

# Towards Bangladesh-Netherlands Agri-business Conclave



Why Bangladesh - for Dutch agri-business?

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The Hague

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### **Acknowledgement**

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Bangladesh

Macro-economic snapshot

# Aspiring Economic Growth

## Bangladesh's GDP per Capita crossed that of India in 2020

- a strong GDP growth, despite pandemic
  - backed by strong dependence on export + remittance
- Bangladesh Middle and Affluent Class (MAC) population expected to reach 35+ MN, by 2035
- also recording rising FDI inflow, in the last 5 years thanks to improving **ease of doing business** in Bangladesh
  - *For instance:* Indian food service company, Jubilant FoodWorks, acquired 49% stakes in Golden Harvest QSR. This 4.2 MN Euro takeover reflects potential of growing agro-processing industry of Bangladesh.

GDP of BD  
(Euro, current prices)

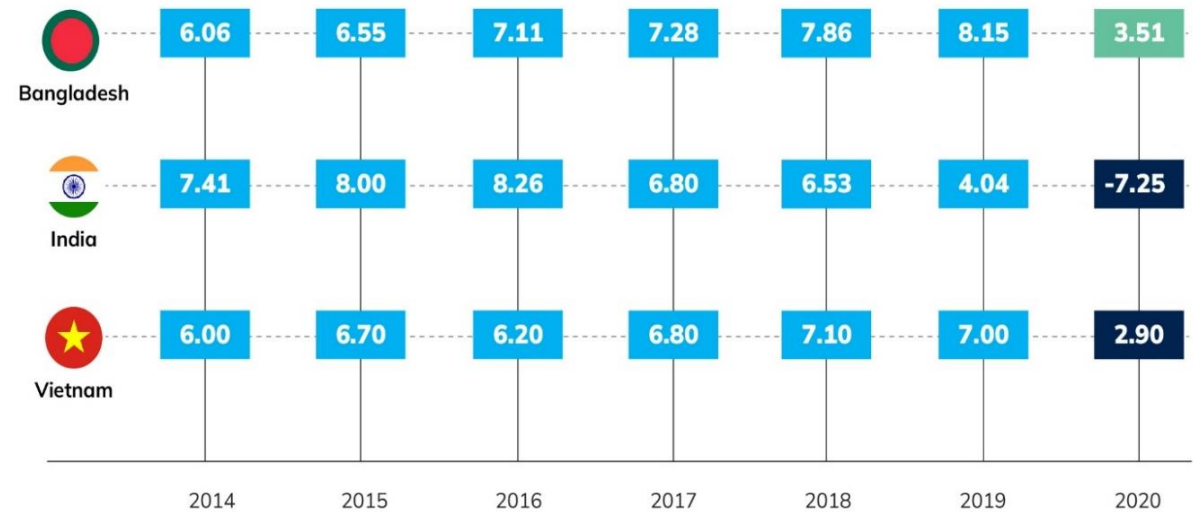
341 BN

2021

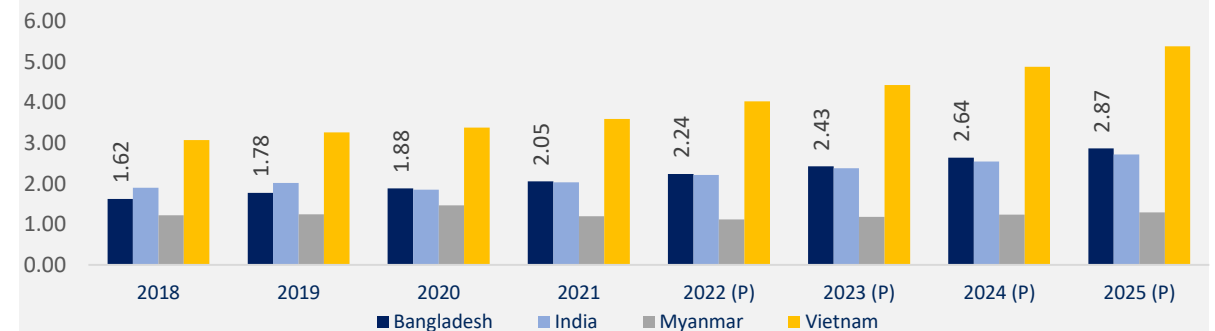
40 BN €

Forex Reserve  
(May '22)

