

Palm Oil Trade Fair & Seminar (POTS) 2014

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Bangladesh Market - Issues, Challenges and Opportunities

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Geographical Location of Bangladesh



Bangladesh: Economic Overview

- **Area: 147,570 sq. km.**
- **Population: 157 million (2013)**
- **Per Capita GDP: US\$ 1,115 (2013 – 2014)**
- **GDP Growth: 6.12% (2013-2014)**
- **Per Capita Income: US\$ 1,190 (2013-2014)**
- **Annual Import: US\$ 34 billion (2012-2013)**
- **Annual Export: US\$ 32 billion (2012-2013)**
- **Annual Import Value of Oils, Fats and Oilseeds: US\$ 1.7 billion (C & F basis)**
- **Annual Import from Malaysia: US\$ 1.9 billion (2012-2013)**
- **Major export Items:** Readymade garments, Jute & Jute products, Frozen Foods, Leather & Leather Products, Ceramic Items, Tea, Pharmaceuticals, Chemicals, Petroleum By-Products, Agricultural Products, Engineering items, etc.
- **Major Import Items:** Food grains, Petroleum Products, Cotton, Edible oils & Oilseeds, Fertilizers, Clinker, Capital machinery, Electronic Items etc.
- **Major Import Partners** China, India, Singapore, Malaysia, Japan, South Korea, USA, Taiwan, Hong Kong

Source: Bangladesh Economic Review – 2014, Ministry of Finance



Facts on Oils & Fats Industry

- ❑ **No. of Refineries in Operation: 20**
- ❑ **Present Annual Refining Capacity: 3 million tonnes**
- ❑ **Present Annual Dry Frac. Plant Capacity: 2.5 million tonnes**
- ❑ **Capacity Utilization: 56% (2013)**
- ❑ **Annual Consumption of Oils & Fats: 1.84 million tonnes (2013)**
- ❑ **Per Capita Consumption of Oils & Fats: 11.8Kgs. (2013)**
- ❑ **Annual Import of Oils & Fats: 1.7 million tonnes (2013)**
- ❑ **Avg. Annual Indigenous Production of Oils & Fats: 140,000 tonnes**
- ❑ **Major Consumed Edible Oils: Palm, Soyabean and Canola/Mustard Oil**
- ❑ **Consumption Share: Palm oil-66%, Soyabean Oil -25%, Canola/Mustard Oil - 4.9%, Others – 4.1% (2013)**
- ❑ **Av. Oils and Solid Fats Consumption Ratio: 87:13**

Source: Oil World – 2014/MPOC Market Intelligence

Import Scenario- Bangladesh:

