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Bangladesh

Grain and Feed

Grain and Feed Annual

2007

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Report Highlights:
Bangladesh's foodgrain production in MY 2007/08 is forecast at 30.1 million tons (29.4 million tons of rice and 740,000 tons of wheat), up slightly from the MY 2006/07 estimates. Imports of foodgrains are forecast at 2.6 million tons (0.5 million tons of rice and 2.1 million tons of wheat) up by about two percent from MY 2006/07 imports. Although India continued to be the single largest supplier of rice, Bangladeshi importers have largely diversified their sources of wheat due to the dwindling exportable supplies in India.

Includes PS&D Changes: Yes
Includes Trade Matrix: Yes
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[BG]

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SECTION I – SITUATION AND OUTLOOK

RICE

Production

Assuming a normal summer monsoon, MY 2007/08 (July-June) rice production in Bangladesh is forecast at 29.4 million tons from 11.2 million hectares. Rice production in MY 2006/07 is currently estimated at 29.2 million tons up slightly by 1 percent from MY 2005/06 production. Bangladesh harvests three rice crops in a year. The current year's first crop (Aus) planted in March/April and harvested in June/July, is estimated at 1.9 million tons. The second crop (Aman) planted in July/August and harvested in November/December, experienced delayed and poor monsoon moisten initially but later enjoyed very favorable weather conditions from the tillering through harvesting stages. Therefore, the second rice crop ended with estimated production of 12.5 million tons, compared to 12.2 million tons in MY 2005/06. The third crop, (Boro) planted in December/January and harvested in April/May, presently in its vegetative stage, is benefiting from favorable weather conditions with expected production of 14.8 million tons. Area and production estimates of rice by season are shown below in Table 1.

Table 1: Area and Production of Rice by Seasons

Crop	2005/06 (Estimates)		2006/07 (Estimates)		2007/08 (Forecast)	
	Area (tha)	Production (tmt)	Area (tha)	Production (tmt)	Area (tha)	Production (tmt)
Aus (1st)	1,090	2,058	1,040	1,900	1,000	1,800
Aman (2nd)	5,760	12,200	5,820	12,450	5,840	12,600
Boro (3rd)	4,250	14,500	4,340	14,800	4,400	15,000
Total Rice	11,100	28,758	11,200	29,150	11,240	29,400

Consumption

Rice consumption in MY 2007/08 (food, seed, and feed use) is forecast to increase to 30.0 million tons due to an expected combined increase in production, inadequate availability of wheat, and population growth. Consumption in MY 2006/07 is estimated at 29.8 million tons, up by a modest two percent from MY 2005/06.

Despite successive good harvests, rice prices remained high in CY 2006, due mainly to higher import costs. There is also a perception that practices adopted by traders have also pushed prices higher. The average wholesale price of coarse rice in December 2006 was Taka 18,250 (US $265) per ton, which is 7.4 percent higher than the average December 2005 prices.

Trade

Considering carryover stocks held by farmers, traders, and the government, MY 2007/08 rice imports are forecast at 500,000 tons (almost entirely private imports) sourced principally from India.

Rice imports in MY 2006/07 are estimated at 450,000 tons as compared to 531,000 tons in MY 2005/06. On a calendar year basis, rice imports in 2006 are estimated at 548,000 tons, compared to 908,000 tons in 2005. No government rice imports have been planned for MY 2006/07. Rice imports have fallen the last couple of years due to the increasing cost of imported rice and successive good domestic harvests. Based on current information, July-December 2006 imports are estimated at 235,100 tons as compared to 220,000 tons during the corresponding period in 2005.

Stocks

Public sector carryover stocks of rice in MY 2006/07 are estimated at 418,000 tons. In addition to these supplies, stocks of about 7 million tons of rice are estimated to be carried over by farmers and traders, which are not included in the PS&D table. The government's rice procurement target for MY 2006/07 is 1.12 million tons, compared to last year's actual procurement of 944,000 tons. December 31, 2006 stocks held by the government were 535,000 tons, compared to 600,000 ton on December 31, 2005. The targeted quantity of public distribution of rice in MY 2006/07 is 1.32 million tons compared to actual distribution of 1.01 million tons in MY 2005/06.

Policy

The present tariff structure of rice imports consists of a 6.0 percent customs duty, 3.0 percent advance income tax, and 2.5 percent infrastructure development surcharge. 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 its equivalent) imported from India/Pakistan, as well as for local aromatic varieties. India is the single largest supplier, enjoying a 90 percent share, of Bangladesh's imported rice. Importing rice from the US is not commercially feasible due to the high freight cost, high price, and longer shipping period compared to other origins.

