

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

Voluntary  Public

**Date:** 12/14/2015

**GAIN Report Number:** BG5008

## Bangladesh

**Post:** Dhaka

### Robust Apple Export Market; Potential for Growth

**Report Categories:**

Exporter Guide

Fresh Deciduous Fruit

Fresh Fruit

**Approved By:**

Scott Sindelar

**Prepared By:**

Joshua Emmanuel Lagos, Tanvir Hossain, and Shubhi Mishra

**Report Highlights:**

From calendar year (CY) 2009 to 2014, global export sales of apples to Bangladesh were on average approximately 140,000 tons, but in value have grown from \$68.8 to \$103.5 million. While Bangladesh is generally viewed as a price-sensitive market, there are niche segment opportunities; middle to upper class consumers are gradually demanding more diversified foods, including imported fruits such as fresh apples.

## Executive Summary:

From calendar year (CY) 2009 to 2014, global export sales of apples to Bangladesh were on average approximately 140,000 tons, but in value have grown from \$68.8 to \$103.5 million. While Bangladesh is generally viewed as a price-sensitive market, there are niche segment opportunities; middle to upper class consumers are gradually demanding more diversified foods, including imported fruits such as fresh apples. Because of this demand, U.S. industry should consider exploring potential market opportunities for all U.S. apple varieties, especially in more urbanized markets such as Dhaka and Chittagong, which represent 30 and 15 percent of all imported fruit sales.

## General Information:

### Robust Apple Imports:

Bangladesh has a population of approximately 160 million; according to the World Bank, the top 20% of the population in terms of income accounts for an estimated 41.4% of total consumption. While Bangladesh is generally viewed as a price-sensitive market, there are niche segment opportunities for high-value agricultural products, particularly in more affluent urban centers like Dhaka and Chittagong. Middle to upper class consumers are gradually demanding more diversified foods, including imported fruits such as fresh apples.

Bangladesh produces a variety of tropical and sub-tropical fruits; however, it produces no apples. From calendar year (CY) 2009 to 2014, global export sales of apples to Bangladesh were on average approximately 140,000 tons, but in value have grown from \$68.8 to \$103.5 million. Apples are imported from various countries such as China, India, South Africa, Brazil, New Zealand, and Argentina. Given geographical proximity, both China and India are the largest suppliers of fresh apples, constituting 68 and 9 percent of total market share (see Figure 1). From CY 2009 to 2014, countries such as South Africa and Brazil have shown noticeable increases in exports (tonnage), growing at a compound annual growth rate (CAGR) of 2.9 and 4.1 percent (see Table 1).



Source: USDA

Most imports are unloaded at Chittagong port and trucked to Dhaka for sale at modern retail outlets and local wet markets. Some refrigerated trucks are available for imported fruits, although according to traders the cold chain is very rudimentary, and not widely available. Sometimes refrigerated trucks are dedicated for more delicate products such as table grapes in lieu of apples. Contacts note that the shipping time for apples from China (Qingdao), South Africa, and the U.S. to Bangladesh take approximately 22 to 25 days, 25 to 27 days, and 30 days.

Apples are transported inland to both organized and unorganized retailers. Numerous distribution channels have formed in various parts of the country, out of which the most dominant are:

**Channel – I:** Importer – 1st hand wholesaler (Dhaka) (delivery from container) – 2nd hand wholesaler (Dhaka) – City retailer at Dhaka

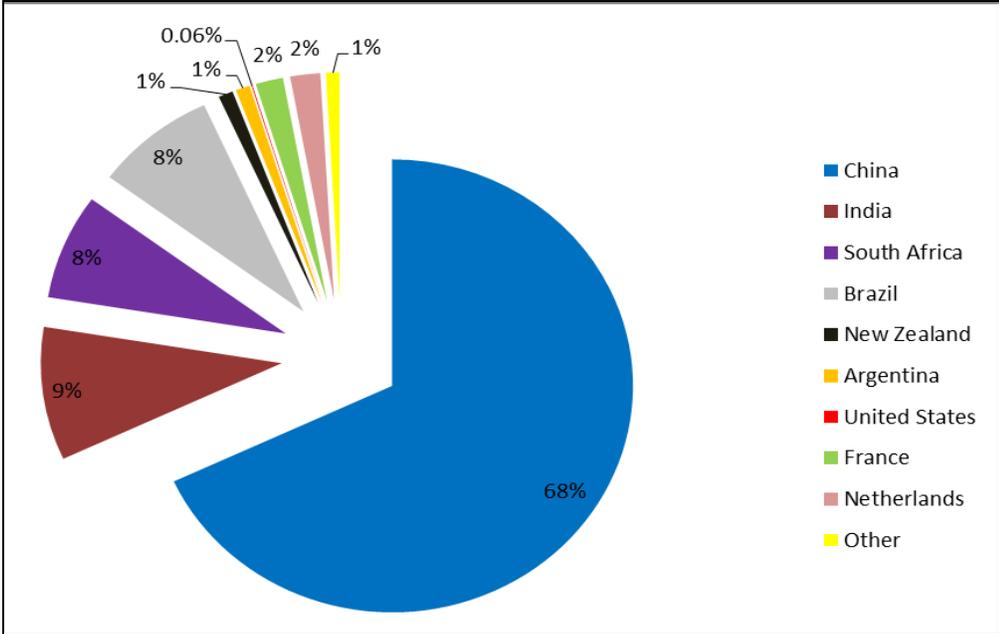
**Channel – II:** Importer – 1st hand wholesaler (Dhaka) (delivery from container) – 2nd hand wholesaler (District) – Local retailers at districts

