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## **Report Name:** Oilseeds and Products Annual

**Country:** Bangladesh

**Post:** Dhaka

**Report Category:** Oilseeds and Products

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### **Report Highlights:**

Edible oil prices have been trending higher and are now increasingly volatile due to poor market transparency and the Russian invasion of Ukraine. Post forecasts MY 2022/2023 soybean imports up to 2.8 million MT, while local soybean production remains flat. Bangladesh is exporting soybean meal to both India and Nepal. For rapeseed, Post revised its numbers to combine the production, marketing, and consumption data of both rapeseed and mustard.

## General Information

### Oilseeds

Oilseeds, including rapeseed/mustard, sunflower, peanut, sesame, and soybeans, are cultivated in the *Rabi* season in Bangladesh. Generally, planting starts in December-January, with harvest in February-March. According to the latest [crop production report](#) of the Department of Agricultural Extension (DAE), total oilseeds cultivation area was 804 thousand hectares in Bangladesh fiscal year (FY) 2021-22 (June-July). The report also forecasted total oilseed production at 1.2 million metric tons (MT), up 4.1 percent over FY 2020-21 (Table 1). Among the cultivated oilseeds in Bangladesh, only rapeseed/mustard goes to edible oil production.

**Table 1: Area Cultivation and Production of Oilseeds in *Rabi* Season 2021-22**

Crop	Area Cultivated (000 Hectare)	Production (000 MT)
Peanut	97	172
Rapeseed/Mustard	610	822
Soybean	79	139
Sunflower	15	26
Others	60	90
<b>Total</b>	<b>861</b>	<b>1,249</b>

Source: DAE

Locally produced oilseeds meet only 10 percent of the country's edible oil requirements. The remainder is imported as crude oil or as oilseeds. The Government of Bangladesh (GoB) has no tariffs for soybeans to support the local crushing industry and ensure a supply of oil and soybean meal at lower prices. The GoB imposes tariffs on imports of crude oil (Table 2). There are no quotas on oilseeds and related product imports. For biosafety rules and guidelines for importing genetically engineered products, please see the [2021 Bangladesh Agricultural Biotechnology Annual](#).

**Table 2: Bangladesh's Tariff Structure for Oilseeds, Soybean Meal, and Oil, FY 2021-22**

HS Code	Items	CD	SD	VAT	AIT	AT	RD	EXD	TTI
1201.90.10	Soya beans, whether or not broken other than Seed, Wrapped/canned up to 2.5 Kg	0	0	15	5	5	0	0	25
1201.90.90	Soya beans, whether or not broken other than Seed, EXCL. Wrapped/canned up to 2.5 Kg	0	0	0	0	0	0	0	0
1208.10.00	Soya Bean Flours and Meals	0	0	0	5	5	5	0	15.25
1208.90.00	Other Flours and Meal of Oil Seeds or Oleaginous Fruits, Nes.	10	0	15	5	5	0	0	37
1507.10.00	Crude Oil, Whether or Not Degummed	0	0	15	0	5	0	0	20
1507.90.10	Refined Soya-Bean Oil	0	0	15	0	5	0	0	20
1507.90.90	Other Soya-Bean Oil	5	0	15	0	5	0	0	26
2304.00.00	Oil-Cake and Other Solid Residues, Of Soya-Bean Oil	0	0	0	5	5	5	0	15.25
1511.90.11	Rbd Palm Stearin	10	0	15	5	5	0	0	37
1511.90.19	Solidified or Hardened By Mechanical Treatment (Excl. Rbd Palm Stearin)	25	0	15	5	5	3	0	58.6
1511.90.90	Palm Oil (Exclude) & Its Fractions. Nes. Incl. Refined Palm Oil	0	0	15	0	5	0	0	20
1511.10.10	Crude palm oil imported by VAT registered edible oil refinery industries	10	0	15	0	5	0	0	32
1511.10.90	Crude palm oil imported by other than VAT registered edible oil refinery industries	10	0	15	0	5	0	0	32

**Source:** National Board of Revenue (NBR)

CD = Custom Duty; SD = Supplementary Duty; VAT = Value Added Tax; AIT = Advance Income Tax; ATV = Advance Trade Tax; RD = Regulatory Duty; TTI = Total Tax Incident

## Oilseeds

### Soybean Production

Post forecasts marketing year (MY) 2022/2023 soybean planted area at 80 thousand hectares and production at 145 thousand MT, down 2.4 percent and 3.9 percent, respectively, from MY 2021/2022 USDA official estimates.

Farmers planted the MY 2021/2022 soybean crop in January and February 2022 and will start harvesting in April and May of 2022. The DAE targeted 79,100 hectares of soybean plantings and 140 thousand MT of soybean production in MY 2021/2022. Accordingly, Post estimates 3.7 percent lower area harvested and 7.3 percent lower production in MY 2021/2022 compared to the USDA official estimate.

In MY 2020/2021, Post revised the area harvested estimates down to 78 thousand hectares based on the DAE's [latest crop production report \(Bangla\)](#). Post also revised its soybean production estimates to 135 thousand MT, down 13.5 percent relative to USDA official estimates.

Local soybean production contributes approximately 5 percent of total annual soybean demand in Bangladesh. Domestically produced soybeans are used predominantly in the feed industry; soybean oil is imported. Due to the low potential yields of available soybean varieties, soybean cultivation was limited until recently. Now, soybeans have been gaining in popularity as a cash crop, particularly among farming households in the southern part of the country. More than 10 high yielding varieties of soybean were released in Bangladesh since 1990; however, approximately 70 percent of soybean farmers are still cultivating the “*shohag*” variety, which was officially released in 1991 and has an average yield of 1.6-1.8 MT per hectare.

