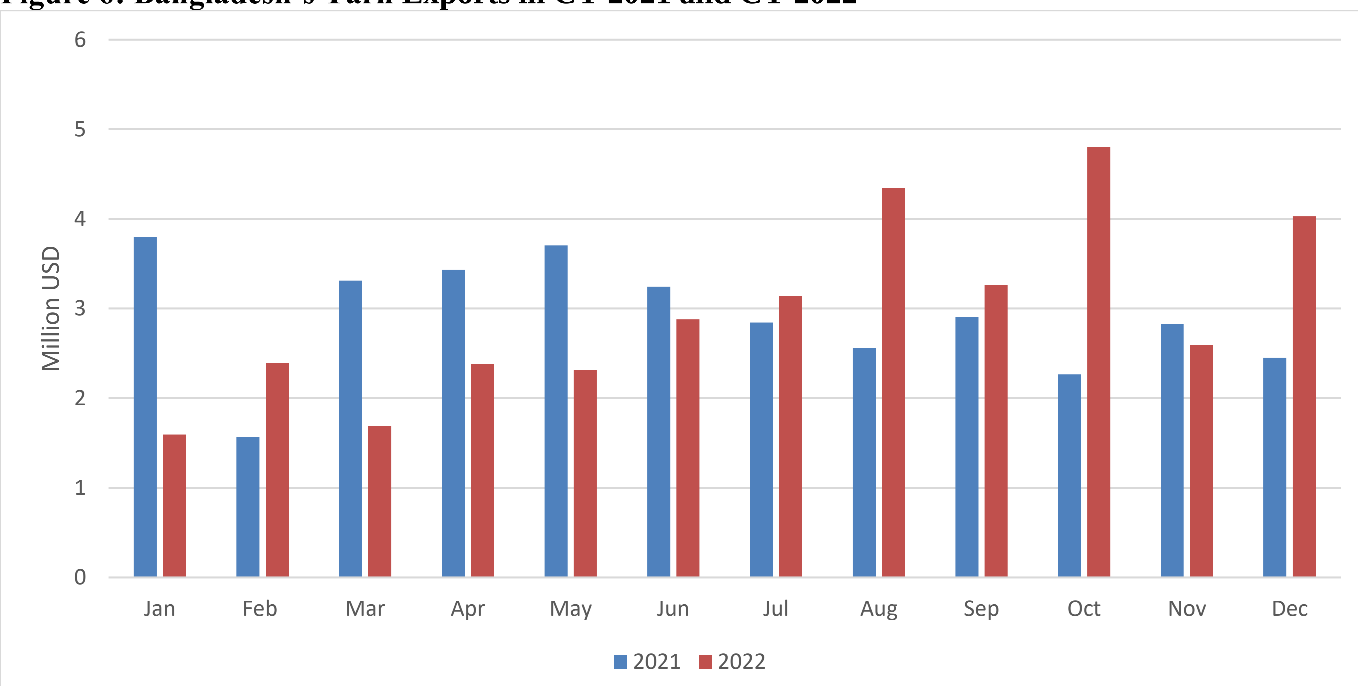
Figure 5: Bangladesh's Yarn Imports by Month from April 2020 to December 2022



Source: TDM

As mentioned above, Bangladesh's textile industry produces more than 1.5 million MT of yarn annually for domestic consumption. Bangladesh also exports yarn. In CY 2022, Bangladesh exported yarn valued at $35.4 million, almost the same as the previous year (Figure 6). China was the major importer.