**Channel – III:** Importer - 1st hand wholesaler from district (Dhaka) (delivery from container) - Local retailers at districts

**Channel – IV:** Importer – 1<sup>st</sup> hand wholesaler from districts (Delivery from sea/land port) - Local retailers at districts

**Channel – VI:** Importer - City retailer at Dhaka

**Figure 1: Bangladesh: CY 2014 Imported Apple Market Share by Supplier**



Source: Global Trade Atlas

**Table 1: Bangladesh: Apple Imports from South Africa and Brazil Grow (tons)**

(Tons)	2009	2010	2011	2012	2013	2014
United States	1,217	258	430	198	194	88
China	92,469	98,198	99,214	80,760	85,672	93,068
India	24,961	43,596	22,112	19,769	33,573	12,999
South Africa	8,945	6,745	8,873	10,789	8,369	10,297
Brazil	9,099	6,735	6,251	11,218	14,407	11,123

## **Consumption Patterns:**

According to industry sources, in 1991 it took approximately one month to sell 15 to 20 containers of apples; today an estimated 21 containers are sold per day. Demand for fresh apples is robust in both urban and rural markets, especially with middle and upper income consumers. Dhaka is the major consumption hub and absorbs around 30 percent of imported fruit (Chittagong buys 15 percent); more modern retail outlets, including high-end hotels and restaurants, cater to this rising demand. However, the unorganized sector, including push carts, street vendors, corner shops, and weekly markets, constitutes the majority of food retail sales.

Supermarkets and convenience stores are gaining popularity 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 two to three percent of total urban retail market sales. In 2013, about 30 companies with more than 200 outlets ventured into the modern food retail industry. According to the Bangladesh Supermarket Owner's Association (BSOA), in 2013 the annual turnover for supermarkets was around BDT 15 billion (\$192 million). BSOA data further indicated that the retail market, which was worth about BDT 747.5 billion (\$9.6 billion) in 2013, was growing at an annual rate of 14 percent, and expected that it will reach BDT 1,307.38 billion (\$16.8 billion) by 2015 and BDT 3,027 billion (\$38.8 billion) by 2021. These modern retail chains are striving to differentiate themselves from wet markets by offering more varied, high quality products, as well as convenience, which they hope will attract more consumers. However, they also have challenges, such as cold chain capacity, food preservation and packaging, and transportation in order to reduce food wastage and losses (for more information, please see GAIN report [BG3014](#)).

## **Food Safety:**

Food safety remains a major concern for many consumers. Within the last couple years, the local media reported that some street vendors were caught spraying formalin on fruit to improve its shelf life. The incident elicited various responses, including a temporary government campaign to test foods ad hoc for formalin at local retail shops. Regarding imported apples, Bangladeshi customs now requires mandatory formalin testing at the border.

In order to augment consumer confidence, some modern retail vendors promote the safety of its food through signboards and other advertising, such as noting that a product is formalin-free. Because of overall food safety concerns, contacts believe that consumers think imported fruit is safer than domestic product, and therefore are more readily demanded by those who can afford it.



Source: USDA

### **Trade Policy:**

Official contacts confirmed that all apple varieties can be imported, and that there are no additional requirements for any particular varieties. For all fresh apple imports, a phytosanitary certificate as well as a radioactivity certificate and test report from a third country is required (please see [Import Policy Order 2012-15](#) and [Plant Quarantine Act, 2011](#)). Furthermore, [The Destructive Insects and Pests Rules, 1966 \(Plant Quarantine\)](#) states that the country of export should certify that it fumigated the apple shipment to prevent the incursion of fruit flies and scale insects.