Bangladesh Agricultural Research Institute (BARI) developed varieties BARI Soybean-5 and BARI Soybean-6, which are planted by approximately 30 percent of soybean farmers. These high yielding varieties are popular, but limited seed supply constrains cultivation. The Bangladesh Institute of Nuclear Agriculture (BINA) and Bangladesh Agricultural University also released several high yielding soybean varieties, but planting is also limited. Overall, the unavailability of high yielding varieties and lack of quality seed hampers the expansion of soybean cultivation in Bangladesh.

Competing crops also limit available area for soybean cultivation. Soybeans compete with crops like winter rice (*Boro* season rice), watermelon, sunflower, and peanuts in the river basin islands (charland) of the southern coastal part of the country. Charland is available for soybean cultivation because the relatively low levels of water availability and increasing salinity in the late winter and summer seasons make some charland unsuitable for *Boro* season rice production. Generally, soybean cultivation requires less irrigation and less fertilizer than rice.

### Consumption

Post forecasts MY 2022/2023 domestic whole soybean crushing at 2.91 million MT, up 5.5 percent over the MY 2021/2022 USDA official estimate.

In MY 2021/2022, Post estimates total whole soybean crushing at 2.75 million MT, equal to the USDA official estimate. According to Trade Data Monitor, LLC (TDM), in the first 7 months of MY

2021/2022, Bangladesh imported 1.13 million MT of soybean. Thus, Post estimates that total MY soybean crushing will not go beyond 2.75 million MT.

According to local contacts, there are now five companies with crushing capacity over 10,000 MT per day. They are crushing soybeans to produce and sell both oil and soybean meal. The use of soybean oil and soybean meal is steadily increasing to keep up with high domestic demand for both food and feed.

Human consumption of soybean products, aside from oil, is minimal.

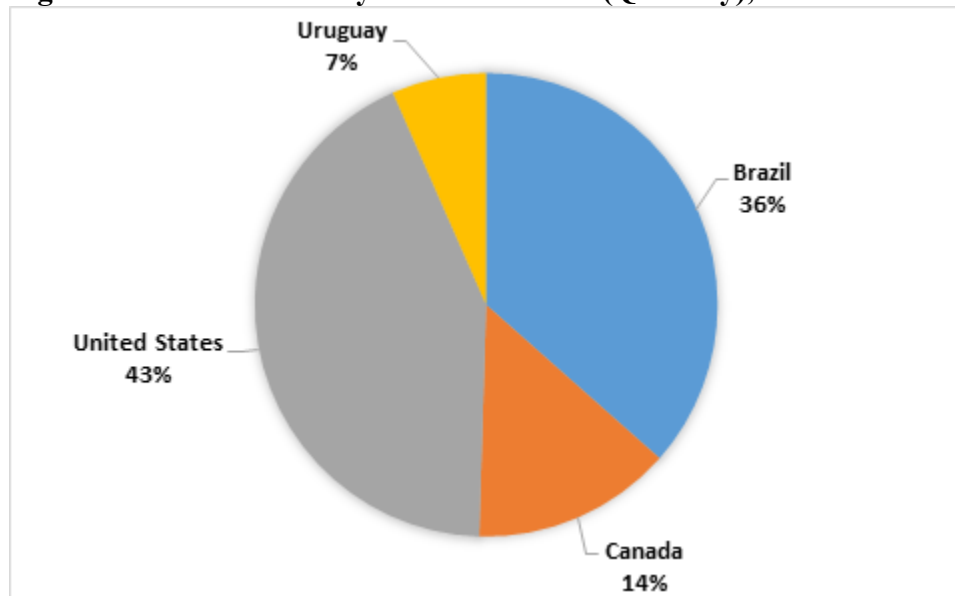
### Trade

For MY 2022/2023, Post forecasts total soybean imports at 2.8 million MT, up 9.8 percent from the MY 2021/2022 USDA official estimate. Post estimates soybean imports for MY 2021/2022 at 2.6 million MT, up 2 percent over the USDA official estimate.

According to TDM, the United States captured 43 percent market share in MY 2020/2021. The other major suppliers of soybeans in MY 2020/2021 were Brazil, Canada, and Uruguay (Figure 1).

For MY 2021/2022, Post estimates U.S. exports to Bangladesh at 1.2 million MT, up 9.1 percent over the MY 2020/2021 USDA official estimate. U.S. soybeans captured approximately 56 percent market share in the first half of MY 2021/2022, with importers stating they value the consistency and quality of U.S. soybeans. End-users have also reported receiving greater nutrient and protein density from U.S. soybeans relative to other sources.

**Figure 1: Partner Country's Market Share (Quantity), MY 2020/2021**



Source: TDM

**Table 3: Bangladesh's Production, Supply, and Distribution of Soybean**

<b>Oilseed, Soybean</b>	<b>2020/2021</b>		<b>2021/2022</b>		<b>2022/2023</b>	
<b>Market Year Begins</b>	<b>Jul 2020</b>		<b>Jul 2021</b>		<b>Jul 2022</b>	
<b>Bangladesh</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Planted</b> (1000 HA)	82	78	82	79	0	80
<b>Area Harvested</b> (1000 HA)	82	78	79	79	0	80
<b>Beginning Stocks</b> (1000 MT)	450	450	201	180	0	160
<b>Production</b> (1000 MT)	156	135	151	140	0	145
<b>MY Imports</b> (1000 MT)	2255	2255	2550	2600	0	2800
<b>MY Imp. from U.S.</b> (1000 MT)	1004	1004	1100	1200	0	1300
<b>MY Imp. from EU</b> (1000 MT)	0	0	0	0	0	0
<b>Total Supply</b> (1000 MT)	2861	2840	2902	2920	0	3105
<b>MY Exports</b> (1000 MT)	0	0	0	0	0	0
<b>MY Exp. to EU</b> (1000 MT)	0	0	0	0	0	0
<b>Crush</b> (1000 MT)	2650	2650	2750	2750	0	2900
<b>Food Use Dom. Cons.</b> (1000 MT)	5	5	5	5	0	5
<b>Feed Waste Dom. Cons.</b> (1000 MT)	5	5	5	5	0	5
<b>Total Dom. Cons.</b> (1000 MT)	2660	2660	2760	2760	0	2910
<b>Ending Stocks</b> (1000 MT)	201	180	142	160	0	195
<b>Total Distribution</b> (1000 MT)	2861	2840	2902	2920	0	3105
<b>CY Imports</b> (1000 MT)	2349	2443	2600	2750	0	2800
<b>CY Imp. from U.S.</b> (1000 MT)	964	964	1150	1700	0	1800
<b>CY Exports</b> (1000 MT)	0	0	0	0	0	0
<b>CY Exp. to U.S.</b> (1000 MT)	0	0	0	0	0	0
<b>Yield</b> (MT/HA)	1.9024	1.7308	1.9114	1.7722	0	1.8125
(1000 HA), (1000 MT), (MT/HA)						

