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Bangladesh

Grain and Feed

Annual

2002

Approved by:
Weyland Beeghly
U.S. Embassy
Prepared by:
Sayed Sarwer Hussain

Report Highlights:

Bangladesh 2001/02 foodgrain production is estimated at a record 27.39 million tons, 2.4 percent above last year's crop. Rice imports are expected to decline this year while imports of wheat are increasing. With large export subsidies and a freight advantage, India has become the largest supplier of both grains to Bangladesh.

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

Summary

Bangladesh's 2001/02 foodgrains production is estimated at a record 27.39 million tons (25.64 rice and 1.75 wheat), 2.4 percent above 2000/01 output. MY 2001/02 imports are forecast at 1.85 million tons, compared with 1.56 million in 2000/01. Government measures to discourage imports (particularly of rice) raised prices in MY 2001/02 despite a good aman harvest, but a recent reduction in LC margins (to 25 percent) and the implementation of food aid programs are expected to moderate rising consumer prices.

Rice

Production

This year's rice harvest is estimated at a record 25.64 million tons, 2.2 percent above 2000/01 production. Although the aus (planted in Mar/Apr and harvested in Jun/Jul) and aman (planted in Jun/Jul and harvested in Nov/Dec) were slightly below last year's level, the boro (spring) crop, now in the vegetative stage, is benefitting from favorable weather and an adequate supply of inputs which should lead to a record harvest. Rice area and production estimates by season follow:

Table 1: Area and Production of Rice by Season

	1999/00 (Official)		**2000/01 (Estimate)**		**2001/02 (Estimate)**	
Season	Area (tha)	Production (tmt)	Area (tha)	Production (tmt)	Area (tha)	Production (tmt)
Aus	1,351	1,734	1,400	1,915	1,398	1,840
Aman	5,705	10,305	5,725	11,247	5,739	11,200
Boro	3,652	11,027	3,762	11,923	3,850	12,600
Total	10,708	23,066	10,887	25,085	10,987	25,640

Rice production in 2002/03 will largely depend on the 2002 monsoon rains. Assuming normal weather conditions, production is likely to reach the government's target of 26 million tons from 10.9 million hectares (aus 1.75 million tons, aman 11.5 million, and boro 12.75 million.

Consumption

Rice is the principal food of Bangladesh, accounting for 75 percent of caloric intake. The rural population is almost entirely dependent on rice, supplemented by small quantities of wheat supplied by the government under various poverty alleviation programs.

Total rice consumption (including food, seed and feed uses) in MY 2001/02 is estimated at 26.0 million tons compared with 25.8 million in 2000/01. MY 2002/03 rice consumption is forecast at 26.50 million tons. Per capita rice consumption reached a record 200 kg in 2000/01 compared with just 180 kg in 1999/00. In response to increased availability, open market prices remained low, averaging $0.22 per kg in 2000/01, compared with $0.24 per kg in 1999/00. However, the downward price trend was reversed when the government imposing a tariff on rice imports at the beginning of 2001/02. Prices continued firm even after the aman harvest in December. Trade sources attribute the stronger prices to lower imports by the private trade, the absence of an effective government food supply program, and lower production in several major rice growing districts.

Trade

Due to consecutive bumper rice harvests, rice imports have declined. However, the private trade continues to import cheap rice from neighboring countries, particularly India, where exports are heavily subsidized. For the third consecutive year, the government refrained from importing rice in MY 2000/01. Almost all imports (562,000 tons) were by the private trade, except for 33,000 tons of concessional imports. India was the major supplier (284,000 tons), followed by Pakistan, Thailand, and Vietnam. Imports are estimated to decline to 456,000 tons (300,000 tons by the private sector and 150,000 tons by the Government) in MY 2001/02. Rice imports for the first half of the 2001/02 marketing year (Jul/Jun) are estimated at 53,630 tons against 179,948 tons during the corresponding period of 2000/01. Imports in MY 2002/03 are forecast at 450,000 tons. On a calendar year basis, rice imports in 2001 were 392,000 tons, compared with 502,000 tons in 2000.

Stocks

While government rice procurement rose by 9 percent to 822,837 tons in 2000/01, government distribution increased by 20 percent to 983,694 tons, resulting in a draw down of stocks, which stood at 420,000 tons by the end of the 2000/01 marketing year compared with 562,000 tons a year earlier. The government rice procurement target for 2001/02 is 700,000 tons. Should local procurement fall short of targeted program requirements, the government likely will resort to commercial imports.

Policy

Current rice tariff structure is: customs duty-25%, regulatory duty-10% (effective since August 7, 2001), advance income tax-3%, and development surcharge-2.5%. There is no quantitative restriction on rice imports. The government has imposed a restriction on rice imports from India through land ports (except Benapole) to check the fraudulent import practices followed by some traders. The 100% LC margin has been lowered to 25% to facilitate larger private sector imports.

