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Bangladesh

Grain and Feed

Annual

2009

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Report Highlights:
Assuming normal weather conditions, Bangladesh's foodgrain production in MY 2009/10 is forecast at 31.2 million tons (30.2 million tons of rice and 1.0 million tons of wheat), up by 3 percent from MY 2008/09 production. Rice imports are forecast at 1 million tons. India was the single largest supplier of rice in MY 2008/09. Wheat imports are forecast at 2 million tons. Bangladeshi importers are currently sourcing wheat from non-traditional origins following a ban on Indian wheat exports in early 2007.

Includes PSD Changes: Yes
Includes Trade Matrix: No
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New Delhi [IN1]
[BG]

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RICE

Table 1: Commodity, Rice, Milled, PSD

Rice, Milled Bangladesh	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Feb	
			Data			Data			Data	
Area Harvested	11,000	11,100	11,000	11,380	11,300	11,400			11,500	(1000 HA)
Beginning Stocks	446	446	446	646	546	546			446	(1000 MT)
Milled Production	28,800	28,600	28,800	29,600	29,400	29,700			30,200	(1000 MT)
Rough Production	43,204	42,904	43,204	44,404	44,104	44,554			45,305	(1000 MT)
Milling Rate (.9999)	6,666	6,666	6,666	6,666	6,666	6,666			6,666	(1000 MT)
MY Imports	1,916	1,700	2,047	1,300	1,000	1,000			1,200	(1000 MT)
TY Imports	1,600	1,235	1,235	1,000	1,000	1,658			1,200	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0			0	(1000 MT)
Total Supply	31,162	30,746	31,293	31,546	30,946	31,246			31,846	(1000 MT)
MY Exports	0	0	0	0	0	0			0	(1000 MT)
TY Exports	0	0	0	0	0	0			0	(1000 MT)
Total Consumption	30,516	30,200	30,747	30,900	30,400	30,800			31,200	(1000 MT)
Ending Stocks	646	546	546	646	546	446			646	(1000 MT)
Total Distribution	31,162	30,746	31,293	31,546	30,946	31,246			31,846	(1000 MT)
Yield (Rough)	4.	0.	3.9276	4.	0.	3.9082			3.9396	(MT/HA)

Production

Assuming a normal summer monsoon, MY 2009/10 (July-June) rice production is forecast at 30.2 million tons from 11.5 million hectares. Rice production in MY 2008/09 is estimated at 29.7 million tons, up by 3 percent from MY 2007/08 production. Bangladesh harvests three rice crops a year. The 2008/09 first rice crop harvest locally (called “Aus”), planted in March/April and harvested in June/July, and is estimated at 1.5 million tons. The second crop (“Aman”) is planted in July/August and harvested in November/December. The “Aman” crop benefited from normal monsoon rains and the government’s initiative to ensure adequate availability of seeds, fertilizer, credit, and extension services. This resulted in an estimated production of 12.2 million tons, 19 percent higher than the previous year’s flood and cyclone ravaged crop. The third rice crop (“Boro”), (planted in December/January and harvested in April/May), mostly irrigated, and currently in the vegetative stage, is benefiting from favorable weather conditions and is forecast at 16 million tons. Area and production estimates of rice by season are shown below in Table 2.

Table 2: Area and Production of rice by seasons

Crop	2007/08 (Estimate)		2008/09 (Estimate)		2009/10 (Forecast)	
	Area (tha)	Production (tmt)	Area (tha)	Production (tmt)	Area (tha)	Production (tmt)
Aus	1,040	1,500	1,020	1,500	1,050	1,600
Aman	5,500	10,100	5,780	12,200	5,800	12,400
Boro	4560	17,200	4,600	16,000	4,650	16,200
Total Rice	**11,100**	**28,800**	**11,400**	**29,700**	**11,500**	**30,200**

Consumption

Rice consumption (food, seed, and feed use) in MY 2009/10 is forecast at 31.2 million tons assuming the wheat supply situation remains relatively stable. Consumption in MY 2008/09 is estimated at 30.8 million, somewhat higher than normal, due to reduced availability and higher prices of wheat.