Import of Total Oils & Fats vis-à-vis 3 Major Edible Oils : 2009-2013

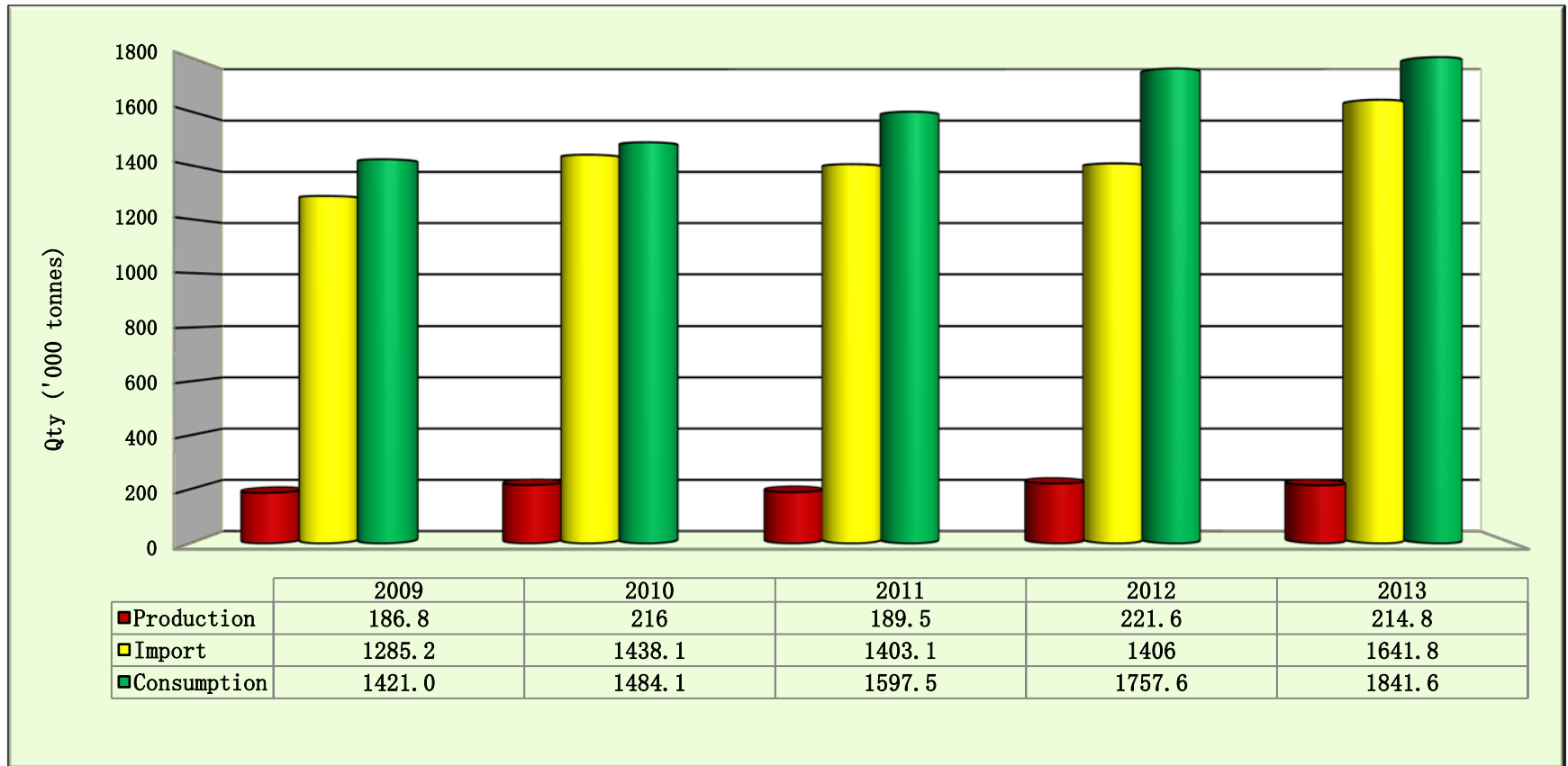
Figures in '000 Tonnes

YEAR	TOTAL IMPORT	CHANGE (%)	CPO, CPL & RBD PO/PL	CHANGE (%)	CDSBO	CHANGE (%)	CANOLA/MUSTARD OIL ¹	CHANGE (%)
2009	1,496	(+) 36.41	1,023	(+) 25.39	397	(+) 82.65	44	(+) 63.63
2010	1,452	(-) 2.93	930	(-) 9.09	436	(+) 9.73	57	(+) 30.65
2011	1,465	(+) 0.88	949	(+) 2.03	422	(-) 3.03	60	(+) 4.06
2012	1,613	(+) 10.12	1,027	(+) 8.23	492	(+) 16.48	65	(+) 8.48
2013	1,778	(+) 10.18	1,257	(+) 22.33	454	(-) 7.80	36	(-) 45.19

