Bangladesh Food Situation Report

FPMU

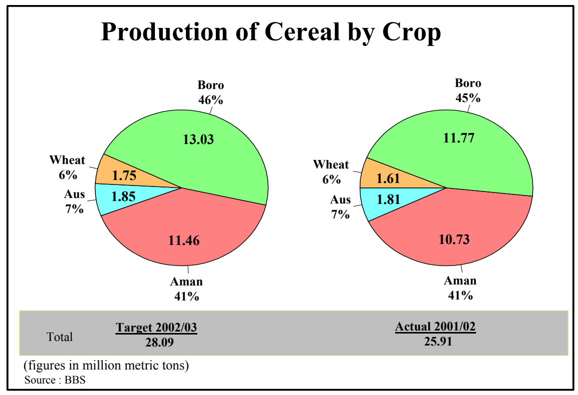
November-December 2002 **Volume 53**

Overview

Production prospect of this year looks better as the target of *aus* production has been achieved and the production of *aman*, though not finalised, is expected to be around the target. It is expected that the foodgrain production in 2002-03 would be about 8% higher than last year's production of 25.91 million metric ton(mmt). The internal procurement target from *aman* crop may not be achieved, but the prime objective is expected to be fulfilled as the farmer received the fair price of their produce from the prevailing market price situation. Government distributed about 0.4 mmt foodgrain (rice-0.18mmt wheat-0.20 mmt) under OMS to stabilise the market price during the holimonth of Ramadan. The PFDS target has now been raised to 1.43 mmt.

Production Outlook

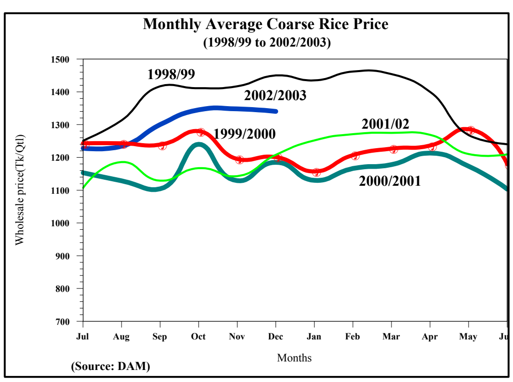
Figure-1



During the last two consecutive years, the production target of cereal crops set by the Department of Agricultural Extension (DAE) were not achieved due to unfavorable climatic condition. But this year's prospect of foodgrain production seems better. According to the final estimate of Bangladesh Bureau of Statistics (BBS), total *aus* production in the current year is 1.85 mmt. Despite damage caused by flood in some areas of the country during July and August 2002, the production outlook remains good for the recently harvested *aman* paddy, the second major crop. Increased area of *transplanted aman (0.2 million hectares more than the target),* fairly good availability as well as optimal use of fertilizer, less infestation, reasonably good prices and timely and adequate rainfall have attributed greatly to attain the production target (11.46 mmt) of *aman* this year. Although SPARRSO (through satellite imagery) made a rather conservative estimate of *aman* production (11.2 mmt), BBS gave an unofficial estimate of around 11.4 mmt, which is certainly near the production target).

Target of *boro* and *wheat* production for the current financial year were set at 13.03 mmt and 1.75 mmt respectively. Target area of cultivation for *boro* and *wheat* were set at 3.93 and 0.77 million hectares respectively. Starting from December 2002, there was about 22% achievement in the plantation of irrigated *boro* paddy by this time (16% more than that of previous year) and the plantation will continue up to February 2003. Wheat plantation, on the other hand, is on the verge of completion and only 85% have been achieved till mid January. It is to be mentioned that area under *wheat* might be lower than the target (0.77 million hectares), and lower by around 7% than that of the previous year. It is apprehended that wheat cultivation was delayed due to rainfall in late-September this year and that some land might have been diverted to other crops.