## **Soybean Meal**

### **Production**

Soybean meal is one of the key ingredients in animal feed, accounting for approximately 30 percent of total ingredients. The annual domestic production of soybean meal is about 2 million MT. Two privately held business conglomerates, City Group and Meghna Group, dominate the soybean meal production sector in Bangladesh. Other soybean crushers are TK Group, Jamuna Group, Globe Edible Oil Company, and KBC Group.

Most of the soybean crushers in Bangladesh utilize the country's extensive river system to transport whole soybeans directly to their facilities. City Group and Meghna Group both have crushing capacity of 8,000 MT per day. Combined, Bangladesh's total crushing capacity is approximately 19,500 MT per day. Total annual crushing capacity is more than 5 million MT; however, the sector utilizes approximately half of the total capacity. The soybean meal is sold to local feed mills as an ingredient in fish, livestock, and poultry feed. Recently, Bangladesh has exported soybean meal to neighboring countries.

In MY 2022/23, Post forecasts soybean meal production at 2.27 million MT, up 4.6 percent over the MY 2021/2022 USDA official estimate. Post estimates MY 2021/2022 production of soybean meal at 2.17 million MT, the same as the USDA official estimate. Post's MY 2021/2022 soybean meal production estimate is 2.8 percent higher than Post's [previous estimate](#) due to growing demand in the feed industry as the dairy, livestock, poultry, and aquaculture industries are expanding as the country emerges from the COVID-19 pandemic.

### **Consumption**

Post forecasts MY 2022/23 soybean meal usage in the feed industry at 2.4 million MT, 4.7 percent lower than the USDA MY 2021/2022 official estimate. Post's estimate of MY 2021/2022 soybean meal usage is 2.35 million MT, 6.7 percent lower than the USDA official estimate. Soybean meal producers have been exporting to India and Nepal, limiting domestic supply. In addition, the omicron variant wave in 2022 reduced the production and use of poultry feed.

Post revised its MY 2020/2021 soybean meal usage estimate to 2.25 million MT, 8.1 percent lower than USDA official estimate. In 2020, the COVID-19 pandemic led to the shutdown of poultry farms throughout the country, resulting in lower soybean meal consumption. However, as noted above, soybean meal demand is generally increasing as the dairy, livestock, poultry, and fishery sectors continue to expand following the COVID-19 pandemic.

### **Trade**

Traditionally, Bangladesh imports soybean meal from major suppliers including Brazil, Argentina, the United States, and India. However, in MY 2021/2022, the local price of soybean meal in India increased and Bangladesh began exporting to India. According to local contacts, Bangladesh's soybean meal has demand not only in India, but also in Nepal and Cambodia.

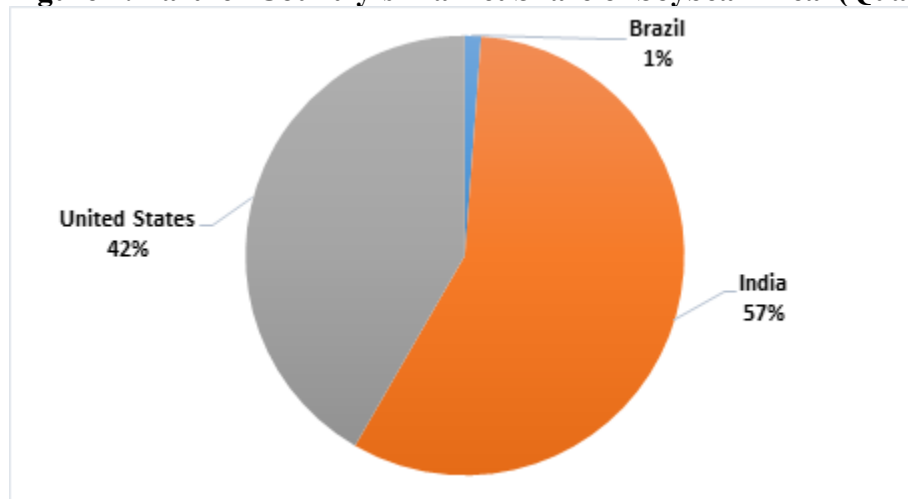
Soybean meal producers started exporting in early MY 2021/2022. In October 2021, the GoB banned soybean meal exports after opposition from the Bangladesh Dairy Farmer's Association and Feed Industry Association Bangladesh (FIAB). On February 6, 2022, Bangladesh's Ministry of Commerce issued a circular, which is still in effect, allowing the export of soybean meal. Therefore, in MY

2021/2022, Post estimates total soybean meal exports at 200 thousand MT, up approximately 66 percent over the USDA official estimate. Post forecasts MY 2022/2023 soybean meal exports at 250 thousand MT.

According to [Bangladesh Export Promotion Bureau](#) data, in MY 2020/2021, Bangladesh exported \$22.4 million of soybean meal. In the first 7 months of MY 2021/2022, total soybean meal exports to India and Nepal reached \$112.2 million.

