

**Required Report:** Required - Public Distribution

**Date:** January 23, 2023

**Report Number:** BG2022-0035

**Report Name:** Exporter Guide Annual

**Country:** Bangladesh

**Post:** Dhaka

**Report Category:** Exporter Guide

**Prepared By:** Tanvir Hossain

**Approved By:** Megan Francic

**Report Highlights:**

In calendar year 2021, Bangladesh imported \$12 million of consumer-oriented food from the United States, up 11 percent over 2016. The income and purchasing power of the middle-class continue to reach new heights, boosting demand for imported food. However, the food market is highly competitive as domestic processed food companies are expanding, and consumers are seeking value, but quality products. The changing dynamics of the Bangladeshi market are expanding opportunities for consumer-oriented products for food processing, modern retail, and the hotel, restaurant, and institutional sectors. This report serves as an all-in-one resource for prospective U.S. exporters to Bangladesh with information on the food and beverage market, business culture, consumer preferences, import regulations, and trends.

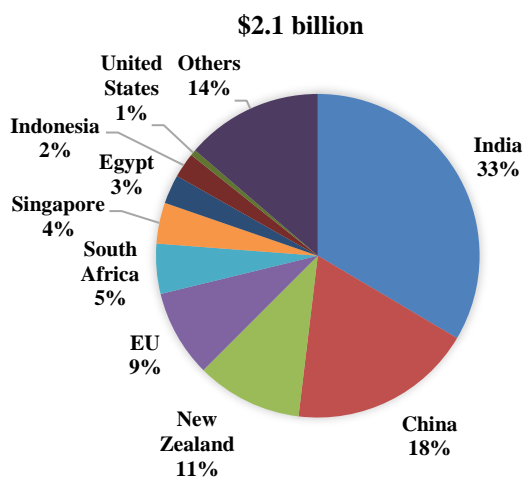
## Market Fact Sheet: Bangladesh

### Executive Summary

With 170 million people, Bangladesh is the world's eighth most populous country and 41st largest economy. It has a strong track record of growth and development and is on track to graduate from the UN's Least Developed Countries list in 2026. Bangladesh rebounded from the COVID-19 pandemic; however, the recent surge in commodity prices has presented new headwinds. The country has the second largest economy in South Asia with a GDP of \$462 billion and per capita GDP of \$2,707 in Bangladesh fiscal year (FY) (July-June) 2021-22.

In 2021, agricultural imports from the United States reached \$928 million, consisting of \$99 million of intermediate products and \$12 million of consumer-oriented products. Bangladesh imported \$2.1 billion in consumer-oriented products in 2021, accounting for 14 percent of agricultural and related product imports. Agricultural self-sufficiency is a stated goal of the Bangladesh government and is often used to justify trade barriers and restrictions.

### Bangladesh Consumer-Oriented Product Imports, 2021



### Food Processing Industry

Bangladesh has approximately 700 food processing companies whose GDP share was 2.5 percent in FY22. The \$2.2 billion food processing sector in Bangladesh grew on average 8 percent per year between FY 2005 and 2021. The beverage industry more than doubled during the same period to \$35 million.

### Food Retail Industry

Bangladesh's modern food retail industry has approximately 50 companies with more than 250 outlets. From FY 2015 to 2021, the annual turnover for members of Bangladesh Supermarket Owner's Association grew from around \$150 to \$200 million to \$250 to \$300 million. Major stores include Shwapno, Meena Bazar, and Agora.

#### Quick Facts CY 2021

**Agricultural Product Imports:** \$14.2 billion

U.S. share (6.5%) – \$928 million

**Consumer-Oriented Product Imports:** \$2.1 billion

U.S. share (0.6%) – \$12 million

**Edible Fish & Seafood Products Imports:** \$101 million

U.S. share (3%) – \$15 million

#### Top Growth Products:

Tree nuts, dairy products, soup and other food preparations, condiments and sauces, fruit juice and non-alcoholic beverages

#### GDP/Population

Population (million): 170

GDP (\$ billion): 462 (FY2021-22)

GDP per capita (\$): 2,707 (FY2021-22)

#### Economic Growth

FY2020-21: + 6.9%

FY2021-22: + 7.3%

Source: Ministry of Finance

Strengths	Weakness
Growing demand from middle class consumers	High import tariffs
Modern retail markets are expanding.	Weak port infrastructure and poor cold chain management
Opportunities	Challenges
Expanding food processing industry demands safe and quality products	Sluggish economy is currently hampering buying power
Importers of high-value products are constantly searching for well-known brands and new products.	The United States faces stiff competition in the premium food market.