Figure 6: Bangladesh's Yarn Exports in CY 2021 and CY 2022

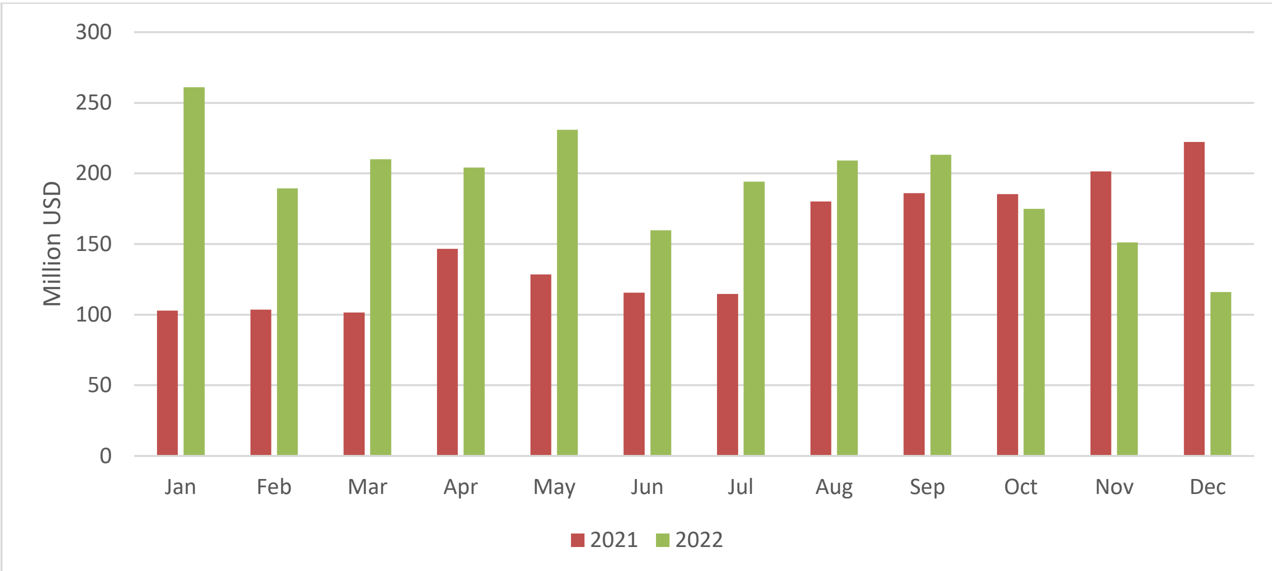


Source: TDM

Fabric Imports Rise and Exports Fall

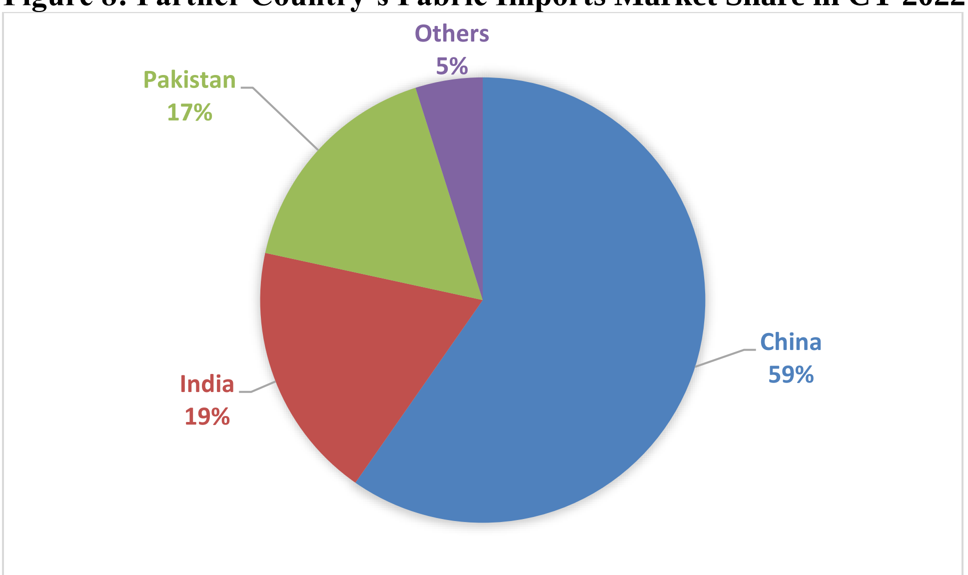
Bangladesh imports large quantities of fabric from the global market and exports limited quantities. According to TDM, the value of Bangladesh's fabric imports under HS codes 5208 and 5209 in CY 2022 was about $2.3 billion, up 6.5 percent over the previous year, on higher garments orders and lower importation of yarn (Figure 7). China is the preferred origin, supplying 59 percent of CY 2022 Bangladesh's fabric imports, followed by India (19 percent), and Pakistan (17 percent) (Figure 8).

