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GAIN Report

Global Agricultural Information Network

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Bangladesh

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Bangladesh Going Nutty for Almonds and Walnuts

Report Categories:

Tree Nuts

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Report Highlights:

Bangladesh, a net importer of nuts such as almonds, cashews, pistachios, and walnuts, is a growing market for U.S. tree nuts. Opportunities for almond, walnut, and pistachio exports are driven by an increasing footprint of modern retail outlets, rising incomes, expansion in the food-processing industry, the hotel, retail, and institutional (HRI) sector, a raised health consciousness, and evolving consumer preferences.

Commodities:

Walnuts, Shelled Basis
Almonds, Shelled Basis
Pistachios, Shelled Basis
Cashew, Shelled Basis

General Information**Consumption and Demand:**

Bangladesh, a densely populated country of 167 million people, relies on a labor force of 4 million workers in the ready-made garment sector alone to become the world's third largest garment manufacturer, earning the highest amount of foreign currency while also the largest contributor of GDP to the country. In July 2015, Bangladesh advanced from a lower income country to a lower-middle income country based on per capita income categories as defined by the World Bank. In 2018, the country became eligible to graduate from least developed country status to developing country by achieving goals in Gross National Income (GNI) per capita (\$1274), the Human Assets Index (HAI) (73.2) and the Economic Vulnerability (EVI) Index (25.2).

Decades ago, high value tree nuts were limited in supply in retail markets and consumers were not aware of the health benefits of tree nuts. However, presently, due to improved consumer socio-economic status, rapid urbanization, and increased knowledge and awareness of tree nuts, demand has risen sharply.

Higher demand for nuts has also increased the available options for purchasing whether loose, in packets, or canned. Nuts are found in almost every supermarket, confectionary, retail bakery and grocery shops of the country's major cities. There are many diversified uses of nuts in confections, baked goods, and prepared foods. Demand growth for almonds, cashews, and pistachios is driven primarily by rising socio-economic conditions of the middle class, and increased consumer awareness of products perceived as healthy.

In addition to an increased consumer preference for whole nuts, food processors are also using almonds in a broader variety of product categories such as breakfast cereals, snack foods, health foods, beverages, and confectionary products. Nuts are becoming a common ingredient in dessert dishes and in local cuisine.

Nuts are used mostly by hotels, restaurants, ice cream manufacturers, bakeries, and individual households. HRI consumption outpaces household consumption. The younger generation and health conscious individuals account for the largest number of consumers of nuts.

The use of almonds and pistachios is comparatively higher in the baking and ice cream sectors, while cashew consumption is higher in hotels, restaurants and for personal use. Canned nuts tend to be the choice of single consumers. Younger consumers (aged 19 to 35) have become the major driving force behind small packaging at the retail level.

Nuts are generally consumed as snacks, and used as decorative and fancy ingredients in various national and international cuisines in households. Almond and cashew consumption tends to be consistent

throughout the year with some seasonal spikes during festivals. As consumers adopt healthier eating habits, they are increasingly purchasing cashews and almonds year round due to their perceived nutritional benefits.

Consumers' attitudes towards nut consumption is closely related to socio-economic condition. As per capita income has risen, food habits changed from cereals to increased meat consumption; from home cooking to dining out. Along with this trend, consumption of snack foods, including nuts, has increased.

Despite the high price of all tree nuts, perceived health benefits of tree nuts entices consumers to buy this high value product. Business insiders predict a possible price increase of cashews and pistachios due to higher tariff rates.

The wholesale cashew price per kilo is Bangladeshi Taka (BDT) 800 – 950 (US\$9.52 – 11.3), while retail prices are BDT 950-1,000 (US\$11.3-11.9) per kilo. Almond prices at the wholesale market are BDT 700-800 (US\$8.33-9.52), while it's retail for BDT 800-900 (US\$9.52-10.7). The wholesale price of walnut is BDT 1,100-1,200 (US\$13.1 – 14.28) per kilo while the retail price is BDT 1200-1300 (US\$14.28-15.48). On the other hand, wholesale prices of pistachios are BDT 2,100-2,200 (US\$25 - 26.19) per kilo, while retail prices are BDT 2,200 – 2,300 (US\$26.19-27.38) per kilo. Almonds and walnuts from the United States are available on a Bangladesh online shop <https://www.nuts.com.bd>, where the price is comparatively higher than the general retail market price.

Trade:

Except for peanuts, most other nuts consumed in Bangladesh are imported. Cashews and almonds are the leaders among nut imports, while the share of pistachios and walnuts are slowly growing. Importers contract for shelled almonds as there is no local facility for deshelling.