### Contact: FAS Bangladesh

Office of Agricultural Affairs

Phone: +880255662851

E-mail: [AgDhaka@usda.gov](mailto:AgDhaka@usda.gov)

## ***SECTION I. MARKET OVERVIEW***

Bangladesh is a country the size of Iowa, situated in the northeastern corner of the Indian subcontinent and bordered by India and Myanmar, with a population of approximately 170 million. Bangladesh is the eighth most populous country in the world, and the most densely populated country outside of city states.

With a growing middle class, Bangladesh attained lower-middle income status in 2015. In 2021, Bangladesh's gross national income per capita grew to \$2,620, up from \$1,220 in 2015 ([World Bank](#)). Bangladesh has enjoyed consistent annual gross domestic product (GDP) growth of over 6 percent since 2005 ([Ministry of Finance](#)). Much of this growth continues to be driven by exports from the \$42 billion ready-made garment (RMG) industry, which makes up 82 percent of Bangladesh's total export value. Bangladesh's RMG industry is second in overall value only to China. Continued remittance inflows from expatriate labor also reached \$19.5 billion in Bangladesh fiscal year (FY) (July-June) 2022 ([Bangladesh Bank](#)). However, Bangladesh has recently been facing economic headwinds, affected by the COVID-19 pandemic and Russian invasion of Ukraine. This has reduced both imports of consumer-oriented products and consumer purchasing power.

Bangladesh remains largely rural with only 35 percent of the population residing in cities, though, according to a United Nations, 50 percent of the population will migrate to urban areas by 2057. Bangladesh is a young country, with 51 percent of the predominantly Muslim population under the age of 24 and 89 percent under the age of 54.

While the agriculture sector employs 41 percent of the population, it accounted for only 12 percent of GDP in FY 2020-21 ([Bangladesh Bureau of Statistics](#)). The industrial sector accounts for 36 percent of GDP and employs 20 percent of the population, while the services sector accounts for 52 percent of GDP and employs 39 percent of the population.

Dhaka is the economic, political, and cultural center of Bangladesh. Located on the coast, the city of Chittagong has the second largest economy and hosts the country's major seaport which handles 98 percent of container cargo and 92 percent of total cargo volume. Both Dhaka and Chittagong have sizable middle classes, which creates a market for goods and services.

In 2021, the United States was the number one export destination for Bangladeshi products, and Bangladesh is currently the United States' 60th largest export market. U.S. exports to Bangladesh totaled \$2.4 billion, while imports totaled \$8.3 billion. In 2021, the top export categories from the United States were agricultural products, waste and scrap, chemicals, oil and gas, and machinery.

U.S. agricultural exports to Bangladesh grew from \$892 million in 2017 to \$928 million in 2021. Leading exports were oilseeds (\$449 million), cotton (\$308 million), wheat (\$52 million), dried distillers' grains with solubles (DDGS) (\$31 million), and soybean meal (\$25 million) (GATS).

### **Food Purchasing Behavior**

Rice is the major staple food and consumer demand continues to grow for vegetable oil, chicken, eggs, fish, and milk. Higher incomes and healthier lifestyles are influencing consumption trends. Moreover, an increasing percentage of middle to upper class consumers are shopping at modern retail outlets due to greater convenience. Consumers in higher income brackets prefer international brands, including products from a specific country of origin, which they believe provides an indication of safety and quality. The modern retail sector currently constitutes about 3 to 4 percent of total retail sales in Dhaka and Chittagong.

### **Advantages and Challenges for U.S. Products in Bangladesh**

<b>Advantages</b>	<b>Challenges</b>
Urban middle class consumers prefer imported consumer-oriented products.	There is high level of market competition for imported food. U.S. prices are comparatively higher to consumers, compounded by high shipping costs.
Urban consumers are increasingly spending more on imported food items and are changing their eating habits to consume more western style foods.	Prices of imported products are higher than locally produced products.
Road infrastructure is gradually improving, which is improving access to imports.	Weak port infrastructure and poor cold chain management hampers market expansion.
Modern retailers and distributors are expanding marketing of imported products.	Customs procedures and import regulations are complex and non-transparent. Customs clearance is time consuming as there are hundreds of categories of products. Full time customs and clearing agents are necessary for smooth trading.
Expanding food processing industry demands safe and quality products	High tariff rates increase costs.
Bangladeshi consumers are aware of the quality and safety of U.S. products.	Sluggish economy is currently hampering buying power

## ***SECTION II. EXPORTER BUSINESS TIPS***

### **Market Research: Road Map for Market Entry**

U.S. exporters to Bangladesh are encouraged to first ensure their product has market access. It is also beneficial to connect with importers to receive up to date information on prices and demand. Due to high tariffs, a product is likely to be at least two to three times more costly than U.S. FOB prices when it reaches retail shelves. Exporters should consider whether they are willing to start small, meet special labeling requirements, or ship mixed or partial containers and should be both persistent and patient.