Figure 2



Government Action

Government distribution programs have experienced some changes this year. Allocation to open market sale operation have been increased to 383 thousand metric ton from its original budget of 100 thousand m. tons. On the other hand, 231 thousand m. tons in Food for Works Programme have been converted to cash. The revised distribution target now stands at 1.43 million m. ton. *Aman* internal procurement target has been fixed at 200 thousand tons in rice form. This year's procurement price has been set at Tk 840 per quintal of paddy and Tk. 1280 per quintal of rice. The open market price has already crossed the govt. set procurement price indicated less possibility of *aman* procurement. The private sector import this year is comparatively higher than last year which eased supply position although the market prices are high (figure-2).

D h a k a , B a n g l a d e s h , J a n u a r y 2 0 0 3

.

Food Aid and Commercial Imports

In FY 2002/03, against the budgeted quantity of 400 thousand metric ton, the actual arrival of food aid during July to December '02 was about 133 thousand metric ton. It is expected that another 200 thousand metric ton of wheat would arrive in Bangladesh by next three months. As a part of usual budget preparation practices, food budget for FY 2002/03 has a provision of importing 200 thousand metric ton of foodgrain (rice-100 thousand mt. wheat 100 thousand mt.) using government's own resources. In the first-half of this year, the government did not import any foodgrain commercially as the level of public stock was satisfactory.

Foodgrain imports by the private sector were comparatively higher during the first half of the fiscal year. Between July '02 to December '02 private sector has imported about 940 thousand metric ton of foodgrain (rice 439 thousand metric ton and wheat 501 thousand metric ton). During the same period of previous year, imports by the private sector were only 447 thousand metric ton (rice 15 thousand metric ton and wheat 432 thousand metric ton).

Table 1: Imports of Foodgrain

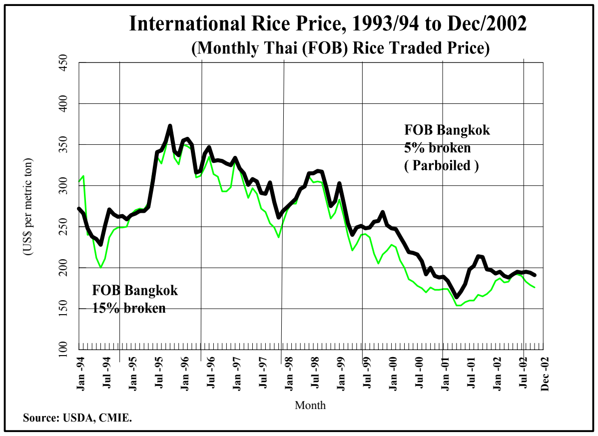
(000' MTs)

Category of Imports	2001/02	2002/03												
		Actual						Projection						Total
	Total	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	0	0	0	**0**
Food Aid	**8**	0	0	1	0	0	0	2	0	0	0	0	0	**4**
Private	**118**	29	95	51	103	110	52	41	70	70	50	15	15	**700**
Wheat														
Govt. Com.	**0**	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Food Aid	**500**	0	0	75	25	0	32	49	100	47	45	24	0	**396**
Private	**1171**	64	114	94	78	62	89	312	100	100	100	100	87	**1300**
Total	**1797**	93	209	221	205	172	173	404	270	217	195	139	102	**2400**

International Prices

Annual average price of Thai parboiled rice (5% broken) in FY 2001/02 was US$ 198 per metric ton (FOB Bangkok), 5% higher than the annual average price of FY 2000/01 (US $187 per metric ton). In 2001/02 intra-year price variation was not significant (ranging from US$ 214 per metric ton in September'01 to US$ 188 per metric ton in April'02). In Calendar Year 2002 international rice prices remained stable at around US $194 per metric ton. December '02, price of thai 5% broken parboiled rice was US$ 190 per metric ton for which equivalent C.I.F price at Chittagong port stands at around Tk. 12.50 per kilogram, about 3% lower than that of December, 2001 (Figure-3).

International wheat prices remained stable (for about a year until May '02) around US $125 ranging from US$ 122 to US$127 per metric ton for US wheat (FOB Gulf HRW#2). Due to substantial production shortfall (particularly in North America and Australia) driven inadequate supply situation in world wheat market, international wheat price started increasing at a rate of about 10% every month since June '02 and reached US$ 194 per metric ton (HRW #2, FOB US-Gulf port) in October '02. However, after October '02 international wheat price started declining and reached US $155 by the end of December 2002 (Figure - 4).