Source: Chittagong port/MPOC Market Intelligence

¹ Canola/Mustard oil figurers are oil equivalent of imported seeds

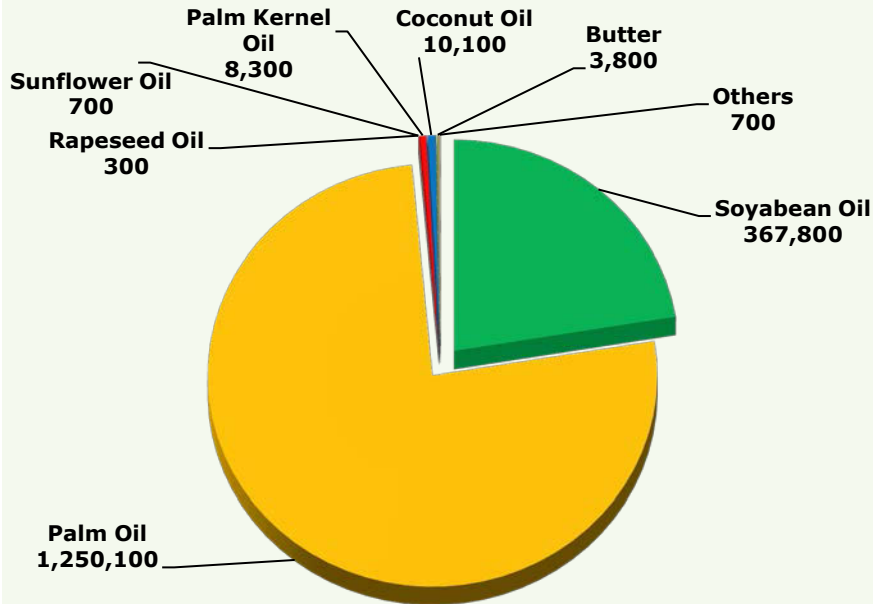
Yearwise Production, Import vis-à-vis Consumption of Oils & Fats In Bangladesh: 2009-2013



Source: Oil World, 2014

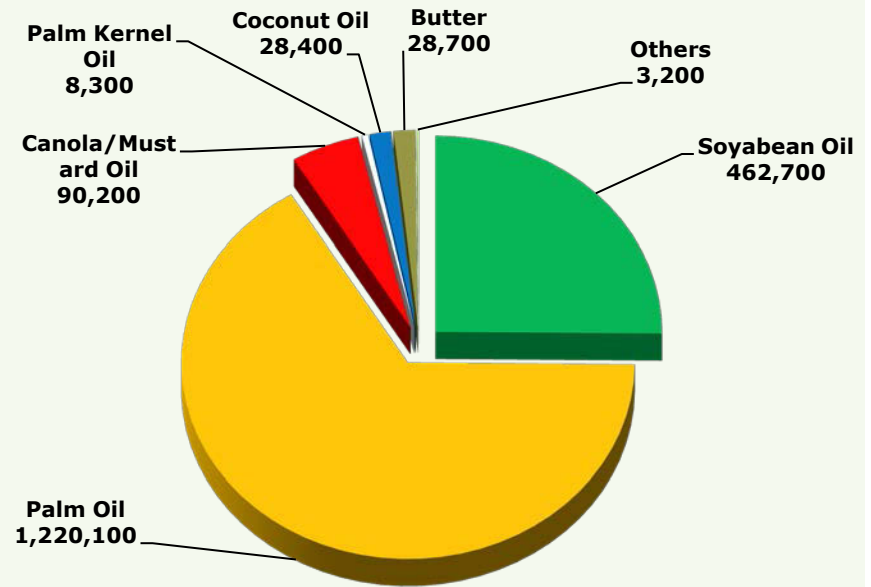
Bangladesh: Oils & Fats Import Vs. Consumption In 2013

IMPORT OF OILS/FATS IN BANGLADESH IN 2013
TOTAL : 1,641,800 TONNES



Note: 1. Soyabean oil figure includes both CDSBO and oil equivalent of imported soyabean @ 18%.
2. Canola/Mustard Oil figure is the oil equivalent of imported Canola/Mustard seed @ 38%

