

Bangladesh Food Situation Report

April - June 2005

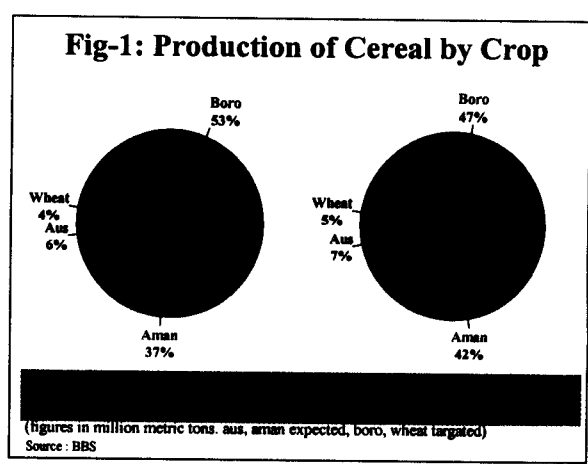
Volume 63

Overview

The production target of foodgrain for the FY 2004-05 was 30.05 million m tons (mmt). It is currently estimated that the foodgrain production in FY2004-05 would be around 26.3 mmt, which is about 13 percent less than the initially set production target and 4.2 percent lower than the previous year's actual production (27.4 mmt). The combined production of this fiscal year's first two rice crops *aus* and *aman* was about 2.0 mmt less than the combined production of *aus* and *aman* of previous fiscal year. This production shortage was mainly due to the crop damages caused by devastating flood and excessive rainfall during July to September 2004. However, increased production of *boro* rice has compensated a part of the damage and according to the provisional production estimate *boro* rice crop would be about 1.0 million m. tons higher than previous year's *boro* crop. To cope with the foodgrain supply shortage the government enhanced its food distribution mainly through Open Market Sales (OMS) and other targeted channels like Vulnerable Group Feeding (VGF), Vulnerable Group Development (VGD) and Gratuitous Relief (GR). The government distribution during FY2004-05 was 1.37 mmt, which was about 39 percent higher than the government distribution (0.98 mmt) of previous year. The prices of foodgrain remained relatively stable during second half of the fiscal year (Figure 2) as a result of enhanced government distribution and significant quantity (2.99 mmt) of flow of foodgrain in the market through private sector import.

Production Outlook

The production target of foodgrain for the FY 2004-2005 was 30.05 mmt (*aus*-2.05 mmt, *aman*-12.79 mmt, *boro*-13.75 mmt and wheat-1.50 mmt). As per Bangladesh Bureau of Statistics (BBS) the final estimates of *aus*, *aman* and wheat were 1.50 mmt, 9.82 mmt and 0.97 mmt respectively. Final estimate of *boro* production are not yet published by the BBS. In respect of *boro* crop Department of Agriculture Extension (DAE) indicated that area under *boro* crop was about 4.29 million hectares and production would be around 14.58 mmt. A joint survey team (consisting of DAE, BBS, SPARRSO and FPMU) visited 32 *boro* growing districts at harvest time and estimated a satisfactory level of *boro* rice production. It was found that the area under *boro* crop was about 4.18 million hectares and production would be around 14.29 mmt. However, the BBS has had a preliminary estimate of around 14.0 mmt.

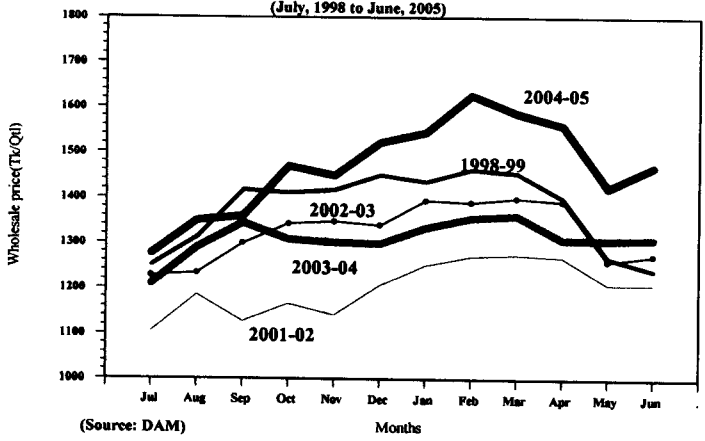


Devastating flood during July-August caused lower *aus* production compared to previous year. Water stagnation in the rice filed for a long period due to flood and excessive rainfall resulted in a substantial damage of *aman* crop. The actual production of *aman* was about 23 percent (2.97 mmt) lower than the target. Constraints in crop rotation to accommodate wheat in a triple cropped land and unfavorable wheat production climate including short duration of desirable low temperature during winter resulted in decline in production of wheat. It appears from the overall situation that the total production of foodgrain in the FY2004-05 would be around 26.3 mmt, which is about 4.2 percent less than last year's actual production (27.4 mmt). According to the DAE both the acreage and production of maize has been increasing at a tremendous rate (more than 60 percent per annum) for last three years. In FY2004-05 maize production estimated by DAE was about 0.47mmt, partially compensated the shortfall in wheat production.