### GDP Growth Comparison



### GDP Per Capita ('000 €)



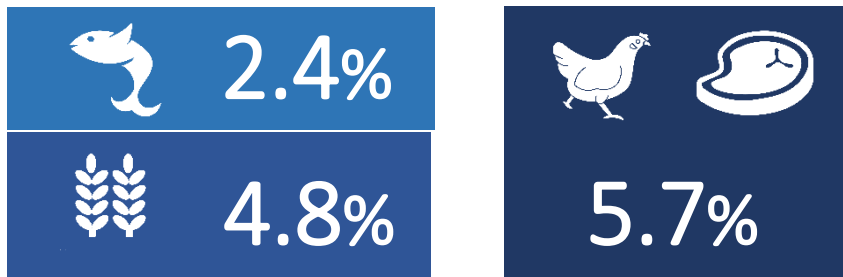
Source: IMF

# Agriculture Sector contribution to Economy

agricultural sector posted a staggering 9.8% growth, in past 5 years (2016 – '21)

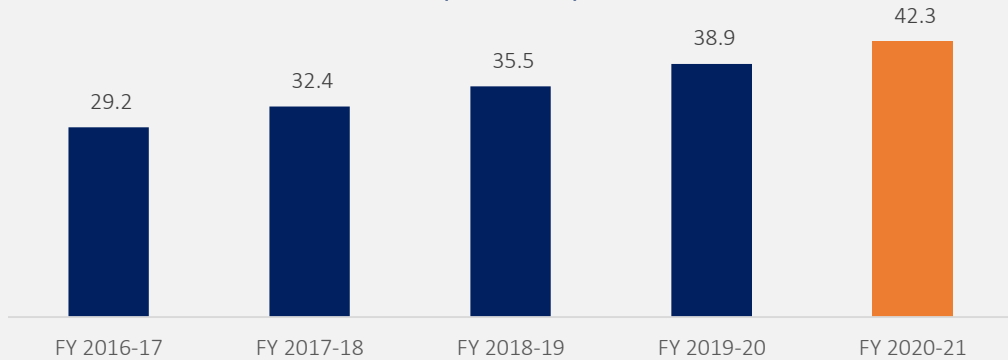
- As the economy keeps **diversifying** beyond dependency on apparel manufacturing, Bangladesh agriculture keeps growing steadily:
  - 40% of labor force now engaged in agriculture.
- With limited arable lands and a growing population, second-generation educated, younger farmers are willing to adopt new/innovative farming practices to improve their production capacity + efficiency
- Open to adopt mechanization in production-processing-distribution, across diverse agriculture sectors.
  - Bangladesh Government is subsidizing introduction of advanced farm machinery/ tools/ implements for improved cultivation, yield.

