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Bangladesh

Grain and Feed

Annual Report

2000

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Report Highlights:

The Bangladesh foodgrains situation has become quite comfortable as stocks are well above normal and the 1999/00 rice and wheat crops are estimated to set new records.

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

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Situation and Outlook

The Bangladeshi food grain situation has eased considerably in the year and a half since 1998's severe summer floods. Bumper 1998/99 boro season production offset the damaged aus and aman crops, and is being followed by record 1999/00 rice and wheat crops estimated at 20.2 and 1.9 million tons, respectively. The large crops and huge 1998/99 imports (5.5 million tons) have raised stocks to twice the normal levels. Imports are slowing considerably in 1999/00, but are expected to rebound slightly next year, with rice imports forecast at 1 million tons and wheat at 1.5 million.

In the past decade per capita food grain availability has increased 9 percent as supplies have grown at a much faster rate (17 percent) than the population (8 percent). The nation's enhanced food security can be attributed both to several excellent crops and the government's decision in the early 1990s to liberalize the import market for food grains. As evidenced in 1998/99, the private trade and donor organizations are capable of supplying adequate food grains during acute shortages stemming from natural calamities. The total supply of food grains actually peaked in 1998/99 (the year of the severe flood) due to record imports, most of which (particularly in value terms) was handled by the private trade.

RICE

Production

Harvested 1999/00 paddy area (10.5 mha) rose 8 percent compared with the 1998/99 crop (which declined 6 percent from the previous year due to severe flooding). This year's production is estimated at a record 20.2 million tons (aus, 1.7; aman, 9.5; and boro, 9.0). Output is forecast to increase marginally in 2000/01 to 20.5 million tons (aus, 1.8; aman, 9.5; and boro, 9.2) .

Rice is the most important food grain in Bangladesh. It is grown in three seasons and planted on nearly three-fourths of the country's cultivated land. In the past decade, seeded area has remained relatively stable at about 10.5 million hectares. There has, however, been a significant decline in summer (aus) paddy and increase in spring (boro) plantings.

Consumption

In the past decade, per capita rice consumption has increased by about 6 percent to 170 kg/capita. Total rice consumption is forecast at 21.6 million tons in 2000/01, up 4 percent from this year's estimated 20.8 million tons. Domestic rice prices were soft in the last half of 1999, with the December average price down 18 percent from December 1998. Consecutive bumper crops and the large government carry-over should keep prices relatively stable in 2000.

Trade

The wave of imports following the 1998 summer floods ebbed in the second half of 1999. Imports in 1999/00 are estimated at 200,000 tons (195,000 tons commercial and 5,00 donation), compared with the previous year's record imports of 3.06 million tons (3.0 million tons commercial and 59,000 tons concessional). On a calender year basis, 1999 rice imports are estimated at 1.79 million tons, versus 2.49 million tons imported in 1998. At present, rice supplies are comfortable and no significant surge in imports is anticipated. Next year's (2000/01) imports are forecast at 1.0 million.

Stocks

Government-held rice stocks at the end of 1999 were an estimated 628,000 tons, considerably higher than in previous years. The government has been cautious in releasing stocks in an effort to avoid downward pressure on prices which could discourage boro plantings. July 1, 2000 stocks are forecast at 475,000 tons, compared with 695,000 (government-held stocks) last year.

Hybrid Seed

Imports of hybrid rice seed have been allowed only since late 1998. In 1999, the private trade imported 2,200 tons of hybrid seed from China and India.

Tariff Treatment

Effective January 1, 2000, the import duty on rice was raised from zero to 5 percent. However, the 2.5 percent infrastructure development fee (in effect since 1997) was withdrawn. There are no quantitative restrictions on rice imports.

Marketing

Bangladesh is a price buyer, generally purchasing lower quality (25% or more broken) parboiled rice. The vast majority of imports are sourced from India due to its freight advantage and land transportation facilities. There is, however, a small niche market for high quality rice (basmati or its equivalent) from other origins.

WHEAT

Production

Next year's (2000/01) wheat production is forecast to match this year's record 1.9 million tons. The 1999/00 crop currently is in the vegetative stage and experiencing favorable weather conditions. The average yield is estimated at 2.25 tons/ha, the highest since 1984.