WHEAT

Production

Assuming normal weather conditions in MY 2007/08, wheat production is forecast at 740,000 tons from 450,000 hectares. Wheat production in 2006/07 is estimated at 780,000 tons from 480,000 hectares. Wheat cultivation is steadily losing acreage due to the absence of appropriate high yielding varieties (HYVs), and tough competition from HYVs of rice, including hybrids and other remunerative crops like potato, maize and winter vegetables. Maize cultivation is expanding rapidly with growing demand from the livestock industry, especially poultry. Currently, wheat cultivation in Bangladesh is the preferred option for farmers under non-irrigated conditions and with low input (fertilizer, insecticides, and labor) use.

Consumption

Wheat consumption in MY 2006/07 is estimated at 2.9 million tons. Due to the continued price rise relative to rice and reduced availability, wheat consumption is not expected to grow but rather is forecast to remain the same in MY 2007/08.

The government run Public Food Distribution System (PFDS) has heavily scaled down wheat distribution and thus rural consumption (constituting more than 70 percent of the population) of wheat is declining significantly. However, urban consumption is growing steadily due to changes in food habits and the growth in the HRI sector.

The average wholesale price of the white fine flour and "atta" (coarse flour) in December 2006 was Taka 24,000 ($348) per ton and Taka 18,000 ($260) per ton respectively, as compared to Taka 20,000 ($303) and Taka 14,300 ($217) respectively in December 2005.

Trade

Imports of wheat in MY 2007/08 are forecast at 2.1 million tons which consists of 100,000 tons of food aid, 300,000 tons of public sector imports, and 1.7 million tons of commercial imports. Total imports are forecast to be the same as in MY 2006/07.

Bangladeshi importers have consolidated business ties with new suppliers from countries such as Russia, Kazakhstan and Ukraine due to restricted availability in India. By January 2007 the Government may manage to obtain just 50,000 tons of wheat, from its procurement goal of 300,000, tons from the international market. According to available reports, during the current marketing year, (though December 2006) around 995,000 tons of wheat has arrived in the country as compared to about 800,000 tons during the corresponding period last year.

Stocks

Government held wheat stocks at the beginning of MY 2006/07 were 167,000 tons as compared to 142,000 tons in MY 2005/06. The Government’s import of 103,000 tons helped improve ending stocks in MY 2005/06, with almost no procurement from the domestic market. In recent years, the declining trend of food aid in the form of wheat imports into the country has heavily affected wheat stocks on hand by the government. The current year’s domestic procurement target is 75,000 tons, which is unlikely to be achieved unless the procurement price of wheat is fixed at parity with the market price. Private sector carryover stocks of wheat in MY 2006/07 are estimated at around 220,000 tons, which is not included in the PS&D table as the Post stock estimate includes only government stocks.

Policy

The present tariff structure of wheat imports consists of a 6.0 percent customs duty, 3.0 percent advance income tax, and a 2.5 percent infrastructure development surcharge. There is no quantitative restriction on wheat imports.

Marketing

Bangladesh is predominantly a buyer of inexpensive lower quality wheat. India is the preferred origin, due to the low price and freight advantages, whereas Australia and Canada are traditional sources of higher quality wheat. Following the dwindling supplies from India in recent years, Bangladeshi importers are sourcing cheap wheat from Eastern European and Central Asian countries. Unfavorable contract terms in the case of government purchases, and the inability of private buyers to import economically viable volumes are the major constraints to U.S. wheat exports to Bangladesh. Buyers are usually willing to pay a premium of around $10-12 per metric ton for U. S. wheat. Addressing the issues of acceptable contract terms and pricing are a priority.

SECTION II – STATISTICAL TABLES

Table 1: Commodity, Rice, Milled PS&D

PSD Table										
Country	**Bangladesh**									
Commodity	**Rice, Milled**						(1000 HA) (1000 MT) (MT/HA)			
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		07/2005	07/2005		07/2006	07/2006		07/2007	07/2007	MM/YYYY
Area Harvested	11100	11100	11100	11200	11240	11200	0	0	11240	(1000 HA)
Beginning Stocks	169	439	439	527	757	568	477	507	418	(1000 MT)
Milled Production	28758	28758	28758	29100	29150	29150	0	0	29400	(1000 MT)
Rough Production	43141	43141	43141	43654	43729	43729	0	0	44104	(1000 MT)
Milling Rate (.9999)	6666	6666	6666	6666	6666	6666	0	0	6666	(1000 MT)
MY Imports	600	560	531	600	600	450	0	0	500	(1000 MT)
TY Imports	600	992	908	600	600	548	0	0	600	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	29527	29757	29728	30227	30507	30168	477	507	30318	(1000 MT)
MY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
TY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Consumption	29000	29000	29160	29750	30000	29750	0	0	30000	(1000 MT)
Ending Stocks	527	757	568	477	507	418	0	0	318	(1000 MT)
Total Distribution	29527	29757	29728	30227	30507	30168	0	0	30318	(1000 MT)
Yield (Rough)	3.886577	3.886577	3.886577	3.897679	3.89048	3.904375	0	0	3.923843	(MT/HA)