Bangladesh imports almonds from the U.S., as the major supplier, directly and indirectly via re-exporting from Hong Kong. Good quality pistachios are imported from Iran and other lower cost origins.

Among all nuts, cashew imports are increasing at a faster rate than almonds due to a comparatively large amount of imports last year. Consumption of other nuts fluctuate as their use is very limited and prices of those nuts are very high compared to almonds and cashews. Walnuts are available in the wholesale and retail market indicating that businessmen are trying to introduce other nuts in the market through a gradual but small market insertion. Although the market share of pistachios is smaller than almonds, the compound annual growth rate of imports indicates a gradual positive change in taste and preference, which helps consumption.

The marketing channel for nuts consists of very few large importers in the business. They sell to wholesalers who pack the nuts in one kg packets and sell to retailers, hotels, restaurants, and processed food producers. Supermarkets sell small plastic packets of 250 grams, as well as imported canned product and snack packs from various countries, such as the *Tong Garden* brand from Thailand. Currently, some local industries have started canning cashews. There is also interest to sell other nuts through bulk importing from various sources.

The domestic demand of almonds is supplied from Hong Kong, U.S., Singapore, Malaysia and Spain. Hong Kong is the ninth ranked importer in the world for almonds and works as trading hub to re-export to Bangladesh and other neighboring countries. As such, Hong Kong captures the largest export share of almonds to Bangladesh. Hon Kong imports mostly from the U.S.

In 2017, Bangladesh imported 753 Metric Ton (MT) of almonds, mainly from Hong Kong and the U.S., accounting for 87 percent and 11 percent respectively, of total imports. Pistachios are imported mostly from Iran and India. Cashews are sourced from Cote d'Ivoire and Singapore.

Policy

Government export policy of Bangladesh shows an interest to expand cultivation of non-traditional crops like cashews, dragon fruit, dates, palm, etc. Aligned with this policy, several government and private agencies are trying to concentrate their efforts on expanding production with a target to supply local and international markets.

Nut importers enjoyed a lower tariff rate in importing various nuts until last fiscal year FY (July-June) 2017-18. This FY 2018/19, the Government of Bangladesh raised import tariffs on all types of nut (Table 4). The current FY 2018/19 tariff rate was increased with the premise that it will protect local farmers who are producing very insignificant amounts of cashew.

Table 1: Bangladesh Major nuts imports

Calendar	Almond	Cashew	Pistachios	Total Tree Nuts
Year	MT	MT	MT	MT
2010	312	1	0	313
2011	198	14	0	212
2012	398	31	17	446
2013	476	17	46	539
2014	350	87	48	485
2015	465	80	42	587
2016	782	7	23	812
2017	753	225	44	1022
CCGR	11.64%	96.80%	17.17%	15.94%

Source: GTA trade data and walnut trade data is unavailable

Table 2: Bangladesh: Pistachio imports all nuts

Year	Pistachios, fresh or dried	
	Trade (USD)	Weight (kg)
2000	193026	228,975
2001	19550	10,144
2002	84929	33,811
2003	169395	59,218
2004	167205	52,361
2005	208059	58,480
2006	225564	74,154
2007	221162	68,624
2008	433048	351,800
2009	386041	174,208
2010	601506	57,979
2011	996584	114,757
2012	1430	1,035
2013	399706	61,899
2015	124,722	85,668