Marketing

Bangladesh is a price buyer, generally purchasing lower-quality, parboiled rice. Due to lower transport costs, shorter delivery times, and the possibility of smaller import contracts delivered by truck or rail wagons, India has emerged as the major supplier. With the Indian government now heavily subsidizing its rice exports, its market share will only increase. There remains, however, a small niche market for high quality rice (basmati or its equivalent) from other origins.

Wheat

Production

Wheat production declined to 1.67 million tons in MY 2000/01, due largely to a 7 percent drop in planted area from 832,000 hectares to 773,000 hectares. Wheat acreage is expected to shrink further to 750,000 hectares in the current (2001/02) marketing year due to the late harvest of the aman rice crop and lower wheat prices vis a vis rice. Although the crop, now in its vegetative stage, is experiencing favorable weather, delayed planting in some areas exposes the crop to the danger of rains at harvest time (Mar-Apr). Assuming normal yields, production is estimated at 1.75 million tons.

Wheat is a relatively new crop in Bangladesh. Significant commercial production started only in the early 1980's with a view to improving food security by accommodating a new winter crop. Farmers consider wheat a profitable alternative to rice only in the non-irrigated uplands having heavy soils.

Consumption

Significantly lower rice production following the devastating 1998/99 floods raised wheat consumption to a record 4 million tons, received mostly as food aid. Consumption slipped to 3.6 million tons in 1999/00 and further to 2.75 million tons in 2000/01, due to the increased availability of rice. Consumption is estimated to climb to 3.18 million tons in 2001/02 on larger imports. MY 2002/03 consumption is forecast at 3.20 million tons.

Wheat has established itself as a complementary staple in Bangladesh with consumption largely influenced by the availability and price of rice. In the last few years, however, the urban population has started substituting wheat for rice in their daily diet, and demand by the fast food sector and restaurants is generating additional demand of 100,000-200,000 tons per year.

Most Bangladeshi flour mills produce an all-purpose white flour. Of an estimated 800,000 tons of white flour in 2001/02, 300,000 tons are consumed at the household level; 185,000 tons by hotels and restaurants, 110,000 tons by the sweetmeat sector, and 55,000 tons by vermicelli, noodle, and pasta makers. At the household level, wheat is milled in chakkis (small scale flour mills) into whole meal flour (atta) to make chapatti, an unleavened wheat bread.

The average retail price of white flour is currently Tk. 16.00 (US$ 0.26) per kg compared with Tk. 15.00 (US$ 0.28 approximately) a year ago. Atta is retailed at Tk 13.50 (US$ 0.24) per kg compared to Tk 13.00 (US$ 0.24) last year.

Trade

Wheat imports declined from 1,671,000 tons (865,000 tons food aid; 806,000 tons commercial) in 1999/00 to 993,000 tons (459,000 tons food aid; 534,000 tons commercial) in 2000/01. There were no government imports in 2000/01. Imports, however, regained some momentum in 2001/02, and are projected to reach 1,413,614 tons (513,614 tons food aid; 700,000 tons commercial imports by private traders; 200,000 tons commercial government imports). Wheat imports during Jul-Dec 2001 are estimated at 684,000 tons, against 389,000 tons during the corresponding period in 2000. No government imports have so far taken place. MY 2002/03 imports are forecast at 1.35 million tons (450,000 tons food aid; 900,000 tons commercial).

Factors Affecting US Trade

From the mid 80's until the early 90's the United States was the dominant supplier of wheat to Bangladesh. With the suspension of EEP, however, Bangladesh began buying from alternative, lower cost suppliers. While some private millers continue to prefer US wheat to meet demand from the top end of the flour market, most have switched to lower priced wheat from India and Australia. Also, changes in government contact terms in 1996 - calling for performance bond payment adjustments based on inspection upon arrival - have exposed US suppliers to greater risks, leading to higher prices. At the same time, large imports of subsidized Indian wheat have depressed domestic prices, further restricting opportunities for US wheat.

Stocks

Government wheat stocks on July 1, 2001 were 445,387 tons compared with 528,276 tons a year earlier, and are projected at 427,878 tons on July 1, 2002. Due to the recent change in the government, the Public Food Distribution System (PFDS) has not become fully operational, resulting in a stocks build up to an estimated 600,000 tons. The government is planning to start the PFDS program this month in a bid to moderate prices. Current private sector wheat stocks are estimated at around 100,000 tons.

Policy

Wheat imports are subject to 7.5 percent tariff and 2.5 percent infrastructure development fee. There are no quantitative restrictions on wheat imports into Bangladesh.

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 should be continued. During the last couple of years India has emerged as the principal supplier of wheat to Bangladesh due to lower prices and reduced transportation costs.

