



# GIEWS Update

## Bangladesh

### Severe floods in 2017 affected large numbers of people and caused damage to the agriculture sector

#### Highlights:

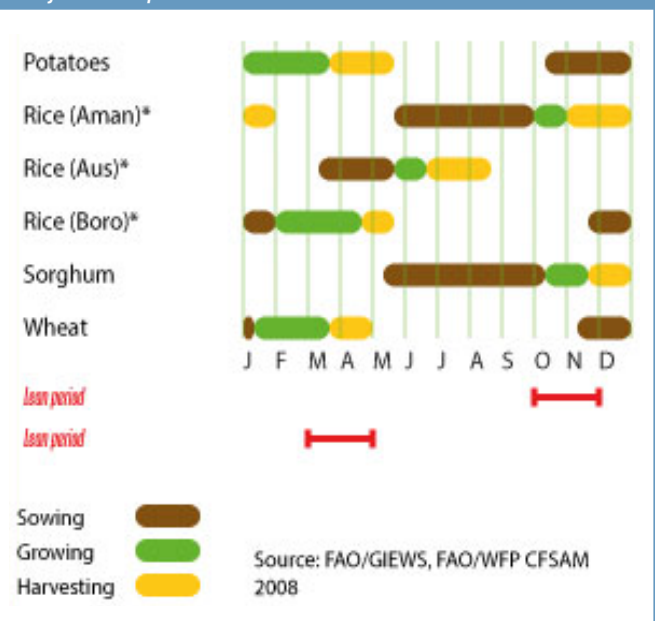
- Severe floods in 2017 have affected at least 8 million people, causing deaths and injuries, loss of livestock and food supplies, and damage to housing and infrastructure.
- The floods caused severe damage to the agriculture sector, including crop losses of the main food staple rice, with most of the damage concentrated in the northern districts.
- Prices of rice, the country's main staple, reached record levels in September, mostly reflecting flood-induced crop losses in 2017. Overall, rice prices remained 30 percent above their year-earlier levels.
- The impact of the floods and the resulting elevated prices of rice have severely compromised the livelihoods of the affected households.

#### Overview

Bangladesh is prone to floods during the monsoon season, which normally extends from June to September. In 2017, three episodes of severe flash floods affected large areas of the country, particularly the northern districts. The floods caused loss of lives and affected the livelihoods of at least 8 million people. Regarding the agriculture sector, the floods resulted in losses of food crops (including the main staple rice), livestock and fish stocks, as well as household food reserves. Retail prices of coarse rice (in Dhaka), the country's main staple, rose by at least 30 percent since the start of the year, reaching record levels in September 2017, as a result of the flood-induced crop losses of the 2017 main season and supply tightness associated with reduced imports and output in 2016. The high level of prices raises serious concerns about access to food by the most vulnerable sections of the population.

Figure 1: Bangladesh - Crop calendar

*\*major foodcrop*



## Significant paddy losses at sub-national level

### *Floods in March and April 2017*

Heavy rains in late March and early April triggered severe flash floods over northeastern parts of the country, affecting approximately 850 000 households and causing severe damage to food crops, housing and infrastructure, including bridges and roads. The most affected districts were Sylhet, Moulvibazar, Sunamganj, Habiganj, Netrokona and Kishoregani. According to official estimates, the floods in April caused severe damage to nearly 220 000 hectares of crops, mostly to the ready-to-be harvested “boro” paddy crop in low-lying areas. The floods only had a marginal impact on the overall 2017 wheat output, as the flood-affected areas account for less than 1 percent of the total national wheat production.

### *Floods in July 2017*

In late June and July, heavy monsoon rains caused the main northern and northeastern rivers of Bangladesh to overflow, triggering flash floods and landslides and resulting in widespread inundations in the low-lying areas. The most affected districts were Sylhet and Moulvibazar in the northeast, which were just recovering from the April floods, as well as Rangourm Kurigram, Sirajganj, Jamalpur, Bogra, Lalmonirhat, Gaibandha and Nilphamari.