Government Action

Government had a revised budgetary target of 1.41 mmt of foodgrain offtake through the Public Food Distribution System (PFDS) for FY2004-05. Actual offtake during the fiscal year was 1.37 mmt (rice- 1.1 mmt, wheat- 0.27 mmt including direct receipt and distribution by the WVI) of foodgrain under different channels. Of which, about 0.21 mmt of rice was distributed through the VGF channel in flood-affected districts. Government also distributed 0.24 mmt of rice through OMS channel during October-November '04 and February-April '05 lean periods and successfully controlled price hike of rice. During the FY2004-05 local procurement of rice was about 0.9 mmt of which 0.83 mmt was procured through fixed price procurement programme and the balance (0.063 mmt) through domestic rice tender.

Fig-2: Monthly Average Coarse Rice Price (July, 1998 to June, 2005)



Dhaka, Bangladesh, July 2005

Food Aid and Commercial Imports

Total food aid received in FY2004-05 was 290 thousand m. tons (rice-27 thousand m. tons, wheat-264 thousand m. tons including 11.3 thousand m. tons direct receipt by World Vision International). This quantity was almost equal to the total food aid received in FY 2003-04 (291 thousand m. tons) but about 9 percent lower than the budgeted quantity for FY2004-05 (304 thousand m. tons). Although the total quantity remain almost same, the rice food aid received in FY2004-05 was 26.6 thousand m. tons, a significantly higher quantity compared to 4.4 thousand m. tons rice aid received in FY2003-04.

Private sector has been playing a vital role in foodgrain market since the inception of the private sector grain trading in early-1990. Total quantity of foodgrain imported by the private sector in FY2004-05 was 2.98 million m. tons (rice – 1.20 million m. tons and wheat – 1.78 million m. tons), which was almost 20 percent higher than the private import of previous fiscal year. Compared to previous fiscal year import of rice by the private sector in FY2004-05 increased by about 49 percent while private wheat import increased only by 6 percent In FY2004-05, by using its own resources, the government has imported 72 thousand m. tons of rice as well as 30 thousand m. tons of wheat to increase the government supply (Table -1).

Table 1: Imports of Foodgrain

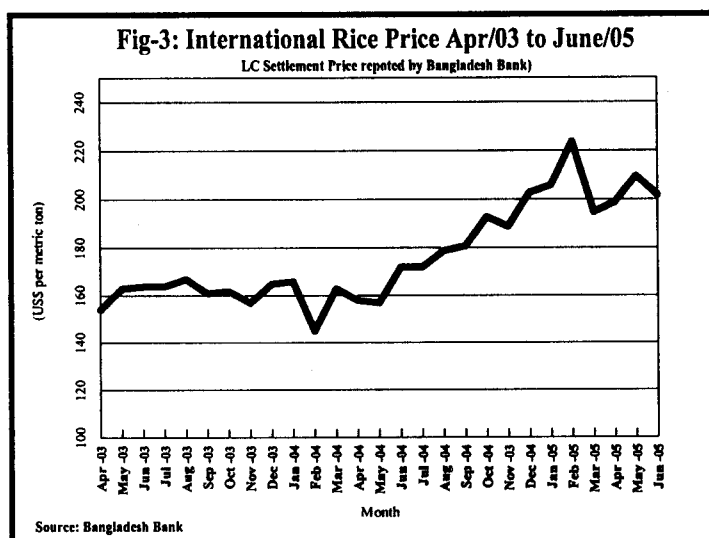
(’000 MTs)