With a bumper Boro rice harvest last summer, domestic rice prices started to ease at the beginning of the 2008/09 marketing year, and remained low after the good Aman harvest last fall. The average wholesale price of rice declined to Taka 27,000 (US $397) per ton in December 2008, from the December 2007 price of Taka 28,000 (US $412) per ton.

Trade

Based on the current production forecast and considering the large carryover stocks held by farmers, traders and the government, rice imports in MY 2009/10 are forecast at 1.2 million tons. India should be a principal supplier, provided the Indian government relaxes rice export restrictions.

Rice imports in MY 2008/09 are forecast at 1.0 million tons, (including 400,000 tons of public sector imports), compared to record MY 2007/08 imports of 2.05 million tons following heavy crop losses due to cyclones and floods, and a tight global wheat supply situation. Wheat often substitutes for rice in the average diet. On a calendar year basis, rice imports in 2008 are estimated at about 1.7 million tons compared to 1.2 million tons in 2007. According to official sources, MY 2008/09 imports through January 2009 were 510,000 tons which included 386,000 tons of imports by the public sector from India under a bilateral agreement concluded last year and 100,000 tons by the private sector with the rest being food aid. Imports during the corresponding period in MY 2007/08 were 1.18 million tons.

Stocks

Public rice stocks at the beginning of MY 2008/09 are estimated at 546,000 tons. In addition, large stocks are held by farmers and traders, which are not included in the PS&D table. The Government of Bangladesh (GOB) rice procurement target for MY 2008/09 is 1.5 million tons, compared to actual procurement of 870,000 tons in MY 2007/08. December 31, 2008, stocks held by the government were 842,000 tons, compared to 434,000 ton on December 31, 2007. In view of the improved rice supply situation and the easing of prices in the open market, the GOB has revised the targeted quantity of rice to be distributed through the Public Food Distribution System (PFDS) in MY 2008/09 downward to 1.7 million tons from the earlier 2.9 million tons. Government distribution of rice in MY 2007/08 was 1.3 million tons.

Policy

Rice imports are currently duty free, but attract a 2.5 percent advance income tax. There are no quantitative restrictions on rice imports. A ban on rice exports has been in place since May 2008.

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. Despite a rice export ban by the Indian government, India is still the single largest source of rice for Bangladesh, under special bilateral agreements. Other sources are Myanmar, Vietnam, and Thailand. Importing rice from the United States normally is not commercially viable due to the high freight cost, high F.O.B. price, and longer shipping period as compared to other origins.

WHEAT

Table 3: Commodity, Wheat, PSD

Wheat Bangladesh	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan	
			Data			Data			Data	
Area Harvested	440	440	440	400	400	400			400	(1000 HA)
Beginning Stocks	477	116	116	478	216	326			456	(1000 MT)
Production	1,200	1,000	1,200	800	800	880			1,000	(1000 MT)
MY Imports	1,501	1,500	1,410	2,000	2,000	2,000			2,000	(1000 MT)
TY Imports	1,501	1,500	1,410	2,000	2,000	2,000			2,000	(1000 MT)
TY Imp. from U.S.	330	300	300	0	100	100			100	(1000 MT)
Total Supply	3,178	2,616	2,726	3,278	3,016	3,206			3,456	(1000 MT)
MY Exports	0	0	0	0	0	0			0	(1000 MT)
TY Exports	0	0	0	0	0	0			0	(1000 MT)
Feed Consumption	0	0	0	0	0	0			0	(1000 MT)
FSI Consumption	2,700	2,400	2,400	2,850	2,800	2,750			2,950	(1000 MT)
Total Consumption	2,700	2,400	2,400	2,850	2,800	2,750			2,950	(1000 MT)
Ending Stocks	478	216	326	428	216	456			506	(1000 MT)
Total Distribution	3,178	2,616	2,726	3,278	3,016	3,206			3,456	(1000 MT)
Yield	3.		2.7273	2.	2.	2.2			2.5	(MT/HA)

Production

Assuming normal weather conditions, wheat production in MY 2009/10 is forecast at 1.0 million tons from 400,000 hectares. The MY 2008/09 wheat crop, currently in the vegetative stage, is enjoying favorable weather conditions and is forecast at 880,000 tons from 400,000 hectares. Wheat production in MY 2007/08 was 1.2 million tons from 440,000 hectares, which was highest in five years, in response to high domestic prices. Wheat acreage in Bangladesh is steadily declining due to the absence of suitable high yielding varieties and competition from rice and other remunerative crops such as corn, potatoes, and other vegetables. Nevertheless, wheat cultivation still continues to remain a preferred option under non-irrigated, low farm input-use conditions. Corn cultivation is expanding with growing demand from the livestock industry.