## Agricultural Products Growth: past 5 Years



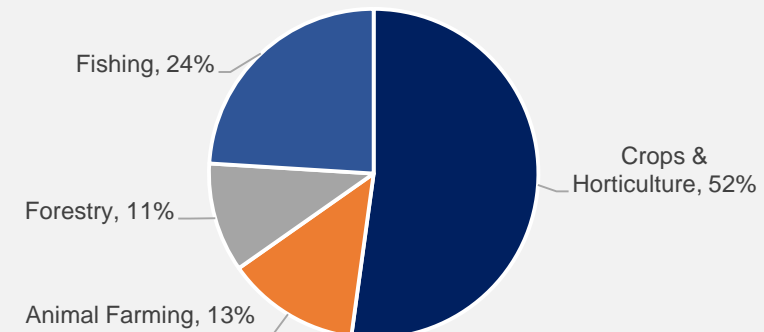
Ref.: MoF

## GDP Contribution by Agriculture Sector (in BN €)



Ref: BBS

## Sub-sector wise Agriculture Sector Contribution: FY 2020-21



Ref: BBS

# Major Commodities Traded by Bangladesh

*The Netherlands is the biggest shrimp export destination for Bangladesh*

## Agricultural Trade engagement, globally: 2021 (in €)

### Major Imports



Soybean: **975 MN €**



Rice: **901 MN €**



Lentils: **600 MN €**



Maize: **453 MN €**



Powdered Milk: **409 MN €**



Onions: **182 MN €**



Wheat: **0.91 MN €**

### Major Exports



Shrimps (Frozen or Chilled): **342 MN €**



Fish (Frozen or Chilled): **61 MN €**



Potatoes: **9.24 MN €**



Crabs (Frozen): **8.82 MN €**



Cauliflower: **3.27 MN €**



Tea: **1.72 MN €**



Bovine Meat (Frozen or Chilled): **0.11 MN €**



# Bangladesh: Protein Consumption Landscape

*Meat consumption expected to reach pre-covid figures, by 2022*

## Livestock Population, FY 2019-20

Cattle Population

**24.4 MN**

Buffalo Population

**1.5 MN**

Sheep Population

**3.6 MN**

Goat Population

**26.4 MN**

Chicken Population

**296.6 MN**

Duck Population

**59.7 MN**

## Fish Population, FY 2019-20

Inland Capture

**1.2 MN MT**

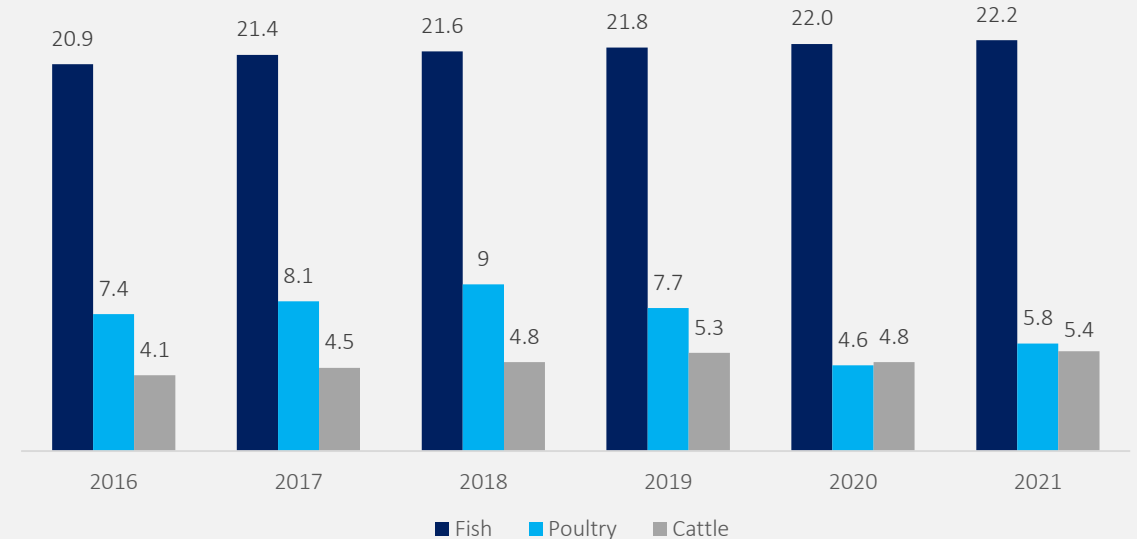
Inland Culture

**2.6 MN MT**

Marine Capture

**0.7 MN MT**

## Protein Consumption Trend (Kg per Capita)



Source: LCP Primary

Bovine Milk Consumption per Capita (2021)

**62.7 litres**

Egg Consumption per Capita (2021)

**81 eggs**

Bangladesh

Agriculture Sector Landscape





## Livestock and Poultry

# Livestock Consumption Growing with Increasing Income

*Livestock sector accounts for 60%+ of total meat production*

- Bangladesh witnessing a growing protein consumption, from expensive sources thanks to rise of affluent class population
- 55% of total cattle sales is estimated to take place during Muslim Festival (*Eid-ul-Adha*).
  - During this period, cattle are usually sold at a premium price
- Current milk demand is met through export of powdered milk:
  - Since 80%+ milk produced is sold raw, there is a high demand for packaged milk for preservation of quality.

Cattle Meat Consumption  
(2020)

**4.8 Kg per Capita**

Source: MoFL

Forecasted Growth in Milk  
Consumption: 2016-'21

**2 %**

## Livestock

Industry Snapshot

Total Meat Production  
(FY 2019-20)

**0.82  
MN MT**

Forecasted Consumption of  
Meat CAGR (2020-'25)

**4.4 %**

Total Milk Production (FY  
2019-'20)

**10.07  
MN MT**

Total Milk Demand  
(FY 2019-'20)

**15.02  
MN MT**

Ref. DLS & LCP Primary

# Poultry Sector to Grow the most among other Sources of Protein

*The current industry investment stands at approx. 3.5 BN Euro and is expected to grow*

- Poultry meat and egg consumption expected to grow
  - these are demanded by 80% of population consisting of BOP and Aspirant class
- Due to new technological interventions, the industry is experiencing an improved FCR ratio.
  - Average weight of a broiler chicken is expected to increase from **1.8 Kgs** to up to **2.2 Kgs**. This will eventually increase the supply of meat in the market.
- Demand for processed chicken is rising with rise of MAC population as they are inclining towards easy-to-cook meat products.