Consumption

While wheat accounts for only 10-15 percent of food grain consumption, urbanization and the dependence on imported grains (commercial and donated) have resulted in the increased consumption of wheat and wheat-based products. Wheat consumption peaked in 1998/99 at a record 4.0 million tons (during the severe floods). Consumption is estimated at 3.8 million tons in 1999/00 and is forecast to decline to 3.4 million in 2000/01.

This year's flour production is estimated at 700,000 tons, of which 260,000 tons is consumed by households, 180,000 tons by bakeries, 110,00 tons by hotels/restaurants, 100,000 tons by curbside sweetmeat manufacturers and 50,000 tons by pasta makers. Ready-to-eat wheat-based products are increasingly popular and are expected to generate additional demand of up to 100,000 tons annually.

Imported US wheat (#2HRW) sells at taka 10,300 ($202)/ton, compared with Canadian wheat at taka 10,060 ($184)/ton. Currently, the average retail price of flour is taka 15 ($0.29)/kg, down 13 percent from last year's level. The average retail price of atta is taka 12 ($0.23)/kg.

Trade

Wheat imports have fallen from a recent high of 2.41 million tons in 1998/99 to an estimated 1.82 million tons in 1999/00. They are forecast to decline to a relatively normal level of 1.5 million tons in 2000/01.

The 1998/99 imports played a critical role in improving food security and price stability in the aftermath of the 1998 summer floods. More concessional wheat was booked than needed, however, and this year's (1999/00) imports include a substantial carry forward from the previous year's contracts. The 1999/00 imports consist of 735,000 tons (commercial) and 1.08 million tons (donation). Commercial imports include Australia (300,000 tons), US (150,000 tons), EU (150,000 tons), Turkey (60,000 tons), Canada (50,000 tons) and India (25,000 tons). Donations include 300,000 tons under Section 416(b) (carried forward from 1998/99), 183,000 tons under PL-480, Title II, 389,000 tons under the WFP and 213,000 tons from other sources. Imports in 2000/01 are forecast at 1.5 million tons (1.0 million tons commercial and 500,000 tons donation).

Factors Affecting US Trade

From the mid-1980's until the early-1990's the United States was the dominant supplier of wheat to Bangladesh. With the suspension of EEP, however, Bangladesh began to purchase lower-cost supplies. While some private millers continue to select US wheat to meet demand from the top end of the flour market, most have switched to lower-priced wheat from the EU and Australia. The government, traditionally a price buyer, has purchased considerable quantities of EU wheat. Changes in government contract terms in 1996 – calling for performance bonds and payment adjustments based on inspections upon arrival -- have exposed US suppliers to greater risk, leading to higher prices. Consequently, Bangladesh has become a less attractive market.

Stocks

Government-held stocks as of December 1999 were estimated at 870,000 tons, twice the prescribed level. The government is under pressure to release old and deteriorating stocks, but finds it difficult to balance supplies so as not to depress prices and create disincentives for farmers. June 30, 2000 ending stocks are estimated at 500,000 tons (460,000 tons government and 40,000 tons private).

Tariff Treatment

Wheat imports are subject to a 7.5 percent tariff and a 2.5 percent infrastructure development fee.

Marketing

US Wheat Associates has been successful in enhancing technical appreciation for the quality of US wheat and in establishing some degree of "product" loyalty. Efforts to address the issues of acceptable contract terms and pricing are continuing.

Statistical Tables

Table 1: Commodity, Rice Milled, PSD

PSD Table							
Country:	Bangladesh						
Commodity:	Rice, Milled						
		1998		1999		2000	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		07/1998		07/1999		07/2000	(MONTH/YEAR)
Area Harvested	9974	9689	10470	10470	0	10470	(1000 Hectares)
Beginning Stocks	400	400	800	800	0	475	(1000 MT)
Milled Production	18854	19853	19650	20234	0	20500	(1000 MT)
Rough Production	28284	29782	29478	30354	0	20751	(1000 MT)
Milling Rate(.9999)	6666	6666	6666	6666	0	6666	(1000 MT)
TOTAL Imports	3068	3056	500	200	0	1000	(1000 MT)
Jan-Dec Imports	2457	2485	1800	1786	0	600	(1000 MT)
Jan-Dec Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	22322	23309	20950	21234	0	21975	(1000 MT)
TOTAL Exports	0	0	0	0	0	0	(1000 MT)
Jan-Dec Exports	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumption	21522	22509	20250	20759	0	21575	(1000 MT)
Ending Stocks	800	800	700	475	0	400	(1000 MT)