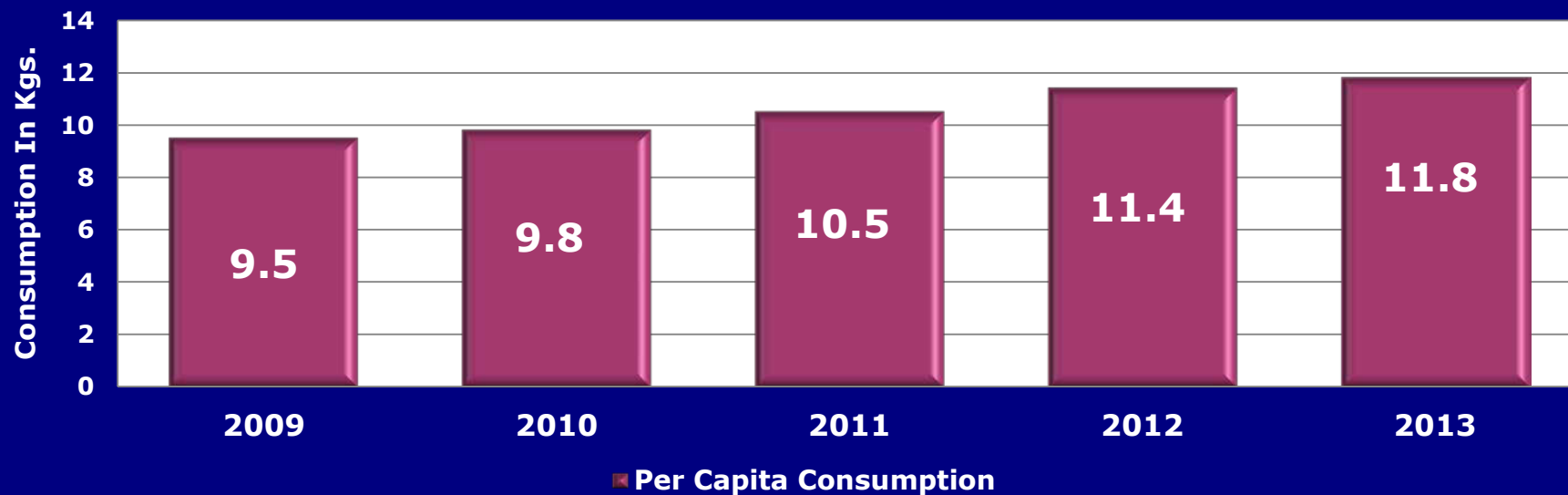
OILS AND FATS CONSUMPTION IN BANGLADESH IN 2013
TOTAL : 1,841,613 TONNES



Note: 1. Soyabean oil figure includes both CDSBO and oil equivalent of imported soyabean @ 18%.
2. Canola/Mustard Oil figure is the oil equivalent of imported Canola/Mustard seed @ 38%

Source: Oil World - 2014

Per Capita Consumption of Oils & Fats



	2009	2010	2011	2012	2013
Total Consumption Million Tonnes	1.42	1.48	1.60	1.76	1.84

Source: Oil World, May 2014

Tariff Structure: 2014 - 2015

Commodities	Import Duty	Import VAT
CPO, CPL & RBD PL*	0	10%
CDSBO*	0	10%
Oilseeds	0	0
Copra	5%	0
PKO	Crude: 10% Refined: 25%	15%
Crude/RBD PS	12%	15%
PFAD/Acid Oil	10%	15%
Shortening/Margarines etc.	10%	15%
Coconut oil	25%	15%

*Applicable for import in bulk

Note: All imports other than import in bulk are subject to 5% Commercial VAT and 5% Advance Income Tax

BANGLADESH - ISSUES

- ❑ Comparatively better image of competing oils.
- ❑ Insufficient brands of palm olein against numerous brands of competitors.
- ❑ Price sensitive market
- ❑ Dominance of IPO