**Locate a reliable importer/distributor** in order to export agricultural products into Bangladesh. The importers must have an import registration certificate issued by the Ministry of Commerce, trade license issued by a municipal corporation under the Ministry of Local Government, Rural Development and Cooperatives, and a VAT registration certificate issued by the Ministry of Finance.

**Visit Bangladesh** to understand the market first-hand, particularly the modern retail and hotel, restaurant, and institutional (HRI) sector. Bangladesh hosts almost no trade shows; most Bangladeshi importers and other end users travel to major regional shows such as [Food Hotel Asia](#) and [Gulfood](#) to learn about new products.

Consider the following before selecting an importer/distributor:

- Do they have a strong distribution network?
- How is their distribution network structured?
- Who are their customers? Do they sell to retailers, hotels, or restaurants?
- What are their capabilities? Do they have experience handling perishable foods?
- Are they interested in marketing your products? If so, how will marketing costs be handled?
- Are they managing similar brands or products from other suppliers? If yes, consider if this leads to a conflict of interest or has other benefits, such as working with someone who has experience with a product similar to yours.
- What are the margins and costs charged by the distributor?
- Recognize that agents with fewer employees and smaller set-ups may be more adaptable and committed than those with a large infrastructure and established reputations.
- Agents with an established, long-term reputation in the market can also provide additional certainty that they are interested in developing a long-term business relationship with you.

Ensuring payment is another important consideration when establishing a relationship with an importer. Bangladeshi importers must follow government [import procedures](#). All import transactions for more than \$100,000 must be through a bank via opening an irrevocable letter of credit (L/C). A letter of credit authorization form is also required for any trading, with or without an L/C. Please note the USDA does not have the authority or expertise to mediate contractual disputes or serve as a collection agent when differences over payment arise.

A number of local trade associations and chambers of industry are active in Bangladesh. These associations work on behalf of both domestic and international food and food ingredient manufacturers, processors, importers, farmers, retailers, and cooperatives. Exporters are recommended to identify appropriate associations, such as the [Bangladesh Foodstuff Importers and Suppliers Association](#).

### **Local Business Customs and Trends**

Business practices in Bangladesh significantly differ from those in the United States.

- There are no laws regulating the relationship between international suppliers and local agents and distributors; this relationship is governed only by the private agreements. Foreigners cannot open retail shops.
- Engaging a local agent is usually the best option in Bangladesh; however, many Bangladeshi importers do not have knowledge of U.S. grades, standards, and appellations. Exporters are advised to provide pictures, brochures, or samples. Bangladesh uses the metric system.
- English is the language of international business in Bangladesh, so translation is generally not needed.
- Importing is supported by customs clearing and forwarding agents. Customs clearance requires multiple copies of stamped and signed documents and requires more time to be cleared as compared to the United States.
- The best time to travel to Bangladesh is from October to April; business travel during Ramadan should be avoided, if possible.

### **Franchising**

Bangladesh is receptive to U.S. style franchising. The market for both specific and general franchising opportunities is attractive. There is no control on royalty payments or transfers. Recreation, fast food, and hotel franchises are readily marketable as the local market demands better facilities and services. It is recommended to consult a local attorney for details on how to set up a franchise in Bangladesh. Some common U.S. food and beverage franchises are successfully doing business in the market, including Burger King, Tony Roma's, and Domino's Pizza. However, there is weak intellectual property (IP) law in Bangladesh, and stolen IP is common.

### **General Consumer Tastes and Trends**

Traditional Bangladeshi cuisine includes steamed rice and fish and beef curries. Younger consumers are more familiar and interested in western cuisines, and western-style restaurants are expanding in Dhaka and Chittagong. The majority of snack food remains locally produced with local flavors, but urban consumers preferences are expanding to include imported nuts and seeds, potato chips, and imported ingredient-based savory snacks.

In terms of sweets, milk-based desserts are very popular, fueling milk powder imports.

### ***SECTION III. IMPORT FOOD STANDARDS & REGULATIONS and IMPORT PROCEDURES***

U.S. exporters doing business with Bangladesh for the first time may find Bangladeshi food standards and regulations challenging. Bangladeshi importers and freight forwarders are often the best sources of information and provide critical assistance with import procedures.