In MY 2022/23, Post’s soybean meal import forecast is 350 thousand, down 7.9 percent from the MY 2021/2022 USDA official estimate. Post estimates MY 2021/2022 soybean meal imports at 300 thousand MT, 21 percent lower than USDA official estimate. In MY 2020/2021, Bangladesh imported soybean meal mostly from India and the United States (Figure 2).

**Figure 2: Partner Country’s Market Share of Soybean Meal (Quantity), MY 2020/2021**



Source: TDM



**Table 4: Bangladesh's Production, Supply, and Distribution of Soybean Meal**

<b>Meal, Soybean</b>	<b>2020/2021</b>		<b>2021/2022</b>		<b>2022/2023</b>	
<b>Market Year Begins</b>	<b>Jul 2020</b>		<b>Jul 2021</b>		<b>Jul 2022</b>	
<b>Bangladesh</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Crush (1000 MT)</b>	2650	2650	2750	2750	0	2900
<b>Extr. Rate, 999.9999 (PERCENT)</b>	0.7887	0.7887	0.7891	0.7891	0	0.7828
<b>Beginning Stocks (1000 MT)</b>	253	253	299	284	0	200
<b>Production (1000 MT)</b>	2090	2090	2170	2170	0	2270
<b>MY Imports (1000 MT)</b>	410	245	380	300	0	350
<b>MY Imp. from U.S. (1000 MT)</b>	102	102	75	100	0	150
<b>MY Imp. from EU (1000 MT)</b>	0	0	0	0	0	0
<b>Total Supply (1000 MT)</b>	2753	2588	2849	2754	0	2820
<b>MY Exports (1000 MT)</b>	0	50	120	200	0	250
<b>MY Exp. to EU (1000 MT)</b>	0	0	0	0	0	0
<b>Industrial Dom. Cons. (1000 MT)</b>	0	0	0	0	0	0
<b>Food Use Dom. Cons. (1000 MT)</b>	4	4	4	4	0	5
<b>Feed Waste Dom. Cons. (1000 MT)</b>	2450	2250	2520	2350	0	2400
<b>Total Dom. Cons. (1000 MT)</b>	2454	2254	2524	2354	0	2405
<b>Ending Stocks (1000 MT)</b>	299	284	205	200	0	165
<b>Total Distribution (1000 MT)</b>	2753	2588	2849	2754	0	2820
<b>(1000 MT), (PERCENT)</b>						

## Feed Demand for the Dairy, Livestock, Poultry, and Fishery Industries

Domestic feed mills supply over 90 percent of the feed for the local market. Feed imports, primarily from Vietnam, are considered higher quality but expensive.

According to a U.S. Soybean Export Council (USSEC) study, soybean meal accounts for 25 percent of poultry feed preparation ingredients. Please refer to Table 9 in [Post's 2021 Report](#) for more information on poultry feed formulas. According to the FIAB, there are about 350 feed mills in the country producing 7.5 to 8.0 million MT of feed.

### *Livestock and Poultry Sector Growth Continues*

Post believes that feed demand will grow further in coming years. In FY 2022-21, the livestock sector contributed 1.4 percent to the country's gross domestic product (GDP), and this percentage has been growing annually, even throughout the COVID-19 pandemic (Table 5). According to Bangladesh Department of Livestock (DLS) data, Bangladesh milk, meat, and egg production also continue to grow (Table 6).

**Table 5: Livestock and Poultry in Bangladesh's Economy (2020-21)**

Contribution of Livestock in GDP (constant prices)	1.4%
Growth Rate of Livestock's Contribution to GDP (constant prices)	3.8%
Share of Livestock in Agricultural GDP (current prices)	13.1%
Employment (direct)	20%
Employment (indirect)	50%

Source: DLS, 2021

**Table 6: Bangladesh's Milk, Meat, and Egg Production**

Year	Milk	Meat	Egg
	Million MT	Million MT	Billion Number
2011-12	3.5	2.3	7.3
2012-13	5.1	3.6	7.6
2013-14	6.1	4.5	10.2
2014-15	6.8	5.9	11.0
2015-16	7.3	6.2	11.9
2016-17	9.3	7.2	14.9
2017-18	9.4	7.3	15.5
2018-19	9.9	7.5	17.1
2019-20	10.7	7.7	17.4
2020-21	11.9	8.4	20.6

Source: DLS, 2021

According to DLS, in FY 2020-21, the total number of poultry heads was approximately 2.5 percent higher than the previous year (Table 7). Commercial production of livestock and poultry, which is increasing as compared to backyard farms, requires higher quality feed.

**Table 7: Livestock and Poultry Population in Bangladesh**

FY	Cattle	Buffalo	Sheep	Goat	Chicken	Duck	Total Poultry
	Million	Million	Million	Million	Million	Million	Million
2011-12	23.2	1.4	3.1	25.1	242.9	45.7	288.6
2012-13	23.3	1.5	3.1	25.3	249.0	47.3	296.3
2013-14	23.5	1.5	3.2	25.4	255.3	48.9	304.2
2014-15	23.7	1.5	3.3	25.6	261.8	50.5	312.3
2015-16	23.8	1.5	3.3	25.8	268.4	52.2	320.6
2016-17	23.9	1.5	3.4	25.9	275.2	54.0	329.2
2017-18	24.1	1.5	3.5	26.1	282.2	55.6	338.0
2018-19	24.2	1.5	3.5	26.3	289.3	57.8	347.1
2019-20	24.4	1.5	3.6	26.4	296.6	59.7	356.3
2020-21	24.5	1.5	3.7	26.6	304.1	61.7	365.9

Source: DLS, 2021

#### *Fisheries Production Increases*

More than 5 million households across Bangladesh depend on aquaculture production for their daily livelihoods, and fish is a traditional source of food for many people. The fisheries sector has been growing steadily and heavily depends on feed high in soybean meal (Table 8).