According to official estimates, the July floods affected about 1.6 million people (some 338 500 households), damaged over 100 000 houses and destroyed schools, roads, bridges and embankments. At the time of floods, the 2017 “aus” paddy crop, which represents about 7 percent of the annual output, was in late development stage, while planting of the 2017 “aman” paddy crop, accounting for 38 percent of the annual output, had just started. According to the Government assessments, the impact of the floods on standing crops was limited, with only about 40 000 hectares of cropped land reported to be inundated.

### *Floods in August 2017*

The northern part of the country was again hit by heavy rains in August, which caused rivers to overflow, resulting in severe floods in 31 out of the country's 64 districts. According to information from the Network for Information, Response and Preparedness Activities on Disaster (NIRAPAD) of Bangladesh, floods adversely affected the livelihoods of about 6.8 million people and caused significant damage to housing and infrastructure. Preliminary estimates

indicate that about 16 000 hectares were fully lost and 560 000 hectares of standing crops were partially damaged. Although a comprehensive evaluation of the August flood damage to food crops is not yet available, “aman” rice paddy in low-lying areas is likely to be affected the most.

### **Rice and wheat production forecast for 2017**

Prior to the July and August floods, the 2017 aggregate rice output was forecast by FAO at 52.2 million tonnes, close to last year's level. Although the floods in 2017 have resulted in severe localized crop losses, the rains are expected to benefit the growing crops in surrounding areas. In addition, the current strong local prices are expected to stimulate an expansion in plantings for the “aman” crop, which is normally sown until the end of September, providing the scope for flood losses to be at least partially compensated.

The 2017 wheat output is officially estimated at 1.43 million tonnes, 6 percent above last year's bumper level. The year-on-year growth is the result of increases in both area and yields.