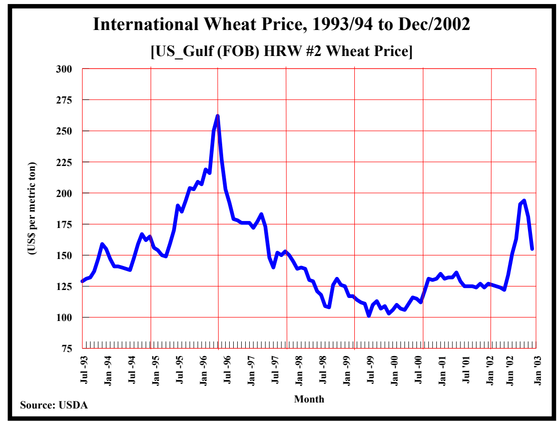


Figure -3

Figure-4

Domestic Prices

Weekly average wholesale paddy price (Rangpur) started to increase from the 4th week of July 2002, and stood at Tk. 7.55/kg in November 2002. The paddy price came down to Tk. 7.05/kg at the 1st week of December/02. This fall in the price was due to good *aman* harvest, but it would not continue for long.

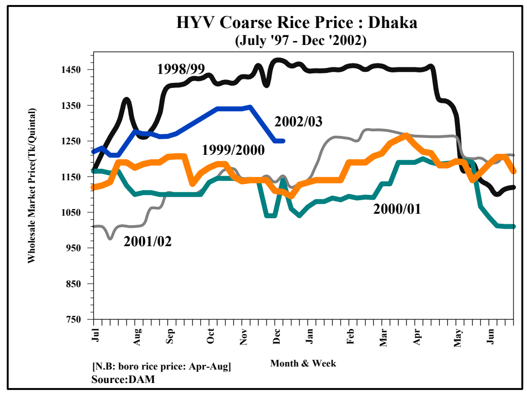


Figure -5

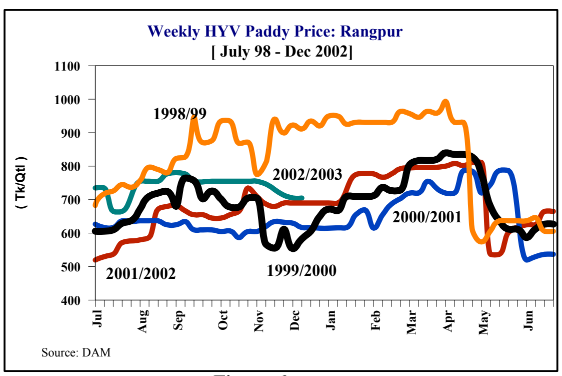


Figure-6

In the beginning of FY 2002/03, national average coarse rice price was Tk. 12.20/kg, about 21% higher than the initial price of 2001/02 (figure). Coarse rice price reached to Tk. 13.40/kg in October/02 and continued to increase up to November/02. In the beginning of December/02 the price came down slightly but again started to increase from the last week of December/02. The main cause was supply shortfall due to foggy weather, which hampered rice husking as well as transportation.

The price of wheat in Dhaka during August to November/02 was almost stable at around Tk. 9.15/kg. The wheat price in the Dhaka market started to decline gradually from first week of December/02 and came down to Tk. 8.90/kg by end December. The market supply of wheat increased remarkably through private sector imports as well as government open market sales during November and December/02.