Poultry Meat Consumption  
(2021)

**6 Kg per Capita**

Forecasted Growth of Egg  
Consumption: 2016-2021

**6 %**

Source: MoFL

## Poultry

### Industry Snapshot

Total Meat Production  
FY 2020-21

**1.09  
MN MT**

Forecasted Meat  
Consumption of CAGR 2020-  
25

**4.1 %**

Total Egg Production  
FY 2019-20

**17.36 BN**

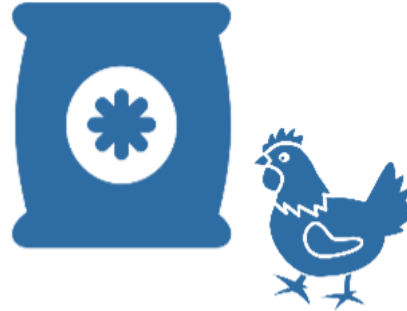
Total Egg Demand  
FY 2019-20

**17.32 BN**

# Growing Protein Consumption Driving Feed Industry

*Farmers are shifting towards commercial feed due to higher FCR ratios*

- As protein consumption is rising, the demand for feed is also increasing.
  - poultry feed is forecasted to grow at a CAGR of 4.6%
  - cattle feed to grow at a CAGR of 13.1%, over the next 5 years
- Unlike poultry sector, cattle feed sector is heavily dependent on loose feed.
  - Yet, the demand for loose feed is decreasing as farmers are more aware of effectiveness of commercial feed. They are willing to pay a higher price to earn a higher margin on their produce.
- In poultry feed sector, introduction of better-quality feed manufacturing process and raw materials is improved Feed Conversion Ratio (FCR), from 1.9 to 1.6.
  - This is forecasted to reduce even further.

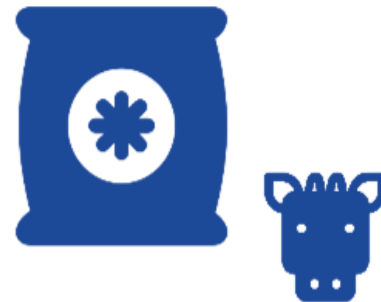


Total Broiler Feed  
Production, 2020

**1.91  
MN MT**

Total Layer Feed  
Production, 2020

**1.31  
MN MT**



Total Fattening Feed  
Production, 2020

**0.4 MN MT**

Total Milking Feed  
Production, 2020

**0.3 MN MT**

# Status Quo and Opportunities of the Livestock Sector

*Adoption of hi-tech production methods will make processed meat internationally competitive*



**Livestock sector is mostly dependent on home-mixed or locally-mixed feed**



With increasing awareness about benefits of using commercial feed, the farmers of the industry are expected to shift towards formal feed. Hence, Dutch feed ingredient suppliers have potential to explore a market that is expected to grow in double digits.

**Persisting gap in the supply chain of milk is currently being covered by imported products**

Since a significant demand for milk is met through imported powdered milk, there is an opportunity for production of powdered milk locally with the right equipment to ensure quality assurance.

**Improved domestic demand due to the rise in HORECA market and MAC population**

Domestic demand for ready to cook and ready to eat products are rising with the affluent population and HORECA sector. As consumption of fast food is increasing, demand for processed meat is surging.

**Meat is processed in “halal” method**

The global market of halal food currently stands at 1.81 Trillion EUR; and is expected to grow with a CAGR of 11.24% (2022-'27). Halal processing, being preferred norm in Bangladesh, offers significant export opportunities.