Post contacts listed these documents for customs clearance: 1) bill of lading; 2) commercial invoice; 3) packing list; 4) weight and quality certificate; 5) country of origin certificate; 6) bill of exchange; 7) phytosanitary certificate; 8) radioactivity test certificate; 9) health certificate; 10) insurance cover note/ insurance policy; 11) import permit; 12) indent pro-forma invoice; 13) letter of credit (L/C); and 14) L/C authorization. Upon presentation of these mandatory documents, samples are drawn and tested from the shipment at the border, and if approved, the shipment is released with three additional phytosanitary, formalin, and radioactivity test reports. These reports are certified by Government of Bangladesh authorities including the Plant Quarantine Wing of the Ministry of Agriculture, the Bangladesh Atomic Energy Commission, and through customs under the authority of the Ministry of Finance. Total import tariff on fresh apples is 91.24 percent (see Table 2 below).

**Table 2: Bangladesh: Tariff on Fresh Apples under HS Code 08081010**

Type of Custom Tariff	HS Code 08081010	HS Code 08081090
	Apple, Fresh, Wrapped/Canned upto 2.5 kg	Apple, Fresh, Nes
Custom Duty (CD)	25%	25%
Supplementary Duty (SD)	20%	20%
Value Added Tax (VAT)	15%	15%
Advance Income Tax (AIT)	5%	5%
Regulatory Duty (RD)	5%	5%
Advance Trade VAT (ATV)	4%	4%
Total Tax Incidence (TTI)	91.24%	91.24%

Source: National Board of Revenue

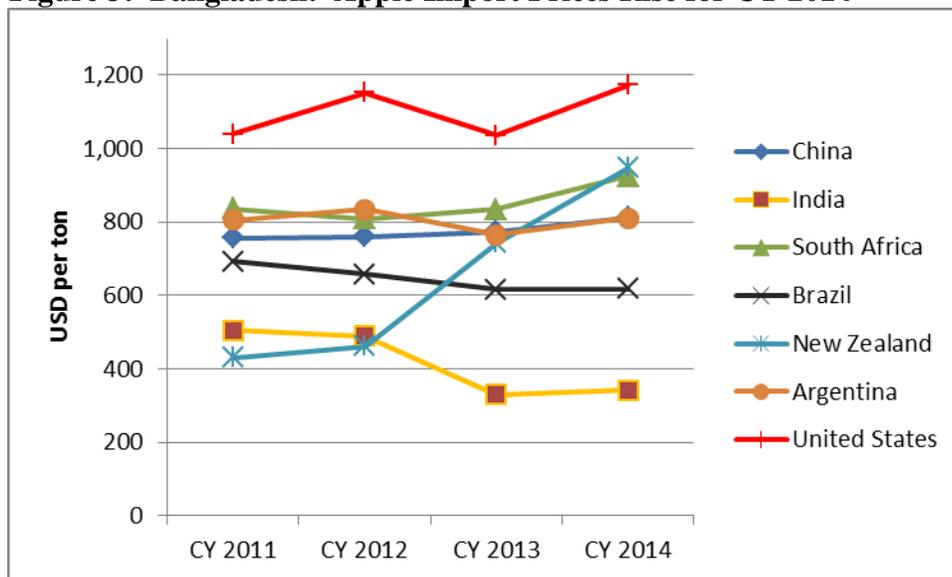
### Marketing:

In general, consumers purchase a range of different qualities and varieties of apples, which are sold at different price points. According to contacts, royal gala, gala, and golden delicious are preferred because they are available throughout the year (see Table 3 below). Some lower quality imported apples are sold at a price premium due to cultural preferences for small sizes for gifting. At the time of writing, at the retail level imported apples were sold between \$1.84 and \$12.59 per kg; the average price was \$3.92 per kg. High tariffs generally prohibit higher quality, more expensive fruit from entering the Bangladesh market, although as incomes rise, demand for higher quality fruit likely will also grow.



Source: USDA

**Figure 3: Bangladesh: Apple Import Prices Rise for CY 2014**



Source: Global Trade Atlas

Sources believe that many buyers at wet markets generally do not know the country of origin of imported apples because street market retailers do not promote or publicize this information. Catering to a different niche market, some modern retail establishments include country of origin on price displays; however, it is unclear to what extent consumers correlate this information with quality, and whether they have a good understanding between various apple varieties and qualities.