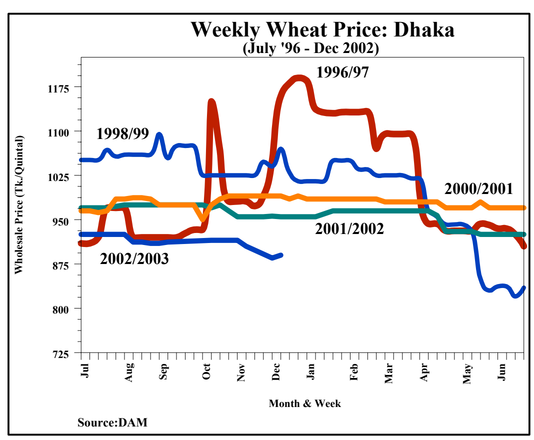


Figure-7

Figure 8

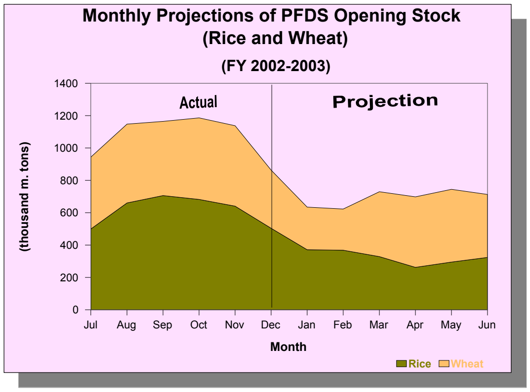
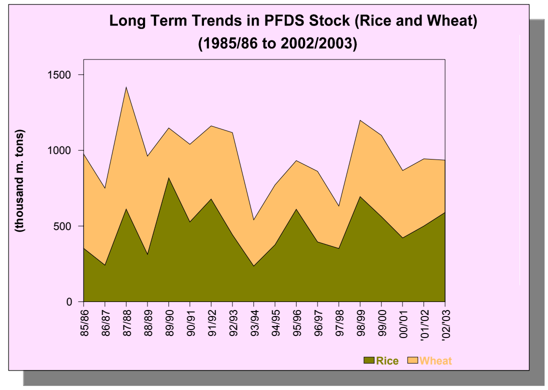


Figure 9



Public Food Operations

Table 2: Monthly Public Foodgrain Operation, 2002-2003

(July 2002 – December 2002 Actual and January 2003 – Jun 2003 Projection Figures)

(000 MTs)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	*Jun*	Total
Rice													
Opening Stock	500	659	706	681	640	504	371	364	329	263	296	*324*	
Accumulation													
Procurement	172	65	0	0	0	0	56	25	0	0	85	*147*	**550**
Food Aid	0	0	1	1	0	0	2	0	0	0	0	0	**4**
Govt. Com. Imp.	0	0	0	0	0	0	0	0	0	100	0	*0*	**100**
Distribution													
Priced	11	11	11	12	108	96	11	11	12	12	12	*12*	**318**
Non-Priced	2	6	15	30	25	35	53	48	53	54	44	*43*	**406**
Closing Stock (a)	659	706	681	640	504	371	364	329	263	296	324	*415*	
Wheat													
Opening Stock	444	487	458	504	496	359	263	263	405	391	449	*446*	
Accumulation													
Procurement	67	0	0	0	0	0	0	0	0	80	40	*13*	**200**
Food Aid	0	0	75	25	0	32	49	100	47	45	24	0	**396**
Govt. Com. Imp.	0	0	0	0	0	0	0	100	0	0	0	*0*	**100**
Distribution													
Priced	10	13	10	14	119	104	11	11	11	10	*11*	*12*	**334**
Non-Priced	14	16	17	18	18	22	35	46	50	56	*56*	*77*	**423**
Closing Stock (b)	487	458	504	496	359	263	263	405	391	449	*446*	*370*	
Total Stock (a+b)	**1146**	**1164**	**1186**	**1136**	**863**	**634**	**627**	**734**	**654**	**746**	**770**	***785***	

Food Security and Nutrition Status

Trend in Child Nutrition Situation:

Figure -10 shows the trend on the prevalence of malnutrition e.g. wasting (WHZ< -2.00) among children aged 6-71 months for the period from 1985-86 to 2000 (Source: BBS). The prevalence of wasting had increasing trend from 14.8% in 1985-86 to 16.7% in 1992, while the same had decreasing trend from 16.6% in 1995-96 to 11.7% in 2000. It decreased by about 5 percent in between 1995-96 and 2000 averaging about 1% decline per year. However the improvement is more prominent in the rural areas where prevalence in wasting dropped from 17.2% in 1995-96 to 11.9% in 2000. In the urban areas, percentage of children wasted declined from 15.1% in 1992 to 10.8% in 2000, at a slower rate than that of the rural areas. The variation in the trend between rural and urban calls for due attention on the part of the GO and NGO initiatives.