**Table 8: Fish Production and Growth in Bangladesh**

Fiscal Year	Capture (MMT)	Culture (MMT)	Marine (MMT)	Total Fish (MMT)	Growth (%)
2010-11	1.0	1.5	0.6	3.1	5.5
2011-12	0.9	1.7	0.6	3.3	6.9
2012-13	0.9	1.9	0.6	3.4	4.3
2013-14	1.0	1.7	0.6	3.7	4.4
2014-15	1.0	2.1	0.6	3.7	3.4
2015-16	1.0	2.2	0.6	3.9	5.4
2016-17	1.2	2.3	0.6	4.1	6.4
2017-18	1.2	2.4	0.7	4.3	3.2
2018-19	1.2	2.5	0.7	4.4	2.6
2019-20	1.3	2.6	0.7	4.5	2.8

Source: Yearbook of Fisheries Statistics of Bangladesh 2020

## Soybean Oil and Palm Oil

### Production

There are about 80 soybean oil refineries in Bangladesh that import crude soybean oil and produce refined soybean oil for the domestic market.

Post forecasts MY 2022/23 soybean oil production at 540 thousand MT, based on continued demand and an increase in local crushing. In MY 2021/2022, Post estimates soybean oil production at 520 thousand MT, the same as the USDA official estimate. Bangladesh does not produce any palm oil.

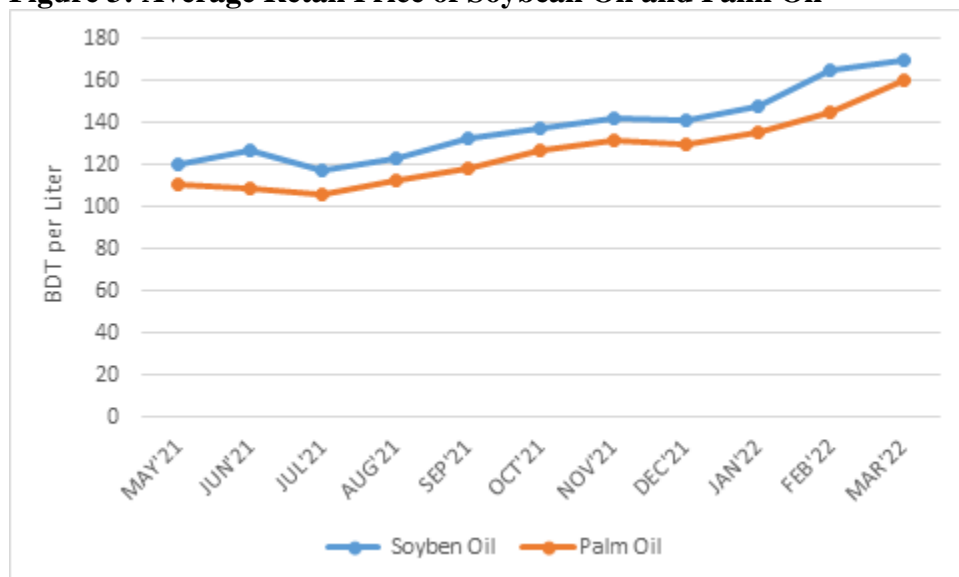
### Prices

#### *Edible Oil Prices are Increasingly Volatile*

Soybean oil and palm oil are the major edible oils in Bangladesh. Recently, prices have become more volatile. To regulate the edible oil market, the GoB sets a maximum retail price (MRP) after discussing with oil traders and refiners. The GoB has increased the price of soybean oil and palm oil several times since February 2021. During the first week of February 2022, the GoB increased the bottled soybean oil and palm oil price to BDT 168 (\$1.95) and BDT 143 (\$1.67) per liter, respectively (Figure 3). However, unbottled soybean and palm oil were being sold at higher prices than the set price. In the last week of February 2022, traders and refiners proposed further increases to the price of edible oil, but the government denied their request. Contacts note, as a result, from the first week of March 2022, traders reduced supply in the market and consumers were facing a shortage, with some shops and local stores running out of soybean oil. According to local news reports, many retailers and wholesalers are also illegally stocking edible oil.

However, the GoB did not increase the prices again. Instead, it reduced the value added tax (VAT) and import tariffs in the third week of March 2022. Following this reduction, the GoB, in consultation with local industry, also reduced the soybean oil and palm oil price by BDT 8 and BDT 3 per liter, respectively, on March 23, 2022.

**Figure 3: Average Retail Price of Soybean Oil and Palm Oil**



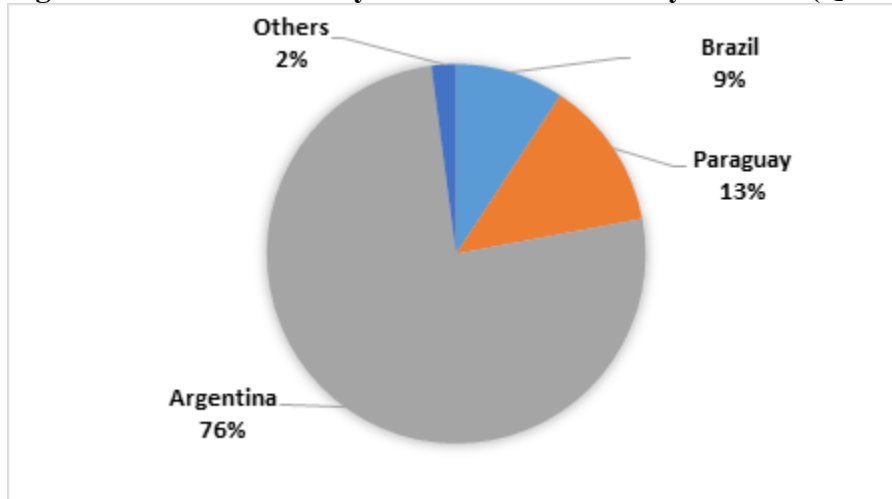
Source: TCB

## Trade

For MY 2022/2023, Post forecasts soybean oil imports at 750 thousand MT. Post estimates MY 2021/2022 soybean oil imports at 700 thousand MT, 6.7 percent lower than USDA official estimate. Due to the high retail price of soybean oil, consumers have increased consumption of palm oil and mustard oil.