Category of Imports	2003/04 Total	FY 2004/05													Total
		Actual Import Arrivals													
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun		
Rice															
Govt. Com.	0	0	0	0	0	0	0	0	0	0	59	13	0	72	
Food Aid	4	2	0	0	3	5	3	0	0	3	3	8	0	27	
Private	797	11	27	38	148	109	173	173	249	150	62	23	31	1196	
Wheat															
Govt. Com.	29	0	0	0	10	0	0	0	0	0	0	0	20	30	
Food Aid*	285	19	0	45	30	31	60	12	3	42	5	17	1	264	
Private	1684	100	180	211	185	86	73	262	209	193	48	166	73	1786	
Total	2798	132	208	295	376	230	309	447	461	387	177	226	125	3374	

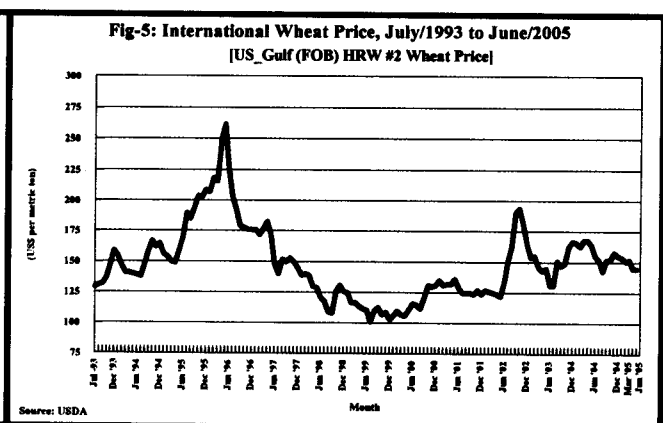
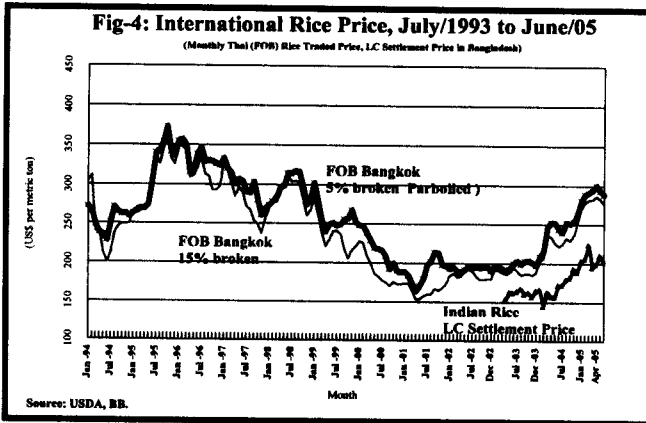
* includes 11.3 thousand m. tons direct food aid wheat received by the World Vision International (WVI)

International Prices

The LC price for parboiled rice imports as reported by the Bangladesh Bank was US\$172 per m. ton in July '04, which went up to US\$193 per m. ton in the October '04. In November '04 the LC price came down to US\$189 per m. ton. Since December '05 LC price of rice started increasing and went up to US\$ 224 per m. ton in the month of February '05. In March '05 the price decreased to US\$ 195 per m. ton but in April '05 LC again increased to US\$199 and this increase continued and reached US\$210 per m. ton in the month of May '05. In June '05 LC price of rice was US\$ 202 per m. ton (Figure-3). About 95 percent of imports reported by Bangladesh Bank were from India and hence price changes virtually reflect trend of import price from India.



The yearly average FOB price of Thai 15% broken Rice in FY2004-05 was \$264 per m. ton, which was almost 28% higher than the average price of FY2003-04 (Fig-4). In July '04 price of Thai rice was US\$ 225 per m. ton, which increased to US\$ 287 per m. ton in the month of April '05. In June '05 price of Thai 15% broken rice was \$276 per m. ton, which was also almost 24 percent higher than the corresponding price of the previous year (US\$222 in June '04).