Source: UN Trade Data

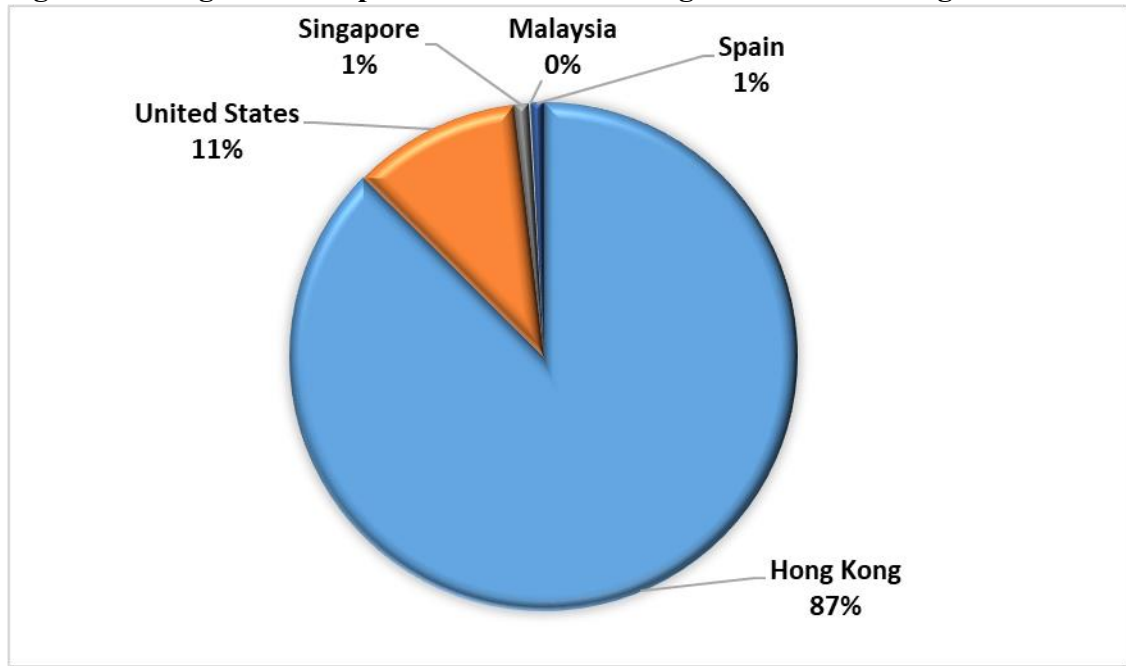
Table 3: Bangladesh: Walnut imports in shell is higher than shelled nuts

Year	Fresh or dried, shelled	In shell, fresh or dried
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	Trade (USD)	Weight (kg)	Trade (USD)	Weight (kg)
2000			250	356
2002			229	370
2004	1015	297		
2005	73	65	802	313
2006	43	23	324	266
2007	733	332	110	70
2008	950	762	124	56
2009	605	398		
2010	18196	3145	34	20
2011	793	575	37	24
2012	2039	912		
2013	2582	1240	356	65
2015	5563	1627	5110	3962