# Status Quo and Opportunities of the Poultry Sector

Enhanced farming practices will mitigate basic sector-specific challenges



## The industry is adopting technology to improve their management and monitoring practices

There will be a growing demand of machineries and equipment related to poultry farming to improve farming practices. Implementation of new production methods through productivity-increasing breeding and hatchery equipment will increase yield



## Scope for improving FCR of feed to cater for production growth of the sector

With the rising domestic demand for poultry meat, there will be increased opportunity for Dutch feed ingredients suppliers. FCR ratios have already improved from 1.9 to 1.6 and is currently expected to become 1.3

## Quick means of protein intake is becoming a growing need in the market with rising MAC population

The food processing sector is expected to grow in double digits in the next 5 years. With growing MAC population, demand for easy to eat meat is rising. Growth of the HORECA segment and increasing consumption of western cuisine is also expected to escalate the demand for processed meat; exhibiting good opportunity for Dutch slaughtering and processing equipment

## Despite growing production volume, no formal waste and rendering management procedure in Bangladesh

Although meat production in poultry sector is growing on a year-on-year basis, rendering and waste management in Bangladesh is still at its nascent stage. This results in significant economic loss and environmental hazards. Hence, there are opportunities for a Dutch rendering and waste management company to enter the Bangladesh market





Aquaculture



# Aquaculture Sector set to undergo steady growth

*Fish being an affordable source of protein, will have strong demand across the population*

- Consumption trend of fish has stayed relatively stable, compared to other protein sources as aquaculture keeps expanding in Bangladesh
- FY 2019-20: nearly 35% of total production were different breeds of carps.
  - Hilsa and shrimp/prawn had production of 12% and 5%, respectively
- Shrimp production faced a de-growth over the last 5-years due to growing international demand for Vannamei.
  - Vannamei production in Bangladesh was piloted => productivity all around was 8,500 to 9,000 Kg per HA
- The industry is experiencing a shift from traditional farming (300 Kg per Ha) to semi-intensive farming (1,500 Kg per Ha)

Fish Consumption, 2021

22 Kg per Capita

Historical Growth of Fish Consumption, 2016-2021

1 %

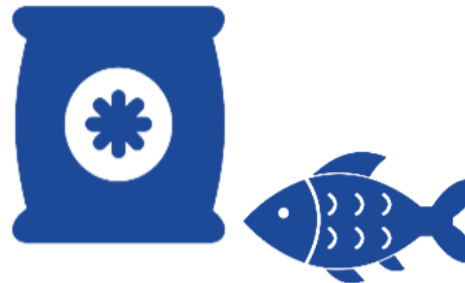
*Ref. DoF & LCP Primary*

Aquaculture			
Industry Snapshot	Total Fish Production, FY 2020-21	Forecasted Consumption of Fish CAGR, 2020-25	Total Shrimp/Prawn Production, FY 2020-21
	3.7 MN MT	0.82 %	60,000 MT
	<i>Ref. DoF &amp; LCP Primary</i>		

# Aquaculture Feed Landscape

*Adoption to semi-intensive farming is making farmers rely on commercial feed*

- Aquaculture feed market is growing with introduction of new technologies in farming practices.
  - market is forecasted to increase at a CAGR of 8%, over the next 5 years as farmers move from home-mixed feed to commercial feed
- Average FCR for catfish and carp averages stands at around 1.5 – 2, throughout the year; and it is improving with time.
  - Catfish like Pabda (*Ompok bimaculatus*) is the most prominent exported product followed by crustaceans
- Shrimp variation Monodon is a heritage product and recently received GI certification.
  - Its major export destination is EU market, with Netherlands being the largest importer



Total Sinking Feed  
Production, 2020

**0.64**  
**MN MT**

Total Floating Feed  
Production, 2020

**0.48**  
**MN MT**

# Status Quo and Opportunities of the Aquaculture Sector

*New farming practices will lead to growing demand of an unexplored shrimp feed market*



## Growing popularity of Aquaculture due to natural depletion of sources of fish



The limitation set by Bangladesh Govt. due to overfishing in natural bodies will eventually drive culture fish market in order to meet the growing demand. However, due to limited waterbodies, the industry must shift towards hi-tech productive farming methods that will help them cater to the growing demand of the population

## Growing GDP per capita will lead to an increase in consumption of fish

As Bangladesh is experiencing an economic growth (2016-21), demand for overall protein consumption and specifically fish keeps rising. Since Bangladesh is a riverine country, domestic demand for fish have stayed relatively even during the pandemic; and is expected to grow in the upcoming years

## Farmers are moving from traditional to semi-intensive farming practices

The industry is witnessing a transition from traditional farming (300kg/hectare) to semi-intensive farming (1500kg/hectare). Additionally, rising per capita income and urbanization is expected to increase demand and create opportunities in aqua-processing industry.