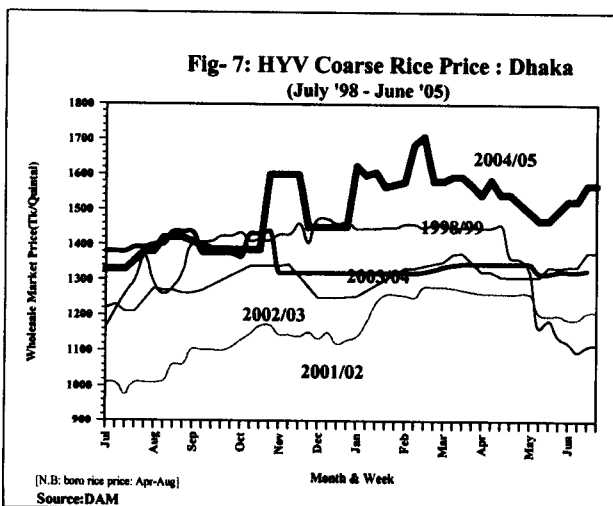
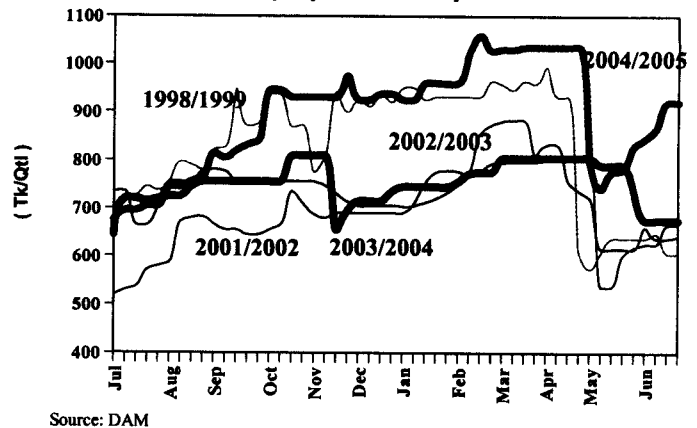
The yearly average FOB price of wheat (HRW#2) in US-Gulf port for FY2004-05 (July '04 to May '05 period) was US\$ 150.88 per m. ton, which was almost 4 percent lower than the corresponding period of FY2003-04 (Fig-5). The initial price of FY2004-05 (i.e. in July '04) was US\$ 151.86 per m. ton, which was almost 16 percent higher than that of the previous year. In May '05 price of US Wheat (HRW#2 in Gulf Port) was US\$ 145.05 per m. ton, almost 11 percent less than that of May '04. However the price of wheat imported by the private sector from India during FY2004-05 was US\$ 175 per m. ton (C&F price).

Domestic Foodgrain Prices

Paddy Price

The paddy price in the intensive production zones of North Bengal was comparatively higher in FY2004-05 throughout the year compared to that of FY2003-04. During April '05, at the time of *boro* harvest, the paddy price was Tk 10.35 per kg which was almost Tk. 2.30 higher than the price of April last year. This reflects high cost of production as well as lower *aman* paddy production due to flood. In May '05 paddy price came down to Tk. 7.72 per kilogram, which was slightly lower than May '04 price. But the paddy price again increased to Tk. 8.76 per kg in June '05 which was almost 25.5 percent higher than the price of June last year (Tk. 6.98 per kg).

Fig-6: Weekly HYV Paddy Price: Rangpur [July 98 - June 05]



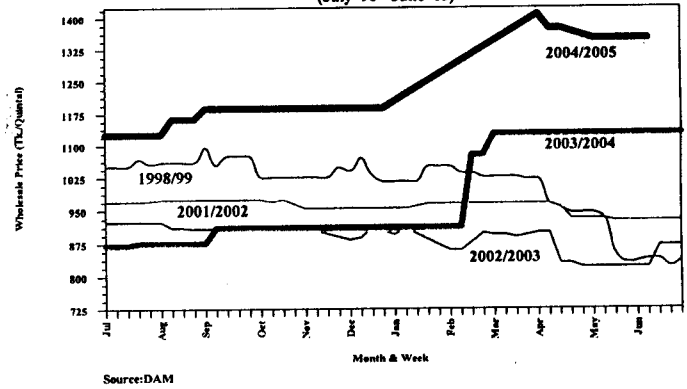
Rice Price

The national average wholesale price of coarse rice in FY2004-05 was Tk. 14.70 per kg. The highest price observed in February '05 was Tk 16.28 per kg. However, after the *boro* harvest rice price became stable at a lower level. The weekly average coarse rice wholesale price in Dhaka markets was Tk. 15.57 per kg in April '05, which was Tk. 13.47 per kg in April '04. The price decreased in May '05 and became Tk. 14.70 per kg, which was about Tk. 1.50 per kg higher than May '04. The price again increased to Tk. 15.53 per kg in June '05, which was Tk 13.29 per kg in June '04. The highest weekly average coarse rice wholesale price in Dhaka market in FY2004-05 was Tk. 17.09 per kg in the last week of February '05. The corresponding price was Tk. 14.40 per kg in the last week of October '04 for FY 2003/04.