Figure 7: Bangladesh's Fabric Imports in CY 2021 and CY 2022



Source: TDM

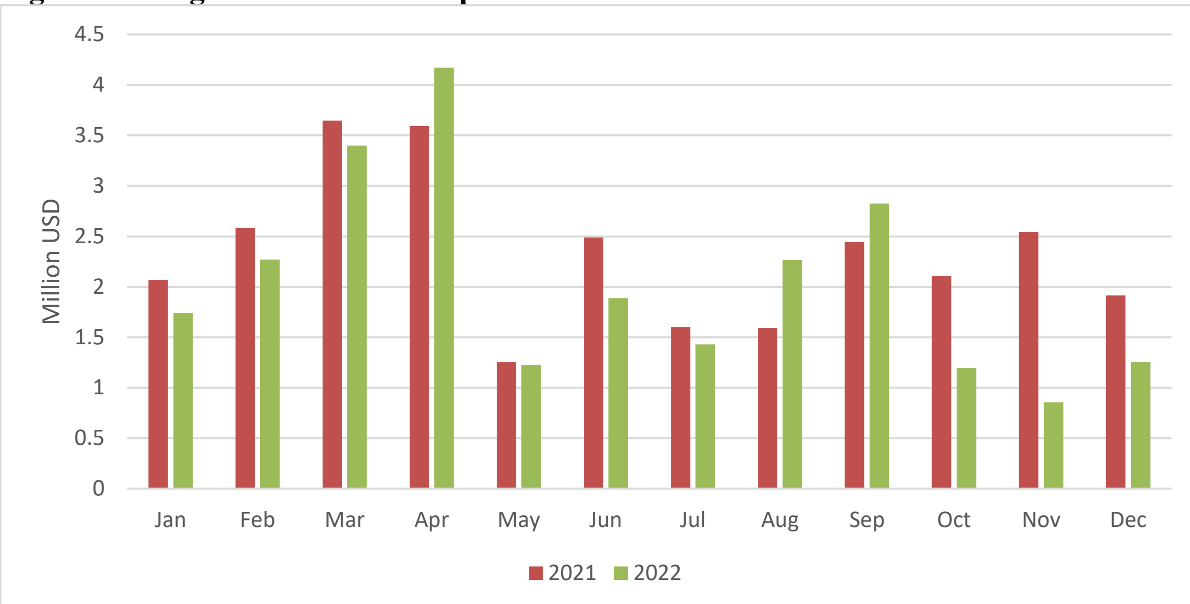
Figure 8: Partner Country's Fabric Imports Market Share in CY 2022



Source: TDM

The value of Bangladesh's fabric exports under HS codes 5208 and 5209 in CY 2022 decreased to $25 million, down 11 percent from the previous year (Figure 9). Major export destinations include India, Sri Lanka, and Egypt.

Figure 9: Bangladesh's Fabric Exports in CY 2021 and CY 2022



Source: TDM

Consumption

Raw Cotton Consumption to Rise

For MY 2023/24, Post forecasts domestic raw cotton consumption at 8.8 million bales, up 9 percent over the MY 2022/23 USDA official estimate, on rebounding demand and higher cotton imports.

For MY 2022/23, Post revised down its domestic raw cotton consumption estimate to 8.1 million bales, the same as the USDA official estimate. Post's MY 2022/23 raw cotton consumption estimate is approximately 2 percent lower than its previous projection (See GAIN Report: Cotton and Products Update published in November 2022) on high global prices, supply chain disruptions, higher inflation, and domestic economic stagnation.

After the initial shock of the COVID-19 pandemic and subsequent lockdowns in 2020, the Bangladesh RMG sector rebounded in 2021 and 2022, despite a few dull months at the middle and end of 2022 when work orders fell around 20 percent. The spinning industry slowed its raw cotton consumption at the end of 2022 due to lower supply of raw cotton and power shortages.

Post estimates MY 2021/22 domestic raw cotton consumption at 8.8 million bales, up 4 percent over the USDA official estimate.

Yarn and Fabric Consumption to Rise

Post forecasts MY 2023/24 yarn and fabric consumption at 2.2 million MT and 6.2 billion meters, respectively, on RMG production and export growth. For MY 2022/23, Post estimates yarn consumption at 1.8 million MT and fabric consumption at 6.0 billion meters.

Trade

Imports to Rebound

For MY 2023/24, Post forecasts raw cotton imports at 8.5 million bales, assuming an improved global supply and price situation and rebounding demand for raw cotton by the textile industry.