BANGLADESH - CHALLENGES

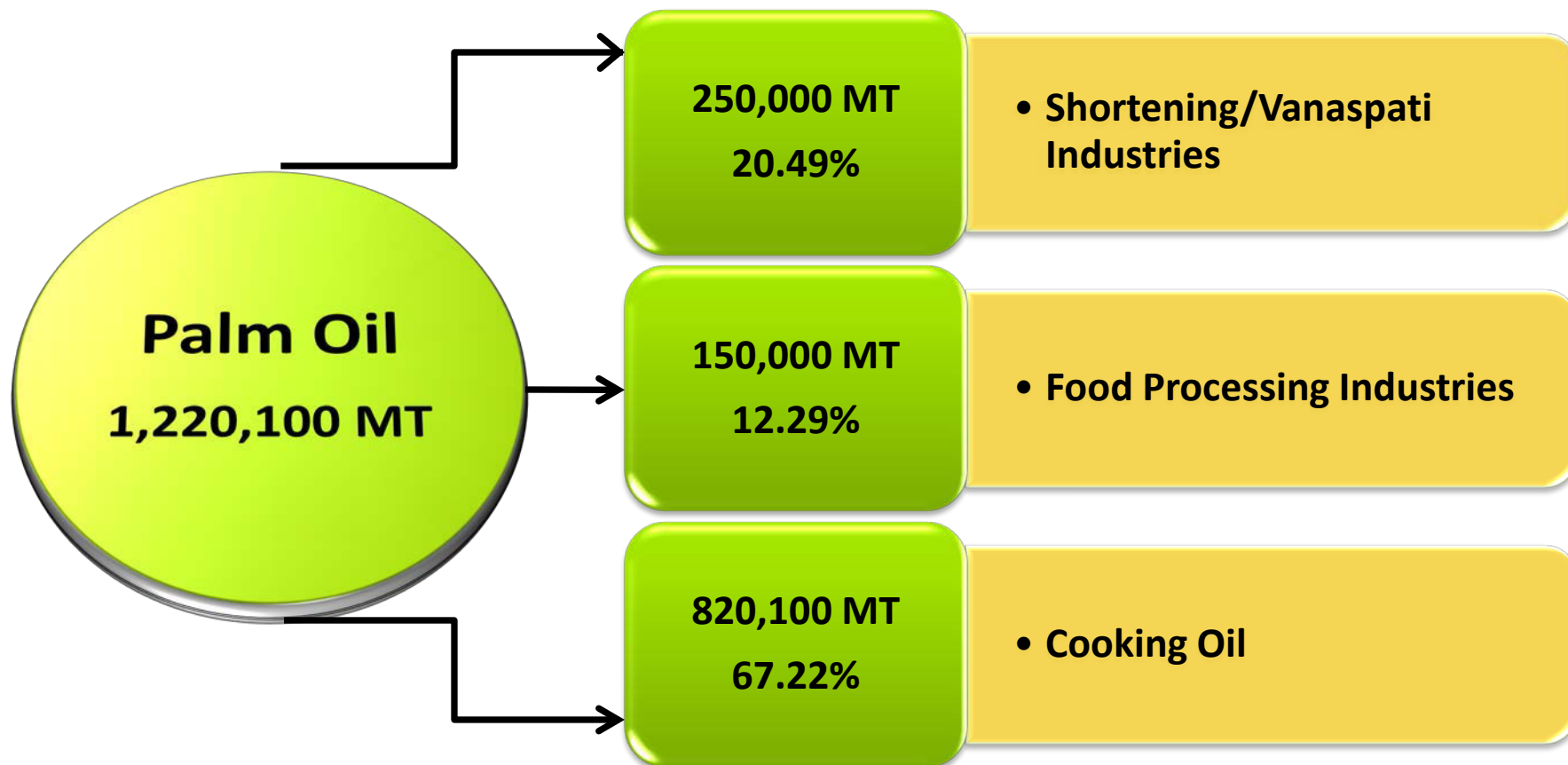
- ❑ To establish palm oil as a healthy edible oil through changing the prevailing perception of consumers, specially educated consumers, which would eventually flow down to general consumers.
- ❑ Increase the availability of Palm Olein brands in the market by patronizing local producers of palm olein.
- ❑ Regaining MPO's import share through increase of interaction between MPO suppliers and local palm oil importers cum refinery owners.

BANGLADESH - OPPORTUNITIES

- ❑ **Bangladesh Palm Oil Market Expanded Substantially over last decade and Palm Oil will Remain Country's Major Edible Oil.**
- ❑ **Import Dependency To Remain High In Meeting Edible Oils Demand, mainly because of :**
 - Population growth
 - Increase of Purchasing Power of Rural consumers & Lower income groups leading to higher consumption of edible oils & fats, specially Palm Olein
 - Economic well being and change of food habits of urban middle class
 - Stagnancy in local production.
- ❑ **Annual Import Quantity of Palm Oil To Reach 2.0 Million Tonns By 2018 at present growth rate.**

Where Palm Oil is Consumed !!!...

TOTAL CONSUMPTIONS: 1,220,100 MT in 2013



Projection of Population, Total Import of Oils & Fats vis-à-vis Import of Palm Oil: 2014-2018

YEAR	POPULATION @1.37% GROWTH (In '000)	TOTAL IMPORT OF OILS & FATS (In '000 MT)	IMPORT OF PALM OIL* (In '000 MT)	SHARE OF PALM OIL IN TOTAL IMPORT OF OILS & FATS (In %)
2014	155,736	1,955	1,380	70.60
2015	157,870	2,150	1,520	70.70
2016	160,033	2,365	1,675	70.82
2017	162,225	2,600	1,845	70.96
2018	164,447	2,860	2,035	71.15

Source: MPOC Market Intelligence

*(CPO, CPL, RBD PO/PL together)

Thank you