Figure 10

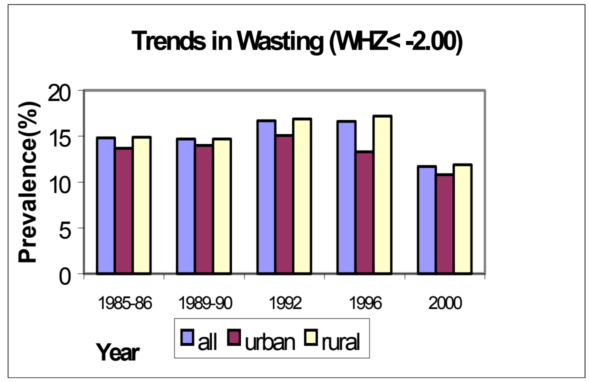


Figure 11

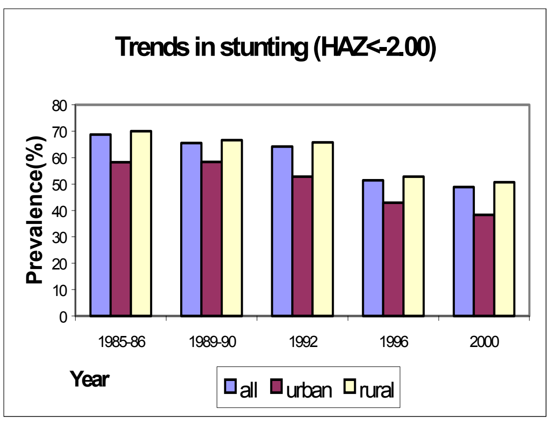
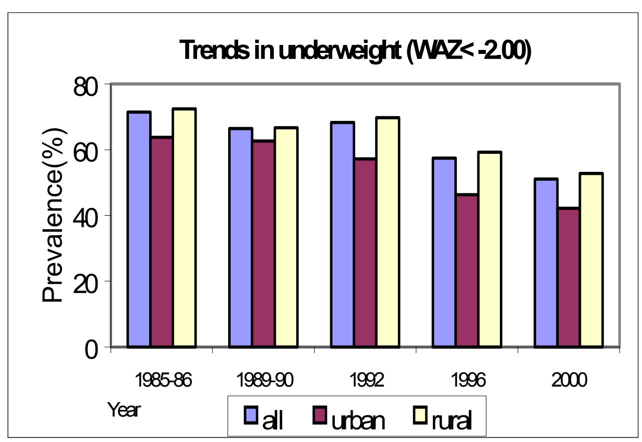


Figure-11 shows the percentage of stunted children aged between 6-71months. The prevalence of stunting has declining trend from 68.7% in 1985-86 to 48.8% in 2000. The rate of decline, however, was not consistent. The drop was sharp (about 13%) in between 1992 and 1995-96, markedly different from the present trend (2.6%). Moreover, there is significant variation (8.4-13%) in the percentage of stunted children from villages with that of urban areas in all the survey findings by BBS. The recent rate of decline, however, is more prominent in the case of urban children, 4.6% in between 1995-96 to 2000 as against only 2.1% decline in rural areas. A sharp improvement occurred in between 1992 and 1995-96 in both the rural as well as urban areas.

Figure-12



The prevalence of underweight showed marked improvement (71.5 to 66.5%) from 1985-86 to 1989-90 with slight deterioration in 1992 (68.3%) and then again a significant drop in 1995-96 (to 57.4%). The amount fell further to 51.1% in 2000. The most worried situation lies in the fact that there is widening gap in the underweight percentage between urban and rural children, as the difference rose to over 10% in 2000 from its earlier value of 3% in 1995-96. However, per year simple average rate of decline in underweight prevalence is about 1.33% in both rural and urban areas (figure-12).

This report is published by the Food Planning and Monitoring Unit, Ministry of Food. For detailed information/ data call FPMU Tel: 9550634/ 9557686, Fax: 9559328, E-mail: *fpmu@bttb.net.bd*