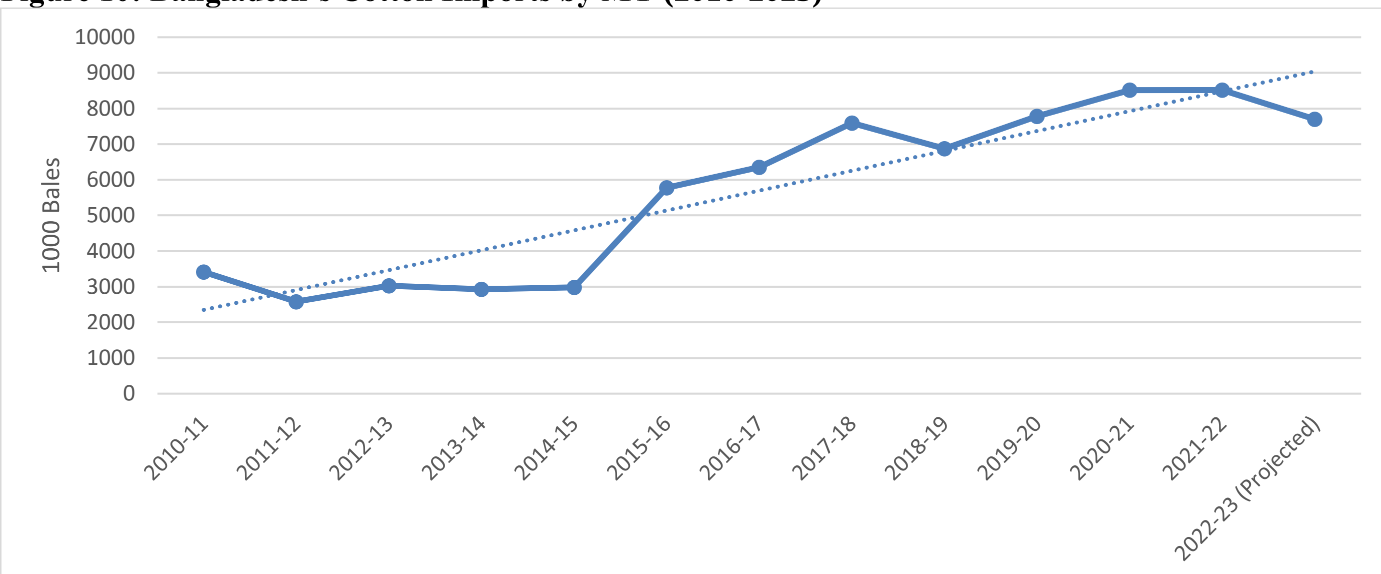
Post reduced its MY 2022/23 cotton import estimate to 7.7 million bales, down about 4 percent from its previous projection (See GAIN Report: Cotton and Products Update), and now equal to the USDA official estimate. Post expects MY 2022/23 imports to dip due to the domestic economic slowdown.

Post estimates MY 2021/22 cotton imports at 8.5 million bales, up around 4 percent over the USDA official estimate, on updated National Board of Revenue (NBR) data.

Bangladesh has been steadily increasing its cotton imports since MY 2014/15 (Figure 10).

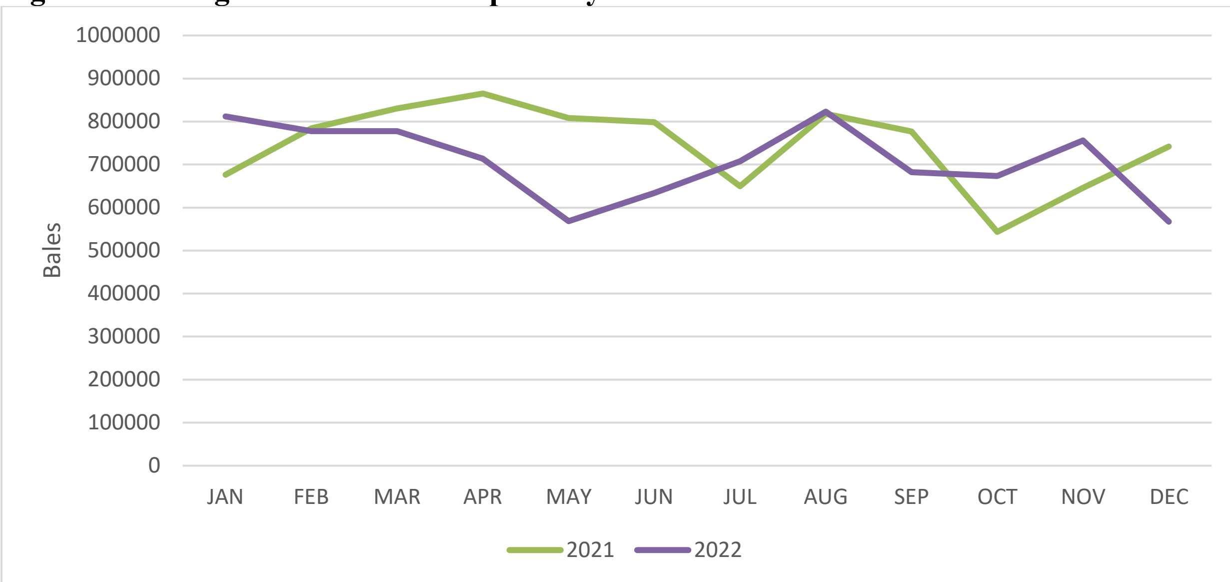
In CY 2022, Bangladesh imported 8.5 million bales, as compared to 8.9 million in CY 2021 (Figure 11).