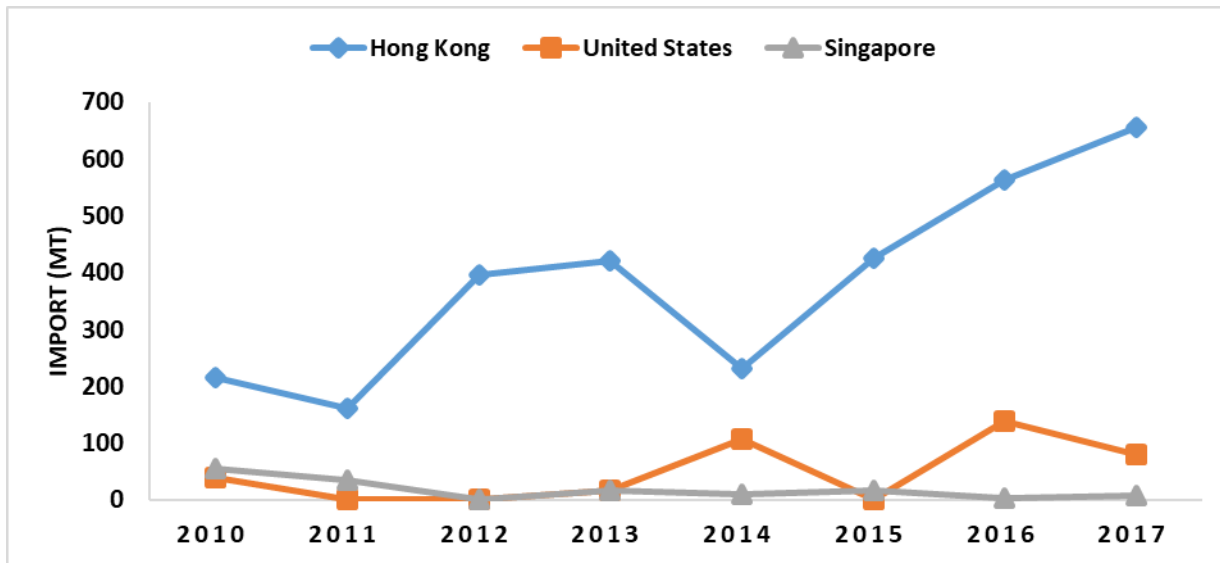
Source: UN Trade data

Figure 1. Bangladesh: Exporter's share in trading almond with Bangladesh



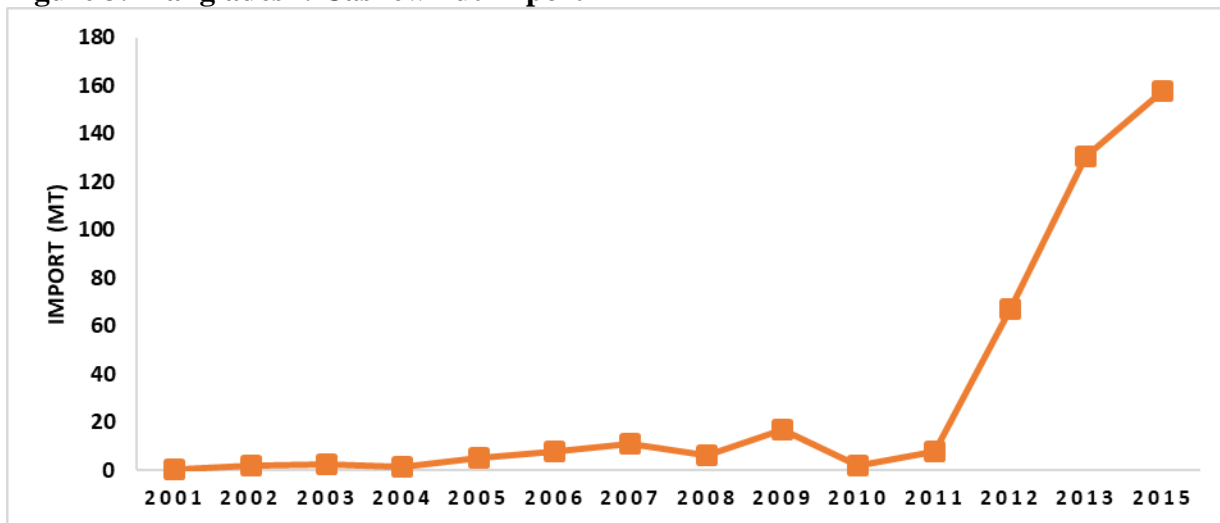
Source: GTA trade data

Figure 2. Bangladesh: almond import trading growth by sourcing countries



Source: GTA trade data

Figure 3. Bangladesh: Cashew nut import



Source: UN Trade data

Table 4. Bangladesh: Tariff schedule applied for the FY 2018-19 (Part-1)

HS Code	Description	C D	S D	V AT	AI T	R D	AT V	TT I
08012	Brazil Nuts, In Shell, Fresh or Dried,	2	2	15	5	3	5	91.

HS Code	Description	C D	S D	V AT	AI T	R D	AT V	TT I
110	Wrapped/Canned	5	0					37
08012 190	Brazil Nuts, In Shell, Fresh or Dried, Nes	2 5	0	15	5	0	5	56. 67
08012 210	Brazil Nuts, Shelled Fresh or Dried, Wrapped/Canned Up to 2.5kg	2 5	2 0	15	5	3	5	91. 37
08012 290	Brazil Nuts, Shelled, Fresh or Dried, Nes	2 5	0	15	5	3	5	60. 31
08013 110	Cashew Nuts, In Shell, Fresh or Dried, Wrapped/Canned Up to 2.5kg	2 5	2 0	15	5	3	5	91. 37
08013 190	Cashew Nuts, In Shell, Fresh or Dried, Nes	2 5	0	15	5	3	5	60. 31
08013 210	Cashew Nuts, Shelled Fresh or Dried, Wrapped/Canned Up to 2.5kg	2 5	2 0	15	5	3	5	91. 37
08013 290	Cashew Nuts, Shelled, Fresh or Dried, Nes	2 5	0	15	5	3	5	60. 31
08021 110	Almonds In Shell, Fresh or Dried, Wrapped/Canned Up to 2.5kg	2 5	2 0	15	5	3	5	91. 37
08021 190	Almonds In Shell, Fresh or Dried, Nes	2 5	0	15	5	3	5	60. 31
08021 210	Almonds Shelled Fresh or Dried, Wrapped/Canned Up to 2.5kg	2 5	2 0	15	5	3	5	91. 37
08021 290	Almonds Shelled, Fresh or Dried, Nes	2 5	0	15	5	3	5	60. 31
08022 110	Hazlenuts In Shell, Fresh or Dried, Wrapped/Canned Up to 2.5kg	2 5	0	15	5	3	5	60. 31
08022 190	Hazlenuts In Shell, Fresh or Dried, Nes	2 5	0	15	5	3	5	60. 31
08022 210	Hazlenuts Shelled, Fresh or Dried, Wrapped/Canned Up to 2.5kg	2 5	2 0	15	5	3	5	91. 37
08022 290	Hazlenuts Shelled, Fresh or Dried, Nes	2 5	0	15	5	3	5	60. 31
08023 110	Walnuts In Shell, Fresh or Dried, Wrapped/Canned Up to 2.5kg	2 5	2 0	15	5	3	5	91. 37
08023 190	Walnuts In Shell, Fresh or Dried, Nes	2 5	0	15	5	3	5	60. 31
08023 210	Walnuts Shelled, Fresh or Dried, Wrapped/Canned Up to 2.5kg	2 5	0	15	5	3	5	60. 31
08023 290	Walnuts Shelled Fresh or Dried, Nes	2 5	2 5	15	5	3	5	99. 13