TABLES

Commodity, Rice Milled, PSD Table

PSD Table							
Country:	Bangladesh						
Commodity:	Rice, Milled						
		2000		2001		2002	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		07/2000		07/2001		07/2002	(MONTH/YEAR)
Area Harvested	10900	10887	10900	10987	0	10900	(1000 Hectares)
Beginning Stocks	562	562	422	420	0	489	(1000 MT)
Milled Production	24362	25086	22965	25640	0	26000	(1000 MT)
Rough Production	36547	37633	34451	38464	0	39004	(1000 MT)
Milling Rate(.9999)	6666	6666	6666	6666	0	6666	(1000 MT)
TOTAL Imports	562	562	658	456	0	450	(1000 MT)
Jan-Dec Imports	502	502	600	392	0	400	(1000 MT)
Jan-Dec Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	25486	26210	24045	26516	0	26939	(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	25064	25790	23645	26027	0	26500	(1000 MT)
Ending Stocks	422	420	400	489	0	439	(1000 MT)

Commodity, Rice Milled, Import Trade Matrix

Import Trade Matrix			
Country:		Units:	Metric Tons
Commodity:			
Time period:			
Imports for	2000		2001
U.S.		U.S.	
Others		Others	
India	267,000	India	252,000
Pakistan	122,000	Pakistan	78,000
Myanmar	16,000	Thailand	21,000
Thauland	48,000	Vietnam	25,000
Vietnam	37,000	Myanmer	6,000
Total for Others	490,000		382,000
Others not listed	12,000		10,000
Grand Total	502,000		392,000

Commodity, Rice Milled, Price Table

Prices Table			
Country:			
Commodity:			
Year:	2001		
Prices in (currency)	Taka	per (uom)	metric ton
Year	2000	2001	% Change
Jan	11570	11490	-0.7%
Feb	11810	11540	-2.3%
Mar	12180	11990	-1.6%
Apr	12160	12120	-0.3%
May	11860	11610	-2.1%
Jun	11690	11260	-3.7%
Jul	11550	11090	-4.0%
Aug	11540	11210	-2.9%
Sep	11540	11420	-1.0%
Oct	11530	11980	3.9%
Nov	11470	11930	4.0%
Dec	11300	11920	5.5%
Exchange Rate	57	(Local currency/US $)	
Date of Quote	12-Feb-02	(MM/DD/YY)	

Commodity, Wheat, PSD Table

PSD Table							
Country:	Bangladesh						
Commodity:	Wheat						
		2000		2001		2002	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		07/2000		07/2001		07/2002	(MONTH/YEAR)
Area Harvested	832	773	830	750	0	800	(1000 Hectares)
Beginning Stocks	530	528	450	445	0	428	(1000 MT)
Production	1840	1673	2000	1750	0	1850	(1000 MT)
TOTAL Mkt. Yr. Imports	1390	993	1400	1414	0	1350	(1000 MT)
Jul-Jun Imports	1390	993	1400	1414	0	1350	(1000 MT)
Jul-Jun Import U.S.	350	233	400	208	0	250	(1000 MT)
TOTAL SUPPLY	3760	3194	3850	3609	0	3628	(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	3310	2749	3400	3181	0	3200	(1000 MT)
Ending Stocks	450	445	450	428	0	428	(1000 MT)
TOTAL DISTRIBUTION	3760	3194	3850	3609	0	3628	(1000 MT)

Commodity, Wheat, Import Trade Matrix

Import Trade Matrix			
Country:		Units:	Metric tons
Commodity:			
Time period:	Jul/Jun		
Imports for	2000		2001
Concessional		Concessional	
USA	232,534	USA	208,200
WFP	127,193	WFP	151,081
Australia	49,500	Australia	49,500
Canada	0	Canada	74,833
EU	50,000	EU	30,000
Commercial 1/	533,795	Commercial 1/	900,000
India	346,131	India	450,000
Canada	26,250	Canada	50,000
Australia	112,800	Australia	150,000
Argentina	48,605	Argentina	50,000
		GOB*	200,000

*/ Government of Bangladesh's targeted imports (origin yet to be decided)

Commodity, Wheat, Price Table

Prices Table			
Country:			
Commodity:			
Year:	2001		
Prices in (currency)	Taka	per (uom)	metric ton
Year	2000	2001	% Change
Jan	8210	8310	1.2%
Feb	8200	8350	1.8%
Mar	8190	8380	2.3%
Apr	8030	8230	2.5%
May	7980	8220	3.0%
Jun	8060	8310	3.1%
Jul	8110	8350	3.0%
Aug	8190	8410	2.7%
Sep	8350	8480	1.6%
Oct	8370	8550	2.2%
Nov	8420	8520	1.2%
Dec	8300	8510	2.5%
Exchange Rate	57	(Local currency/US $)	
Date of Quote	12-Feb-01	(MM/DD/YY)	