Consumption

MY 2009/10 wheat consumption is forecast at 2.95 million tons. Wheat consumption in MY 2008/09 is forecast at 2.75 million tons, up about 15 percent from the MY 2007/08 consumption level, due to the improved supply situation and lower prices. In recent years, the government has scaled down wheat distribution through the PFDS, negatively impacting wheat consumption by the rural population, which constitutes more than 70 percent of the country's population. However, wheat consumption by the medium and high income population in urban areas is steadily growing due to changes in food habits and a growing hotels and restaurants industry (HRI) sector. In rural areas wheat flour 'Atta' is sold in loose bulk form whereas in unban areas flour millers are marketing packaged refined wheat flour under their brand names.

The average wholesale price of white fine flour and coarse flour in December 2008 was Taka 25,000 (US $368) per ton and Taka 22,000 (US $324) per ton respectively, compared to Taka 34,000 (US $500) and Taka 30,000 (US $441) in December 2007. $1 = 68.119 Taka as of February 2009.

Trade

MY 2009/10 wheat imports are forecast at 2.0 million tons, including 500,000 tons by the public sector, with the rest by the private sector and some under food aid. Wheat imports in MY 2008/09 are estimated at 2.0 million tons compared to 1.4 million tons in MY 2007/08. The Government of Bangladesh has set an import target of 800,000 tons of wheat to build up buffer stocks, of which 202,000 tons have arrived so far. Private sector imports have also picked up in the last couple of months. Due to the wheat export ban imposed by India, Bangladeshi traders are now importing mostly from Europe, Canada, Australia, and Argentina.

According to official data, during MY 2008/09 through January 2009, 765,000 tons of wheat were imported compared to a little over 1.0 million tons during the corresponding period of MY 2007/08. Many of the official wheat import tenders are never finalized due to high priced quotes by bidders in order to cover risk factors associated with meeting the very restrictive government tender terms and conditions. Some recent changes in tender terms included reducing the performance guarantee down to 5 percent from 10 percent, increasing the shipment period to 60 days from 30 days, and increasing the minimum quantity offered to 30,000 tons from 25,000 tons. However, the provision of "weight and quality at final discharge" retained an important factor that discourages international suppliers from the Government of Bangladesh wheat import tenders.

Stocks

Government-held stocks at the beginning of MY 2008/09 (June 2008) were 326,000 tons, compared to 116,000 tons in MY 2007/08. Food aid and commercial imports totaling 275,000 tons and the purchase of 150,000 tons of imported wheat from domestic importers by the government helped improve the stocks situation in MY 2007/08. As domestic procurement prices for wheat are typically established below market prices, the Government of Bangladesh has not been able to procure wheat from farmers. December 31, 2008, wheat stocks with the government were 370,000 tons, compared to 140,000 tons a year ago. Trade sources indicate that private trade and farmer-held wheat stocks will be around 400,000 tons, which are not included in the PS&D table.

Policy

Wheat imports are currently duty free but attract a 2.5 percent advance income tax. There are no quantitative restrictions on wheat imports.

Marketing

Bangladesh is predominantly a buyer of inexpensive lower quality wheat. India is the preferred origin due to the low commodity price and low freight cost. Following India's export ban in early 2007, Bangladeshi importers began depending largely on East European and Central Asian countries for low quality wheat. Australia and Canada are traditional sources of higher quality wheat. Due to a fall in international wheat prices in recent months, the Bangladeshi private sector is now importing significant quantities of wheat, but none from the United States. Bangladeshi buyers are usually willing to pay a premium of around $15 per metric ton for the quality of U. S. wheat, but are unable to import an economically viable volume to offset the high freight costs.