Domestic Wheat Price

The national average wholesale price of wheat in FY2004-05 was Tk. 12.49 per kg, which was about 29 percent higher than that of previous fiscal year. This reflects the short supply of wheat from domestic production as well as higher international wheat price. The weekly average wholesale price of wheat in April '05 in Dhaka market was Tk. 13.86 per kg, which was more than 23 percent higher than the April '04 price (Tk. 11.25 per kg). The price decreased to Tk. 13.50 per kg in the first week of May '05 and remained stable for the rest of FY2004-05. The highest wholesale price of wheat in the Dhaka market were Tk. 14.08 per kg in the month of July '04 and lowest price was Tk. 11.25 per kg in first week of April '05.

Fig- 8: Weekly Wheat Price: Dhaka
(July '98 - June '05)



Public Food Operations

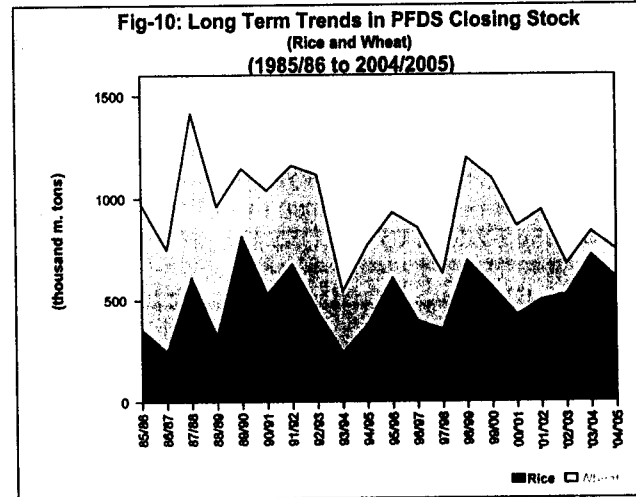
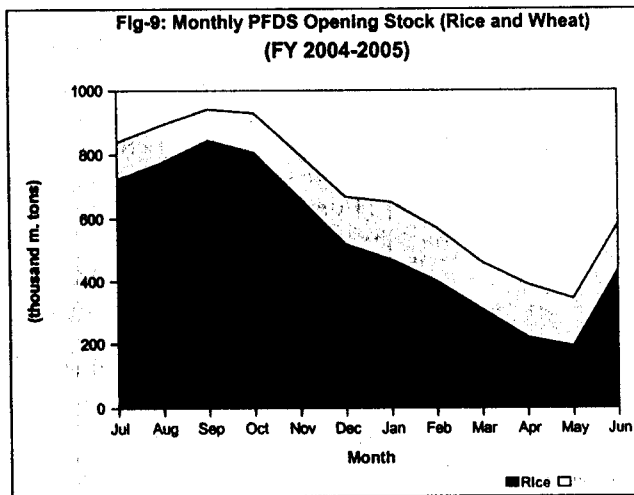


Table 2: Monthly Actual Public Foodgrain Operation, 2004-2005
(July 2004 – June 2005 Actual)

(000 m. tons)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Rice													
Opening Stock	723	777	844	806	662	518	469	400	309	220	192	439	
Accumulation													
Procurement	96	117	44	0	0	0	0	3	59	0	271	306	897
Food Aid	2	1	0	3	5	3	0	0	3	3	8	0	27
Govt. Com. Imp.	0	0	0	0	0	0	0	0	0	59	12	0	72
Distribution													
Priced	11	12	13	36	45	13	13	53	108	60	13	12	389
Non-Priced	32	37	69	109	102	39	56	40	42	29	31	127	713
Stock Loss	0	2	1	1	2	0	0	1	1	1	0	1	10
Closing Stock (a)	777	844	806	662	518	469	400	309	220	192	439	606	
Wheat													
Opening Stock	116	117	98	124	139	149	182	171	152	170	153	146	
Accumulation													
Procurement	0	0	0	0	0	0	0	0	0	0	1	0	1
Food Aid	19	0	45	30	31	60	12	3	42	5	17	1	264
Govt. Com. Imp.	0	0	0	10	0	0	0	0	0	0	0	19.7	30
Distribution													
Priced	10	10	10	9	8	11	11	9	10	9	10	10	116
Non-Priced	8	10	9	15	11	16	12	13	14	13	14	14	149
Stock Loss	0	0	0	1	1	1	0	0	0	0	0	0	3
Closing Stock (b)	117	98	124	139	149	182	172	152	170	153	146	143	
Total Stock (a+b)	894	942	929	801	668	651	571	461	390	345	585	748	

Nutrition Situation in Bangladesh

Current Efforts to Reduce Micronutrient Deficiency: Food Fortification Programme

Bangladesh has achieved considerable progress in reducing poverty, child mortality, and malnutrition. Despite these improvements, however, poverty remains considerably high, and the overall level of child malnutrition remains one of the highest in the world. Only 32 percent of the population meet calorie requirements, 46 percent meet protein requirements, and 25 percent meet fat requirements. Intake is low for most micronutrients, vitamin A indicators for children and women indicate the presence of a sizeable public health problem, and anemia is widespread among all population groups.