Source: National Board of Revenue

Note: Customs Duty (CD): Levied on imports charged under the Customs Act, 1969

Supplementary Duty (SD): Levied on items listed under the Value Added Tax (VAT) Act, 1991.

Regulatory Duty: Levied at a flat rate of 3% of assessable value for those items where SRD-CD is 25%

Value Added Tax (VAT): VAT is imposed by VAT act 22 of 1991 at a flat rate 15% of "duty paid value" (assessable value plus customs duty plus regulatory duty plus supplementary duty)

Advance Income Tax (AIT): The AIT is levied under Rule 17A of Income Tax Ordinance, 1984 at a flat rate of 5% on assessable value.

Advance Trade VAT (ATV): ATV is applied only on commercial imports under "Bidhi-Mala-2012" by SRO No. 242-Law/2012/659-VAT dated 28-06-2012 by Section 22, 5 (2), 6 (4) and 31 of VAT act 1991. ATV is levied at a flat rate of 5% on "VAT paid value"

Total Tax Incidence (TTI)

Table 4. Bangladesh: Tariff schedule applied for the FY 2018-19 (Part-2)

HS Code	Description	C D	S D	V AT	AI T	R D	AT V	TT I
08024 110	Chestnuts (Castanea spp), In Shell, Wrapped/canned up to 2.5 Kg	2 5	2 0	15	5	3	5	91. 37
08024 190	Chestnuts (Castanea spp), In Shell, EXCL. Wrapped/canned up to 2.5	2 5	0	15	5	3	5	60. 31
08024 210	Chestnuts (Castanea spp), Shelled, Wrapped/canned up to 2.5 Kg	2 5	2 0	15	5	3	5	91. 37
08024 290	Chestnuts (Castanea spp), Shelled, EXCL. Wrapped/canned up to 2.5	2 5	0	15	5	3	5	60. 31
08025 110	Pistachios, In Shell, Wrapped/canned up to 2.5 Kg	2 5	2 0	15	5	3	5	91. 37
08025 190	Pistachios, In Shell, EXCL. Wrapped/canned up to 2.5 Kg	2 5	0	15	5	3	5	60. 31
08025 210	Pistachios, Shelled, Wrapped/canned up to 2.5 Kg	2 5	2 0	15	5	3	5	91. 37
08025 290	Pistachios, Shelled, EXCL. Wrapped/canned up to 2.5 Kg	2 5	0	15	5	3	5	60. 31
08026 110	Macadamia nuts: In Shell, Wrapped/canned up to 2.5 Kg	2 5	2 0	15	5	3	5	91. 37
08026 190	Macadamia nuts: In Shell, EXCL. Wrapped/canned up to 2.5 Kg	2 5	0	15	5	3	5	60. 31
08026 210	Macadamia nuts: Shelled, Wrapped/canned up to 2.5 Kg	2 5	2 0	15	5	3	5	91. 37
08026 290	Macadamia nuts: Shelled, EXCL. Wrapped/canned up to 2.5 Kg	2 5	0	15	5	3	5	60. 31

Source: National Board of Revenue

Note: Customs Duty (CD): Levied on imports charged under the Customs Act, 1969

Supplementary Duty (SD): Levied on items listed under the Value Added Tax (VAT) Act, 1991.

Regulatory Duty: Levied at a flat rate of 3% of assessable value for those items where SRD-CD is 25%

Value Added Tax (VAT): VAT is imposed by VAT act 22 of 1991 at a flat rate 15% of "duty paid value" (assessable value plus customs duty plus regulatory duty plus supplementary duty)

Advance Income Tax (AIT): The AIT is levied under Rule 17A of Income Tax Ordinance, 1984 at a flat rate of 5% on assessable value.

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Total Tax Incidence (TTI)



Image-1: Bangladesh: American tree nuts on display at U.S. Trade Show 2018 in Dhaka

EXPIRES 11/2019
BEST BEFORE 11/2019
LOT NO. 11/2019
11/2019

REAL AMERICAN TASTE
No. 1



HELLED WALNUTS
NET WT: 22LBS