### **Rice imports forecast to increase considerably**

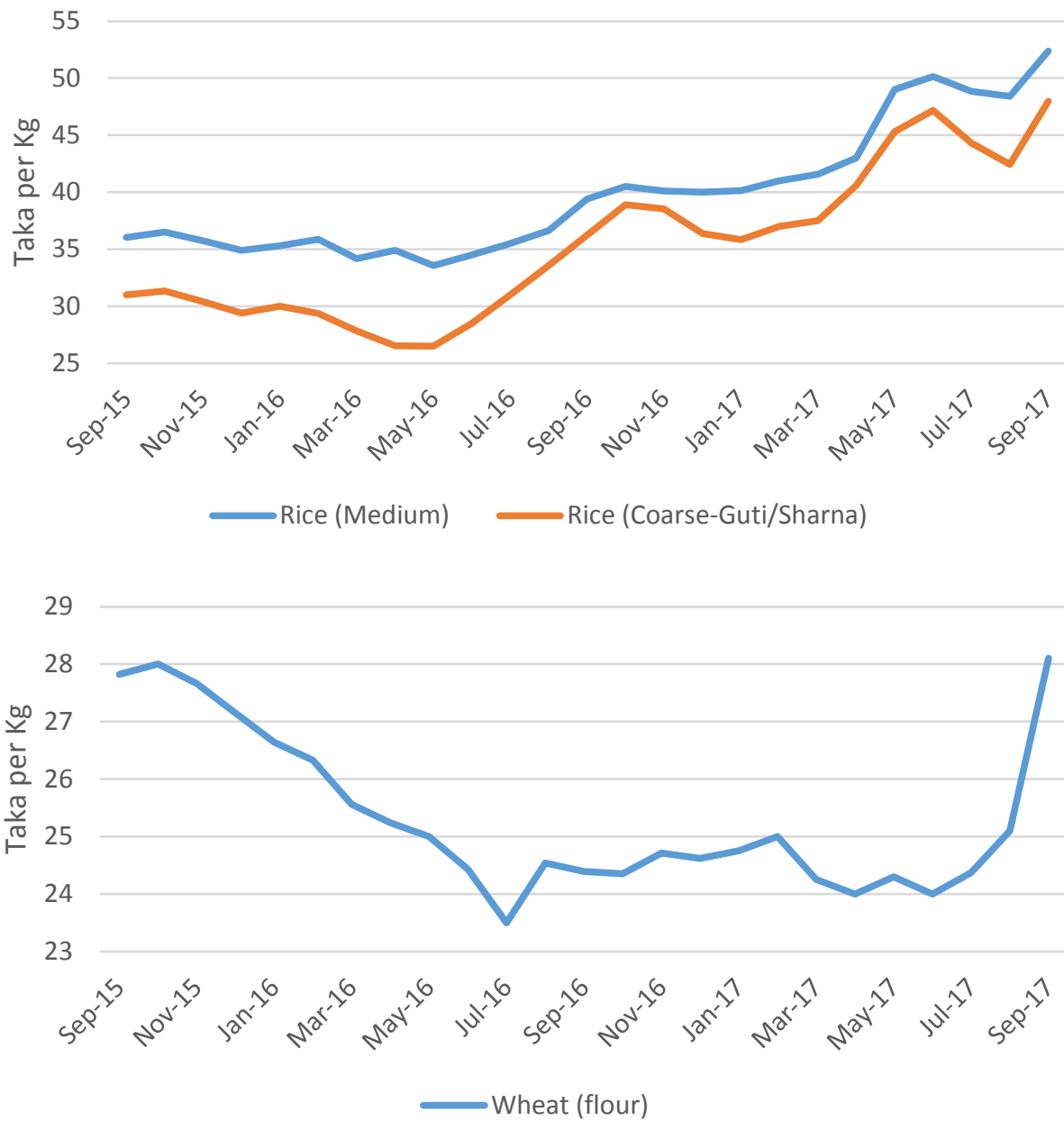
During the last five years (2012-2016), the annual imports of rice (milled basis) have fluctuated between 50 000 tonnes and 1.3 million tonnes, reflecting changes in domestic production and the level of international prices compared with local quotations. Rice imports in 2017 are forecast by FAO at 1.3 million tonnes, considerably up from the 2016 volume of 62 000 tonnes, when ample inventories and higher duties discouraged imports. The increased import needs in 2017 stem from the weather-related production shortfalls, which were exacerbated by supply tightness associated with reduced output and lower imports in 2016. These factors have prompted the Government to facilitate rice imports by the private sector through lowering custom duties on rice from 25 percent to 10 percent in June 2017 and from the 10 percent to 2 percent in mid-August. In addition, the Government has actively started buying from the international markets in order to increase State stockpiles and secure the supplies required to meet the public distribution needs. Since May 2017, the Government issued nine international tenders to import a total of 450 000 tonnes of rice and has already purchased 250 000 tonnes from Viet Nam through a Government-to-Government agreement and is currently seeking to import additional volumes through Government-to-Government deals (Table 1).