## Processed fish sector is growing with the popularity of white fish intake

In Bangladesh, Individually Quick Freezing (IQF) is the process most commonly used. If a shift towards ready to cook products takes place, then the market scope for process fish food will improve and so will the margins



# Crops

# Crops

## Mechanization efforts to increase overall yield and boost current production figures

- Rapid Urbanisation & graduation as a Middle-Income Country by 2026 is likely to drive up demand for more nutritious and convenience food (e.g. ready-made salads, sliced and diced vegetables)
- As cultivable land keeps decreasing, farmers are diversifying produces i.e. moving from single cropped areas to multiple cropped areas (increased by 4%, since 2017-'18)
- Undergoing a 5-year mechanization plan to hand over 56,000 agricultural machinery. This is expected to drive up yield

Crops	Produced Quantity ('000 MT)		
	2017-18	2018-19	2019-20
Rice	36,278	36,390	36,603
Pulses	389	393	397
Jute	1,751	1,867	1,936
Wheat	1,099	1,017	1,029

Crops			
Industry Snapshot	Total Export of Crop based Products* FY 2020-21	Vegetables produced, FY 2019-2020	Total Jute Products exported, FY 2020-21
	977 MN EUR	6.5 MMT	1,104 MN EUR; 32% ↑ from '19-'20
			Agricultural farm household  46.61% of total national dwellings

Note: \*does not include Jute or Cotton Products

Source: EPB, 2020-2021; HORTICULTURE STUDY BANGLADESH SEPTEMBER 2021; BBS 2019

# Status Quo and Opportunities of the Value Chain

Increased focus on quality agricultural inputs & processed food to create new opportunities in the value chain



**Growing interest among agri-businesses to scale, improve, modernize and add value to locally grown crops**



Investing to mechanize, scale up, increase yield and profitability of the local farm holdings. With support activities for mechanization being conducted, access to finance remains as the primary barrier

**Increasing urban population driving the demand for quality, nutritious food**

Rising demand for more nutritional and ready-to-eat food is expected to expand already growing processed food industry, making it an attractive investment opportunity

**Farming land is decreasing due to rising population and per capita income**

Due to decreasing cultivable area, there is an growing need for more technical & higher efficiency farming. This will create a demand for machineries, better quality seeds, machinery production equipment and training.

**Demand for vegetable seeds projected to reach 4,500 tons by 2024**

Demand for vegetables is growing. With certified seeds gaining ground, there are opportunities to introduce new varieties of known crops and seeds of new, currently fewer customary crops. Several partnerships or clusters can be developed in this area, utilizing various Dutch and global supporting programs



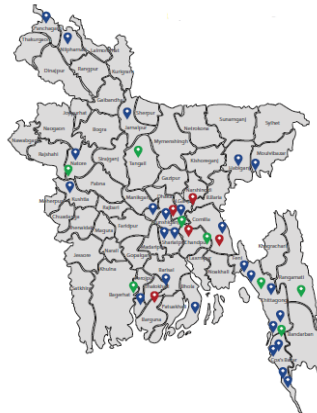
# Doing Business in Bangladesh

*Bangladesh is welcoming to foreign investment*

- Measures to improve ease of doing business include Bangladesh Investment Development Authority (BIDA)'s One-Stop Service, infrastructure investments, and building of Economic and Export Processing Zones
- Economic Zones (EZs) offer residency visa for an investment of USD 75,000 and citizenship for an investment of USD 1 Million

## One-Stop Service at BIDA: Services Available Online




- Registration
- Company Registration
- Office Permission
- Outward Remittance Approval
- Tax Identification Number
- Visa Recommendation
- Work Permit
- Slew of Competitive Fiscal, Non-Fiscal Incentives



## Special Incentives at Economic Zones

- 100% income tax exemption for the first 3 years
- Duty-free import of machinery
- Loan from external sources and no cap on FDI
- Up to 5% of total workers can be foreigners in an industrial unit
- 100 tax exemption on dividends, capital gains, and royalties for 10 years
- Full extent of FC accounts for EZ enterprises
- Dedicated customs procedure

## Bangladesh Economic Zones and Export Processing Zones

-  Newly Established and Proposed Economic Zones
-  Non-Government Economic Zones
-  Export Processing Zones (EPZ)



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