FAS/Dhaka publishes Food and Agricultural Imports Regulations and Standards (FAIRS) reports which describe Bangladesh's requirements for imported food and beverage products. The [FAIRS Country Report](#) provides information on general food laws and regulations for food additives, pesticides, packaging and containers, labeling, and other specific standards, and the [FAIRS Export Certificate Report](#) provides information on the required certificates for export to Bangladesh. More export guidance is also available at the [Government of Bangladesh's Trade Portal](#).

#### **Food Laws**

Imported processed food items must have a label with the importer's name and the [Bangladesh Standards and Testing Institution](#) (BSTI) logo, which indicates that the product meets the [Bangladesh Agricultural and Food Products Standard](#). Upon arrival at port, importers must have a BSTI [release letter](#) for customs clearance. According to the country's [Import Policy Order 2021-24 \(Bangla\)](#), imports of prawns, poppy seeds, grass seeds, semi-solid sugar, artificial mustard oil, live swine, and any products derived from swine are not allowed market entry.

#### **Customs Clearance**

Most importers are located in Dhaka or Chittagong. Imports via container are through [Chittagong Port](#), [Mongla Port](#), and [Payra Port](#). In FY 2021-22, Chittagong Port handled 108 million metric tons of shipments. The USDA Food for Progress-funded Bangladesh Trade Facilitation project reports that at Chittagong Port, the average time required for import clearance is 7 days 7 hours and 58 minutes (minimum 1 day 1 hour 30 minutes, maximum 19 days 9 hours) (Please see the report attached).

#### **Tariffs and Import Duties**

The [National Board of Revenue](#) regulates tariffs and publishes harmonized system-based tariff rates annually [here](#). Supplementary duties are levied on a wide range of imports, with higher rates applicable to certain high-value processed and packaged food items such as cheese, fruit juices, chocolate syrups, and religiously sensitive products such as alcoholic beverages.

Several types of duties and taxes are included in the tariff structure and a combination, but not sum, are defined as the [Total Tax Incidence](#) (TTI).

## How to Estimate TTI

Example:

HS Code: 08081090 – Apple, Fresh

Assessable Value (AV) = \$1,000

Duties and taxes	Rate (%)	Value (\$)	Formulas
Custom Duty (CD)	25	250	$\$AV \times CD\%$
Regulatory Duty (RD)	20	200	$\$AV \times RD\%$
Supplementary Duty (SD)	20	290	$\$(AV+CD+RD) \times SD\%$
Value Added Tax (VAT)	15	261	$\$(AV+CD+RD+SD) \times VAT\%$
Advance Income Tax (AIT)	5	50	$\$AV \times AIT\%$
Advance Trade VAT (ATV)	5	110.20	$\$(AV+CD+RD+SD) \times 26.67\% \times ATV\%$
Total Tax Incidence (TTI)	113.8	1,161.20	$\$(CD+RD+SD+VAT+AIT+ATV)$

Source: [Bangladesh Trade Portal](#)

## SECTION IV. MARKET SECTOR STRUCTURE AND TRENDS

### Food Processing

The processed food market, for both domestic consumption and export, is approximately \$2.2 billion. Companies manufacture a variety of foods ranging from wheat noodles to dry rice snacks to mango flavored drinks and dairy products. Growing demand for processed foods and beverages stems primarily from Bangladesh's growing middle class population.

Exports are also increasing. Processed food product exports were over \$1 billion in FY 2021-22, up 13 percent from the previous year. Bangladesh exports processed foods to 144 countries, with many items going to Bengali communities in the United States and Europe. Bangladesh is also promoting its processed halal food exports to Muslim majority countries. Main export products include biscuits, chanachur (a traditional Bangladeshi snack comprised of nuts, pulses, and spices), cakes, potato crackers, spices, pickles, rice products, and noodles.

### Food Retail

The modern retail sector, including supermarkets and convenience stores, is growing as consumers attach more importance to appearance, ambience, comfort, and the availability of a vast range of products. Modern retail outlets are rising in number, although contacts believe they likely only represent 3-4 percent of total urban retail market sales. These modern retail chains are striving to differentiate themselves from wet markets by offering more varied, high-quality products, as well as convenience. However, they also have challenges, such as cold chain capacity, food preservation and packaging, and general transportation logistics.

### Food Service – HRI

Bangladesh has 55 national and international chain hotels and resorts, 11 of which are five-star hotels. Most of these hotels are located in Dhaka, Chittagong, and Cox's Bazar, catering to the business



community and domestic tourists. Bangladesh suffers a shortage of hotels offering international standards. International tourist arrivals are very low; therefore, recreational opportunities, nightlife activities, and other attractions cater to the domestic audience. In addition, alcohol sales and consumption are strictly regulated.