Bangladesh mostly imports crude soybean oil from Latin America (Figure 4). Bangladesh exports limited quantities of soybean oil to India; in MY 2020/2021, exports were valued at \$191.6 million. According to the [Bangladesh Export Promotion Bureau](#), during the first seven months of MY 2021/2022, total soybean oil exports were \$139.6 million.

**Figure 4: Partner Country's Market Share of Soybean Oil (Quantity), MY 2020/2021**

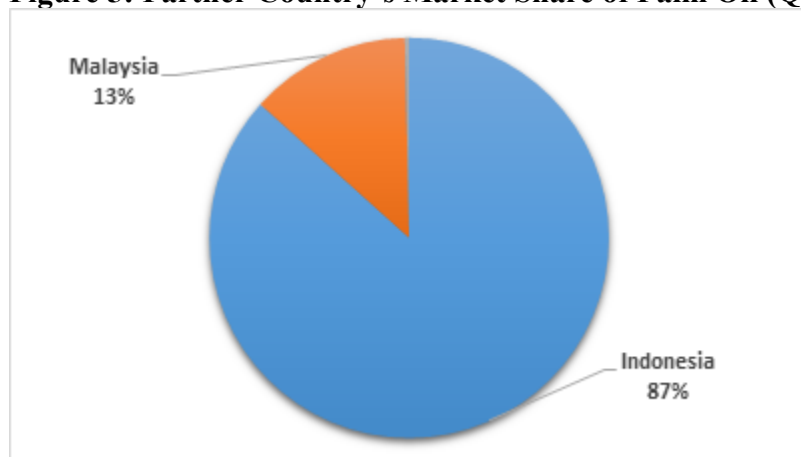


Source: TDM

Post's MY 2022/2023 palm oil import forecast is 1.50 million MT, up 7.9 percent over USDA's MY 2021/2022 estimate. In MY 2021/2022, Post's palm oil import estimate is 1.45 million MT, up 4.3 percent over the USDA official estimate. Post observed higher demand and consumption of palm oil during the first two quarters of MY 2021/2022 as soybean oil prices rose. Indonesia and Malaysia are the major suppliers of palm oil to Bangladesh (Figure 5).

According to the [Bangladesh Export Promotion Bureau](#), in MY 2020/2021, Bangladesh exported \$1.25 million of palm oil to Nepal. During the first seven months of MY 2021/2022, the country exported \$8.2 million to India and Benin.

**Figure 5: Partner Country's Market Share of Palm Oil (Quantity), MY 2020/2021**



Source: TDM

### **Consumption**

Soybean oil and palm oil are substitute products in Bangladesh. Most middle and high-income consumers prefer soybean oil, while low-income consumers prefer palm oil due to its lower price. Palm oil also has industrial uses, particularly in the food processing industry. However, the recent edible oil price hikes have made the price of palm oil almost the same as soybean oil.

In MY 2022/2023, Post forecasts soybean oil and palm oil consumption at 1.30 million MT and 1.50 million MT, respectively. Post estimates MY 2021/2022 soybean oil consumption at 1.21 million MT, 6.2 percent lower than the USDA official estimate as high market prices reduce domestic consumption. Post's MY 2021/2022 palm oil consumption estimate is 1.46 million MT, up 1.7 percent over USDA official estimate, due to substitution of soybean oil with palm oil.

### **Policy**

#### *GoB Withdraws VAT from Soybean Oil and Palm Oil*

As edible oil is an essential commodity, the recent price hike of soybean oil and palm oil has affected the food security of the poor and middle-income. As noted above, to control the rising price of edible oil, on March 14, 2022, the GoB withdrew the VAT on the production, refining, and distribution of soybean oil and palm oil until June 30, 2022. On March 16, 2022, the Commerce Ministry also announced a VAT reduction from 15 to 5 percent on crude oil imports.

**Table 9: Bangladesh's Production, Supply, and Distribution of Soybean Oil**

<b>Oil, Soybean</b>	<b>2020/2021</b>		<b>2021/2022</b>		<b>2022/2023</b>	
<b>Market Year Begins</b>	<b>Jul 2020</b>		<b>Jul 2021</b>		<b>Jul 2022</b>	
<b>Bangladesh</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Crush (1000 MT)</b>	2650	2650	2750	2750	0	2900
<b>Extr. Rate, 999.9999 (PERCENT)</b>	0.1887	0.1887	0.1891	0.1891	0	0.1862
<b>Beginning Stocks (1000 MT)</b>	206	206	100	100	0	98
<b>Production (1000 MT)</b>	500	500	520	520	0	540
<b>MY Imports (1000 MT)</b>	660	660	750	700	0	750
<b>MY Imp. from U.S. (1000 MT)</b>	0	0	0	0	0	0
<b>MY Imp. from EU (1000 MT)</b>	0	0	0	0	0	0
<b>Total Supply (1000 MT)</b>	1366	1366	1370	1320	0	1388
<b>MY Exports (1000 MT)</b>	26	26	0	12	0	12
<b>MY Exp. to EU (1000 MT)</b>	0	0	0	0	0	0
<b>Industrial Dom. Cons. (1000 MT)</b>	105	105	100	80	0	85
<b>Food Use Dom. Cons. (1000 MT)</b>	1135	1135	1190	1130	0	1210
<b>Feed Waste Dom. Cons. (1000 MT)</b>	0	0	0	0	0	0
<b>Total Dom. Cons. (1000 MT)</b>	1240	1240	1290	1210	0	1295
<b>Ending Stocks (1000 MT)</b>	100	100	80	98	0	81
<b>Total Distribution (1000 MT)</b>	1366	1366	1370	1320	0	1388
<b>(1000 MT), (PERCENT)</b>						