Table 2: Rice, Milled, Import Trade Matrix

Import Trade Matrix			
Country:		Units:	Metric Tons
Commodity:			
Time period:			
Imports for	1998		1999
U.S.		U.S.	
Others		Others	
India	2457000	India	1742000
Pakistan	15000	Pakistan	6000
Burma	11000	Italy	3000
Italy	2000	Thailand	33000
Total for Others	2485000		1784000
Others not listed			2000
Grand Total	2485000		1786000

Table 3: Commodity, Wheat, PSD

PSD Table							
Country:	Bangladesh						
Commodity:	Wheat						
		1998		1999		2000	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		07/1998		07/1999		07/2000	(MONTH/YEAR)
Area Harvested	805	805	845	845	0	850	(1000 Hectares)
Beginning Stocks	325	325	325	550	0	500	(1000 MT)
Production	1803	1803	1900	1900	0	1900	(1000 MT)
TOTAL Mkt. Yr. Imports	2424	2409	1500	1820	0	1500	(1000 MT)
Jul-Jun Imports	2424	2409	1500	1820	0	1500	(1000 MT)
Jul-Jun Import U.S.	638	690	700	633	0	500	(1000 MT)
TOTAL SUPPLY	4552	4537	3725	4270	0	3900	(1000 MT)
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0	(1000 MT)
Jul-Jun Exports	0	0	0	0	0	0	(1000 MT)
Feed Dom. Consumption	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumption	4227	3987	3225	3770	0	3400	(1000 MT)
Ending Stocks	325	550	500	500	0	500	(1000 MT)
TOTAL DISTRIBUTION	4552	4537	3725	4270	0	3900	(1000 MT)

Table 4: Wheat, Import Trade Matrix

Import Trade Matrix			
Country:		Units:	
Commodity:			
Time period:			
Imports for	1998		1999
U.S.	744000	U.S.	633000
Others		Others	
Australia	476000	Australia	350000
EU	519000	EU	200000
Canada	97000	Canada	138000
France	25000	France	25000
WFP	372000	WFP	389000
Turkey	176000	Turkey	60000
		India	25000
Total for Others	1665000		1187000
Others not listed			
Grand Total	2409000		1820000

Table 5: Rice Imports: Commercial & Concessional by Country of Origin, 1991-1999 (Jan - Dec)
(Thousand Metric Tons)

COUNTRY/	1991	1992	1993	1994	1995	1996	1997	1998	1999
SOURCE								REV	PRE
JAPAN	0	0	0	0	0	0	0	0	0
BURMA	1	0	0	0	10	0	0	11	0
THAILAND	5	0	0	0	30	0	4	0	33
PAKISTAN	21	16	66	137	140	10	7	15	6
USA	0	0	0	0	0	0	0	0	0
CHINA	0	0	0	0	0	0	0	0	0
NORWAY	0	0	0	0	0	0	0	0	0
VIETNAM	0	0	0	0	0	0	12	0	0
ITALY	1	0	0	0	1	0	0	2	3
INDIA	5	0	0	25	1188	498	26	2457	1742
KUWAIT	3	0	0	0	0	0	0	0	0
WFP	3	18	0	0	0	0	0	0	0
OTHER	2	0	0	0	0	0	0	0	2
TOTAL	41	34	66	162	1369	508	49	2485	1786

Table 6: Rice Imports: Commercial & Concessional by Country of Origin (1991/92 - 1999/2000) (July - June)
(Thousand Metric Tons)

COUNTRY/	91/92	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/00
SOURCE								REV	PRE
CONCESSIONAL									
WFP	0	18	0	0	0	10	0	36	2
PAKISTAN	32	1	0	0	0	0	0	1	0
KUWAIT	3	0	0	0	0	0	0	0	0
THAILAND	4	0	0	0	0	0	0	0	0
INDIA	0	0	0	0	0	0	0	19	0
OTHERS	0	0	0	0	0	0	0	3	3
SUBTOTAL	39	19	0	0	0	10	0	59	5
COMMERCIAL									
BURMA	0	0	0	10	0	0	11	0	0
THAILAND	0	0	0	30	0	0	0	0	0
PAKISTAN	0	0	66	197	16	7	14	2	6
INDIA	0	0	0	576	1124	16	1047	2995	189
VIETNAM	0	0	0	0	0	0	12	0	0
SUBTOTAL	0	0	66	813	1140	23	1084	2997	195
GRAND TOTAL	39	19	66	813	1140	33	1084	3056	200