Figure 10: Bangladesh's Cotton Imports by MY (2010-2023)



Source: NBR

Figure 11: Bangladesh's Cotton Imports by Month in CY 2021 and CY 2022



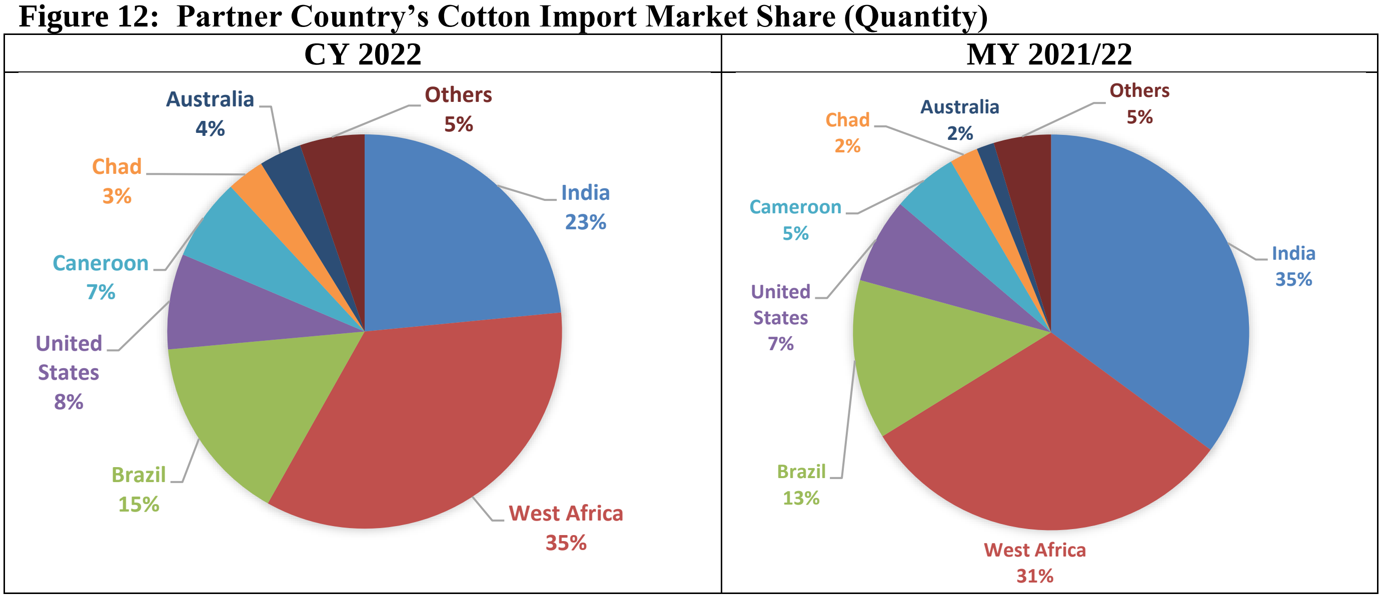
Source: NBR

India is the Prefer Exporter

In MY 2021/22, India supplied 35 percent of Bangladesh's total raw cotton imports. India is the preferred exporter due to its geographic proximity, lower transportation cost, and shorter shipment duration. West African countries, combined, supplied about 31 percent of raw cotton imports in MY 2021/22, followed by Brazil (13 percent) and the United States (7 percent) (Figure 12).

In CY 2022, India captured 23 percent market share.

Figure 12: Partner Country's Cotton Import Market Share (Quantity)



Source: NBR

Stocks

Cotton is only stocked by spinning mills for few months. For MY 2023/24, Post forecasts ending stocks at 1.9 million bales, approximately 7 percent lower than the MY 2022/23 USDA official estimate, on higher domestic consumption. Due to the higher demand for yarn and fabric, contacts note that local spinners will increase production and reduce stocks. Post estimates MY 2022/23 cotton ending stocks at 2.1 million bales, almost equal to the USDA official estimate.

Attachments:

No Attachments