Table 2: Commodity, Rice, Import Trade Matrix

Import Trade Matrix			
Country	Bangladesh		
Commodity	Rice, Milled		
Time Period		Units:	
Imports for:	2005		**2006**
U.S.		U.S.	
Others		Others	
India	783000	India	462000
Pakistan	28000	Pakistan	28000
Thailand	20000	Thailand	12000
Vietnam	16000	Vietnam	8000
Myanmer	26000	Myanmer	18000
Total for Others	873000		528000
Others not Listed	35000		20000
Grand Total	908000		548000

Table 3: Commodity, Rice, Prices Table

Prices Table			
Country	Bangladesh		
Commodity	Rice, Milled		
Prices in	2006	per uom	
Year	2005	2006	% Change
Jan	16450	16850	2.4%
Feb	16560	16850	1.8%
Mar	16250	17000	4.6%
Apr	15320	16500	7.7%
May	14800	16250	9.8%
Jun	15220	16750	10.1%
Jul	16040	17500	9.1%
Aug	15980	17750	11.1%
Sep	15890	17500	10.1%
Oct	15810	17700	12.0%
Nov	16500	18000	9.1%
Dec	17000	18250	7.4%
Exchange Rate	69	Local Currency/US $	
Date of Quote	07-Feb-07	MM/DD/YYYY	

Table 4: Commodity, Wheat, PS&D

PSD Table										
Country	**Bangladesh**									
Commodity	**Wheat**						(1000 HA) (1000 MT) (MT/HA)			
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		07/2005	07/2005		07/2006	07/2006		07/2007	07/2007	MM/YYYY
Area Harvested	480	480	480	450	450	450	0	0	440	(1000 HA)
Beginning Stocks	752	193	142	581	63	167	361	43	147	(1000 MT)
Production	820	820	820	780	780	780	0	0	740	(1000 MT)
MY Imports	2009	1800	2030	2100	2000	2100	0	0	2100	(1000 MT)
TY Imports	2009	1800	2030	2100	2000	2100	0	0	2100	(1000 MT)
TY Imp. from U.S.	66	65	66	0	60	0	0	0	0	(1000 MT)
Total Supply	3581	2813	2992	3461	2843	3047	361	43	2987	(1000 MT)
MY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
TY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Consumption	0	0	0	0	0	0	0	0	0	(1000 MT)
FSI Consumption	3000	2750	2825	3100	2800	2900	0	0	2900	(1000 MT)
Total Consumption	3000	2750	2825	3100	2800	2900	0	0	2900	(1000 MT)
Ending Stocks	581	63	167	361	43	147	0	0	87	(1000 MT)
Total Distribution	3581	2813	2992	3461	2843	3047	0	0	2987	(1000 MT)
Yield	1.708333	1.708333	1.708333	1.733333	1.733333	1.733333	0	0	1.681818	(MT/HA)

Table 5: Commodity, Wheat, Import Trade Matrix

Import Trade Matrix			
Country	Bangladesh		
Commodity	Wheat		
Time Period	Jul/Jun	Units:	
Imports for:	2005		**2006**
Concessional		**Concessional**	
U.S.	70000	U.S.	30000
Others		**Others**	
WFP	32000		35000
Australia	58000		12000
Commercial		**Commercial**	
India	250000	India	205000
Canada	100,000	Canada	110000
Australia	330,000	Australia	350000
Argentina	70,000	Argentina	100000
Russia	545,000	Russia	700000
Ukraine	124,000	Ukraine	148000
Signapore	30,000	Kazakhstan	120000
Kazakhstan	128,000	Tunisia	40000
Hungary	43,000		
Total for Others	1710000		1820000
Others not Listed	250000		250000
Grand Total	2030000		2100000

Table 6: Commodity, Wheat, Prices Table

Prices Table			
Country	Bangladesh		
Commodity	Wheat		
Prices in	2006	per uom	
Year	2005	2006	% Change
Jan	13070	14500	11%
Feb	13280	14750	11%
Mar	12970	14800	14%
Apr	12650	14800	17%
May	12680	14800	17%
Jun	12960	15000	16%
Jul	13560	15250	12%
Aug	13530	16000	18%
Sep	13620	16800	23%
Oct	14170	17250	22%
Nov	14250	17750	25%
Dec	14300	18000	26%
Exchange Rate	69	Local Currency/US $	
Date of Quote	07-Feb-07	MM/DD/YYYY	