**Table 10: Bangladesh's Production, Supply, and Distribution of Palm Oil**

<b>Oil, Palm</b>	<b>2020/2021</b>		<b>2021/2022</b>		<b>2022/2023</b>	
<b>Market Year Begins</b>	<b>Jul 2020</b>		<b>Jul 2021</b>		<b>Jul 2022</b>	
<b>Bangladesh</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Planted</b> (1000 HA)	0	0	0	0	0	0
<b>Area Harvested</b> (1000 HA)	0	0	0	0	0	0
<b>Trees</b> (1000 TREES)	0	0	0	0	0	0
<b>Beginning Stocks</b> (1000 MT)	215	215	70	70	0	50
<b>Production</b> (1000 MT)	0	0	0	0	0	0
<b>MY Imports</b> (1000 MT)	1285	1285	1390	1450	0	1500
<b>MY Imp. from U.S.</b> (1000 MT)	0	0	0	0	0	0
<b>MY Imp. from EU</b> (1000 MT)	0	0	0	0	0	0
<b>Total Supply</b> (1000 MT)	1500	1500	1460	1520	0	1550
<b>MY Exports</b> (1000 MT)	0	0	5	10	0	15
<b>MY Exp. to EU</b> (1000 MT)	0	0	0	0	0	0
<b>Industrial Dom. Cons.</b> (1000 MT)	30	30	50	160	0	165
<b>Food Use Dom. Cons.</b> (1000 MT)	1400	1400	1385	1300	0	1330
<b>Feed Waste Dom. Cons.</b> (1000 MT)	0	0	0	0	0	0
<b>Total Dom. Cons.</b> (1000 MT)	1430	1430	1435	1460	0	1495
<b>Ending Stocks</b> (1000 MT)	70	70	20	50	0	40
<b>Total Distribution</b> (1000 MT)	1500	1500	1460	1520	0	1550
<b>CY Imports</b> (1000 MT)	1650	1650	1700	1500	0	1400
<b>CY Imp. from U.S.</b> (1000 MT)	0	0	0	0	0	0
<b>CY Exports</b> (1000 MT)	0	0	5	5	0	10
<b>CY Exp. to U.S.</b> (1000 MT)	0	0	0	0	0	0
<b>Yield</b> (MT/HA)	0	0	0	0	0	0
(1000 HA), (1000 TREES), (1000 MT), (MT/HA)						



## Rapeseed/Mustard

### Production

Bangladesh produces rapeseed (*Brassica Campestris*) and mustard (*Brassica Juncea*), but both are commonly known as “mustard.” BARI and BINA have released more than 20 mustard varieties. “*Tori*” and “*shet*” are rapeseed while “*rai*” is mustard; however, all are marketed and consumed as “mustard” in Bangladesh. The country also imports rapeseed and blends it with mustard during crushing and produces “mustard oil” for sale in the local market. Therefore, this report now combines the production, marketing, and consumption data of both rapeseed and mustard.

Based on the DAE’s crop production data, for MY 2022/2023, Post forecasts the rapeseed/mustard planting area at 630 thousand hectares and production at 820 thousand MT. Post estimates the MY 2021/2022 rapeseed/mustard harvested area at 610 thousand hectares and production at 800 thousand MT, up 144 percent and 248 percent, respectively over the USDA official estimate. In MY 2020/2021, Post’s estimate for rapeseed/mustard production is 787 thousand hectares, up 242 percent over the USDA estimate.

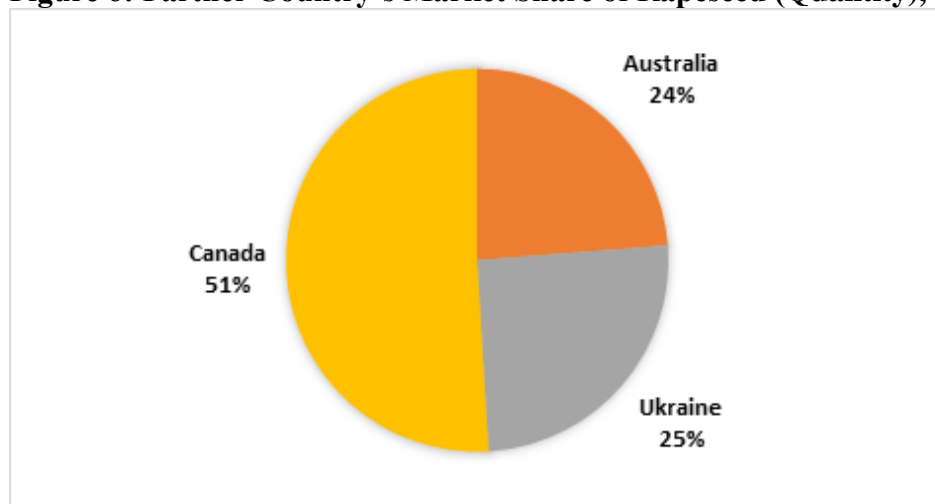
The price of mustard oil is higher than both soybean oil and palm oil, increasing production incentives for farmers. DAE is also encouraging the expansion of rapeseed and mustard cultivation through its extension programs.

### Trade

For MY 2022/2023, Post forecasts rapeseed imports at 450 thousand MT, up 28.6 percent over the MY 2021/2022 USDA estimate. Post estimates MY 2021/2022 rapeseed imports at 420 thousand MT, up 18.9 percent over the USDA estimate. Due to the recent price hike of soybean oil and palm oil in Bangladesh, mustard oil has become more competitive despite its high price. Therefore, Post expects increased imports in MY 2021/2022 and MY 2022/2023.

In MY 2020/2021, Bangladesh imported 51 percent of its rapeseed from Canada, followed by Ukraine and Australia (Figure 6). In MY 2021/2022, Post expects increased rapeseed imports from Australia and Canada to replace Ukrainian supplies due to the Russia-Ukraine war.