## **SECTION V. AGRICULTURAL AND FOOD IMPORTS**

### **Bangladesh: U.S. Consumer-Oriented and Agricultural Related Product Imports (\$ Million)**

<b>Product category</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>% Change 2020-21</b>
<b>Consumer-oriented total</b>	<b>7.1</b>	<b>10.8</b>	<b>20.1</b>	<b>20.9</b>	<b>12.4</b>	-40.8
Dairy products	2.3	4.5	13.1	13.9	2.2	-84.6
Fresh fruit	1.1	0.9	0.8	0	0	0
Processed fruit	0.1	0.1	0.1	0.1	0	-52.0
Processed vegetables	1.4	1.5	1.7	0.9	1.1	19.3
Fruit and vegetable juices	0	0	0	0	0.1	648.6
Tree nuts	0.6	1.2	1.3	2.4	5.3	123.8
Chocolate and cocoa products	0.1	0.1	0.1	0.1	0	0
Bakery goods, cereals, and pasta	0.1	0.1	0.1	0.1	0.1	-43.4
Food preparations	0.8	1.3	1.6	1	2.6	165.5
Condiments and sauces	0.4	0.6	0.7	1	0.8	-17.8
Non-alcoholic bev (ex. juices)	0	0.1	0.2	0.1	0.1	18.2
Wine and related products	0	0.1	0.1	0	0	-43.1
Dog and cat food	0	0	0.3	1.2	0	0
Other consumer-oriented	0.1	0	0.1	0	0	45.6
<b>Ag related products total</b>	<b>8.0</b>	<b>11.2</b>	<b>10.3</b>	<b>7.2</b>	<b>5.8</b>	<b>-19.5</b>
Forest products	4.7	8.6	8.5	5.5	2.6	-53.0
Seafood products	3.3	2.6	1.9	1.6	3.2	94.7

Source: GATS

From 2017 to 2021, total consumer-oriented imports from the world increased at a compound annual growth rate of 13 percent. Over the same period, U.S. consumer-oriented product exports to Bangladesh rose to \$12.4 million with an annual growth rate of 15 percent.

### **Overview of Top Sectors**

In 2021, consumer-oriented food products imports from the world totaled \$2.1 billion. Top products included fresh fruits (28 percent), spices (24 percent), dairy products (23 percent), fresh vegetables (13 percent), and tree nuts (3 percent). Imports of soups and food preparations, beef and beef products, condiments and sauces, and processed vegetables are also increasing.

Top sectors for U.S. consumer-oriented exports include:

### ***Tree Nuts***

Increased purchasing power combined with health-conscious consumers has substantially increased the demand for tree nuts. In 2020, Bangladesh imported \$52 million in tree nuts from the world and \$2.4 million from the United States, largely almonds and walnuts.

### ***Dairy Products***

The demand for animal protein, including processed dairy products, has sharply increased. In 2020, the United States exported \$14 million of dairy products to Bangladesh. Demand for imported milk powder and cheese is expected to continue to grow in the coming years to meet the increased demand. Pizza consumption, in particular, will drive cheese demand in the food service industry.

### ***Soup and Other Food Preparations***

There has been a recent increase in food preparation product imports to Bangladesh, including soup broths, canned food preparations, and frozen prepared food preparations. The annual import growth rate reached 33 percent in the last five years as more consumers dine out.

### ***Condiments and Sauces***

Condiments and sauces exports from the United States have increased 16 percent annually over the last five years.

### ***Fruit Juice and Non-Alcoholic Beverages***

The market for fruit juice and non-alcoholic beverages, including coffee, is growing as the HRI sector expands. Demand for fruit juice has been increasing for both home consumption and in the HRI sector as consumers prefer imported products due to the perceived low quality of domestic products.

For more information, please read [Opportunities for U.S. Agriculture in Bangladesh](#).

## ***SECTION VI: KEY CONTACTS AND FURTHER INFORMATION***

### **Post Contact Information**

Office of the Agricultural Affairs

Foreign Agricultural Service

Embassy of the United States

Baridhara, Block-J

Dhaka-1212, Bangladesh

Phone: +880255662000

Fax: +880255662901

E-mail: [AgDhaka@usda.gov](mailto:AgDhaka@usda.gov)

FAS homepage: <http://www.fas.usda.gov>

**Attachments:** [USDA BTFP Bangladesh TRS for Agricultural Commodities 2021-2022.pdf](#)