**Table 1: Bangladesh - Rice import-related developments in 2017**

2017	POLICY INSTRUMENT	DESCRIPTION
May	Import tender	Opened an international tender for 50 000 tonnes of non-Basmati parboiled rice after announcing that it would import up to 600 000 tonnes of rice in order to increase State stockpiles and meet public distribution needs.
May	Import tender	Opened an international tender for 50 000 tonnes of 5% broken white rice for delivery within 40 days of contract.
May	Import agreement	Renewed a Memorandum of Understanding with Viet Nam, giving Bangladesh the option to import up to 1 million tonnes of Vietnamese rice per year until 2022. The agreement was soon followed by a purchase of 250 000 tonnes of Vietnamese rice.
May	Import tender	Opened an international tender seeking 50 000 tonnes of non-Basmati parboiled rice for delivery within 40 days of contract.
June	Import tender	Opened an international tender for 50 000 tonnes of non-Basmati parboiled rice for delivery within 40 days of contract.
June	Import tariff	The Government announced it will reduce custom duties on rice to 10 percent from the current 25 percent.
July	Import tender	Opened two international tenders seeking 50 000 tonnes of non-Basmati parboiled rice each.
July	Import tender	Opened three international tenders seeking 50 000 tonnes of milling wheat each.
August	Import tariff	The Government announced it will reduce further custom duties on rice to 2 percent from the current 10 percent.
August	Import tender	Opened an international tender for 50 000 tonnes of parboiled rice for delivery within 40 days of contract.
August	Import tender	Opened an international tender for 50 000 tonnes of parboiled rice.
August	Import agreement	Signed a Memorandum of Understanding with Thailand to import up to 1 million tonnes of rice in the next five years.
August	Import agreement	Signed a Government-to-Government agreement to import 250 000 tonnes rice (milled basis) from Cambodia.
August	Import target	Rice import target raised from 600 000 tonnes to 1.5 million tonnes in order to insure State stockpiles and supply rice to vulnerable groups under State-run programmes.
September	Import tender	Opened an international tender seeking 50 000 tonnes of non-Basmati parboiled rice.

Source: [GIEWS Food Price Monitoring and Analysis](#), [FAO Rice Market Monitor, July 2017](#) and Directorate General of Food (Bangladesh).

Figure 2: Bangladesh - Retail cereal prices in Dhaka



Source: [GIEWS FPMA Tool](#)

In the first eight months of 2017, the country has already imported 660 000 tonnes of rice, considerably above the 54 000 tonnes imported during the corresponding period last year.

Wheat imports in the 2017/18 marketing year (July/June) are preliminarily forecast at 6 million tonnes, 5 percent above last year's high level, owing to an increased domestic demand for high-quality wheat for milling.

### **Severe losses also to livestock and fishery sectors**

There has been significant livestock losses and damage to fishing gear, fish ponds and related equipment. Official estimates indicate that the April floods caused the loss 1.1 million cows and buffalos, 270 000 goats and sheep and 3.2 million ducks and hens, plus the loss of 220 000 tonnes of fish. These figures are expected to increase after a more detailed assessment is conducted to include the losses due to the July and August floods.

### **Rice prices increased in September and reached record highs**

After some declines in July and August, prices of rice in Dhaka resumed their upward trend in September and reached record highs, 30 percent higher than a year earlier, reflecting seasonal patterns exacerbated by the tight market availabilities associated with the flood-induced losses caused to the 2017 main "boro" crop, gathered earlier in the year. Concerns over the impact of the July-August floods on the 2017 second "aman" season crop, to be harvested from November, also added to the upward pressure. Overall, rice prices

have been on an increasing trend since mid-2016 due to reduced imports and output last year. In an effort to ease prices of rice, the Government has recently launched the open market sales of rice and increased imports, while also reducing custom duties to encourage private sector imports.

Prices of "atta" (loose wheat flour), another important staple, also increased sharply in the past few months and were higher than in September last year.

### **Floods have negatively impacted livelihoods and food security of a large number of households**

The floods since the beginning of 2017 affected at least 8 million people, mainly concentrated in the northern parts of the country. A large number of people are still living in temporary shelters and rely on humanitarian support. Most of the population affected by the floods are highly dependent on agriculture for their livelihoods and many are vulnerable to food insecurity. It is critical that farmers receive timely agricultural assistance, including the provision of seeds and planting equipment for the 2017/18 "boro" crop planting from next November as well as water and pest-resistant storage containers to protect farmers' seeds. Regarding the livestock sector, there is an urgent need for feed and vaccines. For the fishery sector, it is important to rebuild fishing gears and rehabilitate fish ponds in the most affected areas. It is also recommended to deliver targeted food and cash assistance to the poorest and most vulnerable households to prevent the adoption of negative cropping strategies.

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