Table 7: Foodgrain Availability & Consumption in Bangladesh
(Thousand Metric Tons)

	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
Stocks (Rice + Wheat)	600	826	981	880	725	1350	975
Rice (Govt. + Private) Importer	250	376	611	400	400	800	475
Govt.	250	376	611	395	352	695	465
Private Importer	-	-	-	5	48	105	10
Wheat (Govt. + Private) Importer	350	450	370	480	325	550	500
Government	300	396	328	466	278	503	440
Private Importer	50	54	42	14	47	47	60
Production (Rice + Wheat)	17964	18932	20252	20316	21656	22134	22400
Rice (Milled)	16833	17687	18882	18862	19853	20234	20500
Wheat	1131	1245	1370	1454	1803	1900	1900
Import (Rice + Wheat)	2567	2434	967	1932	5465	2020	2500
Rice	813	1140	33	1084	3056	200	1000
Wheat	1754	1294	934	848	2409	1820	1500
(Concessional)	935	743	608	549	1175	1085	700
(Commercial)	819	551	326	299	1249	735	1300
Total Supply (Rice + Wheat)	21131	22192	22200	23128	27846	25504	25875

Rice	17896	19203	19526	20346	23309	21234	21975
Wheat	3235	2989	2674	2782	4537	4270	3900
Consumption (Rice + Wheat)	20305	21211	21325	22403	26496	24529	25075
Rice	17520	18592	19406	19946	22509	20759	21575
Wheat	2785	2619	2279	2457	3987	3770	3400
Population (Million)	119.7	121.6	123.4	125.2	127.1	129.0	130.9
Per Capita Consumption (kg)	169	175	175	179	208	191	191
Rice	146	153	157	159	177	162	165
Wheat	23	22	18	20	31	29	26

Source: Bangladesh Bureau of Statistics & FAS/Dhaka estimates

Table 8: Wheat Imports, Commercial & Concessional by Country of Origin (1991/92 - 1999/00) (July - June)
Thousand Metric Tons

COUNTRY/	91/92	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/00
SOURCE								REV	PRE
CONCESSIONAL									
US PL-480									
TITLE I / 416 B	0	0	0	0	0	0	0	350	300
TITLE II	75	0	38	80	0	135	120	133	183
TITLE III	459	221	209	225	170	29	0	0	0
WFP	402	224	93	295	167	96	185	372	389
CANADA	127	160	108	45	78	82	91	97	88
EEC/EU	125	0	90	185	225	161	81	90	50
FRANCE	40	0	20	20	23	20	22	25	25
GERMANY	13	15	0	0	0	0	0	0	0
AUSTRALIA	47	48	43	50	47	54	50	54	50
JAPAN 1/	52	46	53	35	30	31	0	54	0
NORWAY	2/ 31	0	0	0	0	0	0	0	0
BELGIUM	0	0	0	0	3	0	0	0	0
OTHERS	3	2	0	0	0	0	0	0	0
SUBTOTAL	1374	716	654	935	743	608	549	1175	1085
COMMERCIAL									
U.S.	150	290	202	749	337	26	0	207	150
AUSTRALIA	0	0	28	12	52	228	45	422	300
CANADA	0	0	0	0	0	0	58	0	50
TURKEY	0	30	0	0	0	0	0	191	60
SAUDI ARABIA	0	82	0	0	0	0	0	0	0
ARGENTINA	0	25	0	28	0	50	0	0	0
INDIA	0	0	0	30	162	26	32	0	25
EU	0	0	0	0	0	46	164	414	150
OTHERS	0	0	0	0	0	0	0	0	0
SUBTOTAL	150	427	230	819	551	376	299	1234	735
GRAND TOTAL	1524	1143	884	1754	1294	984	848	2409	1820

Note: 1/ Purchase from USA under Kennedy Round Credit.
2/ Purchase from USA under EEP.