(% below the reference point)		
Age Group and Gender	Reference Point (mmol/l)	% deficiency
1-5 years old	< 0.70	22
School Children	< 1.05	74
Adolescent Girls	< 1.05	47
Women		
Non-pregnant	< 1.05	30
Pregnant	< 1.05	47
Lactating	< 1.05	46

Source: Mannan 2002

As reflected in its National Plan of Action for Nutrition (NPAN), 1997 Bangladesh regards improved nutrition as a top government priority. The NPAN is tasked with analyzing the current nutrition situation in Bangladesh, defining objectives and targets, formulating a strategic framework for plan implementation, and defining the institutional framework for translating those plans into action. NPAN has five central components (i) promote breastfeeding and complementary feeding; (ii) care for the economically deprived and nutritionally vulnerable; (iii) promote appropriate diets and healthy lifestyles; (iv) enhance nutrition education, advocacy, and community participation; and (v) Reduce micronutrient deficiency.

Ongoing programs to reduce micronutrient deficiency include dietary diversification and other food-based interventions such as development of home gardens, poultry, fisheries, and other small farm animals at the community level; salt iodization; and universal vitamin A supplementation for young children and lactating women.

Despite the success of vitamin A supplementation and related activities, especially for preschoolers, significant efforts are still needed to reduce micronutrient malnutrition. As part of its strategy to further reduce this deficiency, the GOB in 1999 requested USAID assistance to introduce food fortification. Food fortification — the addition of micronutrients to processed foods — is a food-based approach for the prevention of micronutrient malnutrition. Fortification of widely consumed foods can result in rapid improvements in the micronutrient status of large segments of the population. Other advantages of food fortification are that it does not require changes in consumption patterns and relies upon an existing delivery infrastructure.

In 1999, MOST, the USAID Micronutrient Program, initiated efforts to establish a trial program in Bangladesh to verify the applicability of known fortification technologies given the nature of the local food industry and market. After examining a number of fortification options to increase intake of vitamin A and iron among a targeted segment of the population, particularly women and children in rural areas, the fortification of wheat flour was judged to have the greatest potential. In March 2000, USAID/Dhaka agreed to allow MOST — the USAID Micronutrient Program to proceed with the development of the trial activity in collaboration with the Food for Education Programme (FEP). In September of that year, the initial conditions for using FEP to distribute fortified wheat flour were modified and an alternative distribution channel was identified. In discussions with the World Food Programme (WFP), it was agreed that the program could work in collaboration with the Vulnerable Group Development (VGD) Program. Among other things, the VGD program supplied low-income women with 30 kg of wheat per family, per month. From November 2000 to March 2001, USAID and WFP collaborated in the design of the *atta* (whole wheat flour) fortification program. In April 2001 the structure of the program took shape. The main features of the program were as follows:

- 18,000 VGD families (6 persons per family) would receive 25 kg of *chakki* mill (small stone-mill) *atta* per month for 6 months.
- WFP would provide the wheat, *chakki* mills and distribution system and MOST would supply fortificants, packaging materials and educational materials on vitamin A and iron.

In March 2002, the VGD program began distribution of fortified wheat flour in three districts, Gaibandha, Madaripur and Kushtia. Approximately 10,000 households were receiving 25 kg of fortified wheat flour in lieu of the traditional VGD allotment of 30 kg of wheat. As the wheat flour obviated the need for milling and as the program provided the wheat flour in sealed packets that were less easy to pilfer, there was widespread approval among the beneficiaries for the shift from wheat grain to wheat flour.

The food-fortification program in Bangladesh was initiated with the implementation of a pilot wheat-flour fortification activity. Building on that initiative, the GOB has launched an effort to examine the suitability of other food-fortification vehicles. As a result of these interventions, it is expected that food fortification will soon become an important element of the country's strategy to reduce micronutrient malnutrition.

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