**Figure 6: Partner Country’s Market Share of Rapeseed (Quantity), MY 2020/2021**



Source: TDM

**Consumption**

In MY 2022/2023, Post forecasts rapeseed/mustard crushing at 1.27 million MT, which includes domestically produced rapeseed/mustard and imported rapeseed. For MY 2021/2022, Post estimates the combined crushing at 1.22 million MT, approximately double the USDA official estimate. Post increased its numbers based on the DAE's latest crop production report. Post also revised the MY 2020/2021 rapeseed/mustard crushing amount to 1.2 million MT, up 92 percent over the USDA official estimate.

**Table 11: Bangladesh's Production, Supply, and Distribution of Rapeseed**

<b>Oilseed, Rapeseed</b>	<b>2020/2021</b>		<b>2021/2022</b>		<b>2022/2023</b>	
<b>Market Year Begins</b>	<b>Oct 2020</b>		<b>Oct 2021</b>		<b>Oct 2022</b>	
<b>Bangladesh</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Planted</b> (1000 HA)	0	589	0	610	0	630
<b>Area Harvested</b> (1000 HA)	250	589	250	610	0	630
<b>Beginning Stocks</b> (1000 MT)	93	93	89	82	0	74
<b>Production</b> (1000 MT)	230	787	230	800	0	820
<b>MY Imports</b> (1000 MT)	391	402	350	420	0	450
<b>MY Imp. from U.S.</b> (1000 MT)	0	0	0	0	0	0
<b>MY Imp. from EU</b> (1000 MT)	0	0	0	0	0	0
<b>Total Supply</b> (1000 MT)	714	1282	669	1302	0	1344
<b>MY Exports</b> (1000 MT)	0	0	0	0	0	0
<b>MY Exp. to EU</b> (1000 MT)	0	0	0	0	0	0
<b>Crush</b> (1000 MT)	625	1200	600	1228	0	1270
<b>Food Use Dom. Cons.</b> (1000 MT)	0	0	0	0	0	0
<b>Feed Waste Dom. Cons.</b> (1000 MT)	0	0	0	0	0	0
<b>Total Dom. Cons.</b> (1000 MT)	625	1200	600	1228	0	1270
<b>Ending Stocks</b> (1000 MT)	89	82	69	74	0	74
<b>Total Distribution</b> (1000 MT)	714	1282	669	1302	0	1344
<b>CY Imports</b> (1000 MT)	400	400	400	450	0	450
<b>CY Imp. from U.S.</b> (1000 MT)	0	0	0	0	0	0
<b>CY Exports</b> (1000 MT)	0	0	0	0	0	0
<b>CY Exp. to U.S.</b> (1000 MT)	0	0	0	0	0	0
<b>Yield</b> (MT/HA)	0.92	1.3362	0.92	1.3115	0	1.3016
(1000 HA), (1000 MT), (MT/HA)						

## **Rapeseed Oil/Mustard Oil**

### **Production**

As noted above, edible oil extracted from rapeseed and mustard seed is marketed as “mustard oil” in Bangladesh. Post forecasts MY 2022/2023 rapeseed/mustard oil production at 528 thousand MT. In MY 2021/2022, Post’s estimate of rapeseed/mustard oil production is 510 thousand MT, up 104 percent over the USDA estimate. Post also revised production for MY 2020/2021 to 499 thousand MT, up 92 percent over the USDA official estimate.

Major market players the rapeseed/mustard oil sector are Partex Group, Pran Foods Limited, City Group, ACI, and Orion Group. These companies use mostly imported rapeseed with some locally produced mustard seed. There are many local mustard oil crushing mills that use domestically produced mustard and rapeseed to extract oil for local sale. According to contacts, more than 50 percent of domestically produced rapeseed and mustard seed goes to these local crushing mills. Bangladesh does not import any rapeseed/mustard oil and exports limited quantities.

### **Consumption**

In MY 2022/2023, Post forecasts rapeseed/mustard oil consumption at 543 thousand MT, with the vast majority going to food use. Post estimates MY 2021/2022 rapeseed/mustard oil consumption at 497 thousand MT, up almost 100 percent over USDA official estimate. Post also revised its MY 2020/2021 rapeseed/mustard oil consumption to 462 thousand MT.

**Table 12: Bangladesh's Production, Supply, and Distribution of Rapeseed/Mustard Oil**

<b>Oil, Rapeseed</b>	<b>2020/2021</b>		<b>2021/2022</b>		<b>2022/2023</b>	
<b>Market Year Begins</b>	<b>Oct 2020</b>		<b>Oct 2021</b>		<b>Oct 2022</b>	
<b>Bangladesh</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Crush (1000 MT)</b>	625	1200	600	1228	0	1270
<b>Extr. Rate, 999.9999 (PERCENT)</b>	0.416	0.4158	0.4167	0.4153	0	0.4157
<b>Beginning Stocks (1000 MT)</b>	17	17	6	50	0	58
<b>Production (1000 MT)</b>	260	499	250	510	0	528
<b>MY Imports (1000 MT)</b>	0	0	0	0	0	0
<b>MY Imp. from U.S. (1000 MT)</b>	0	0	0	0	0	0
<b>MY Imp. from EU (1000 MT)</b>	0	0	0	0	0	0
<b>Total Supply (1000 MT)</b>	277	516	256	560	0	586
<b>MY Exports (1000 MT)</b>	4	4	5	5	0	6
<b>MY Exp. to EU (1000 MT)</b>	0	0	0	0	0	0
<b>Industrial Dom. Cons. (1000 MT)</b>	2	2	2	2	0	3
<b>Food Use Dom. Cons. (1000 MT)</b>	265	460	247	495	0	540
<b>Feed Waste Dom. Cons. (1000 MT)</b>	0	0	0	0	0	0
<b>Total Dom. Cons. (1000 MT)</b>	267	462	249	497	0	543
<b>Ending Stocks (1000 MT)</b>	6	50	2	58	0	37
<b>Total Distribution (1000 MT)</b>	277	516	256	560	0	586
<b>(1000 MT), (PERCENT)</b>						

**Attachments:**

No Attachments