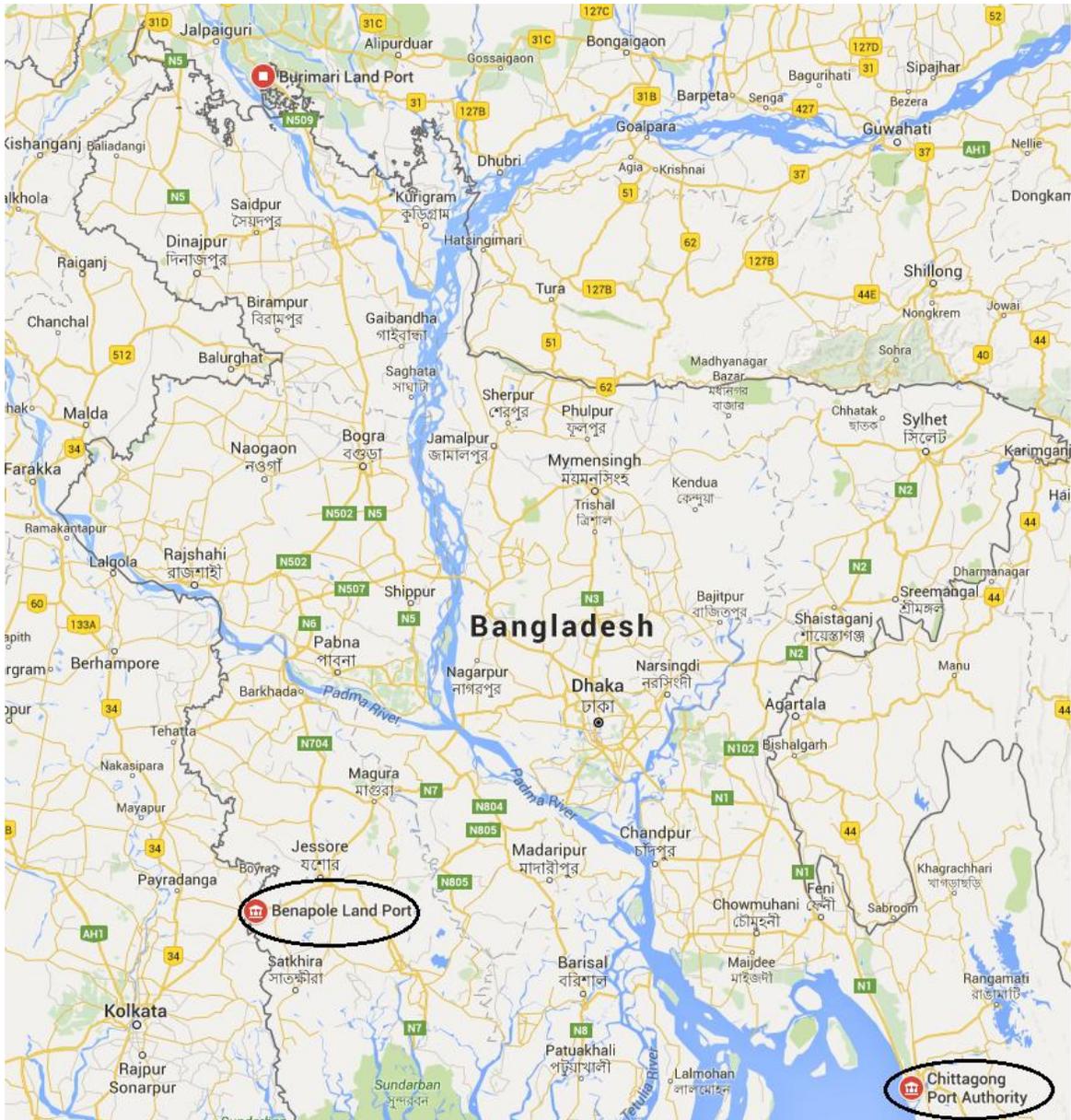
U.S. apple promotions in hotel restaurants, modern retail, and other high-end establishments will help further educate middle to upper income consumers on variety and quality differences, and may help boost sales or market share. Likewise, because Bangladesh has demand for different apple varieties (see Table 3 below), U.S. industry should consider exploring potential market opportunities for new U.S. apple varieties, especially in more urbanized markets such as Dhaka and Chittagong.

**Table 3: Bangladesh: Imported Apple Varieties from Major Suppliers**

<b>Supplier</b>	<b>Varieties</b>
China	Red delicious, golden delicious, honey, red star, fuji, green and red gala, red and green qinguan, golden china, golden jiguang, dilshan
South Africa	Gala, royal gala, red delicious, golden delicious, pink lady, fuji, red gala
Brazil	Fuji, royal gala, gala, pink lady
New Zealand	Gala, royal gala, fuji, jazz
India	Red delicious
United States	Red delicious, golden delicious

Source: Industry contacts

**Figure 4: Bangladesh: Major Ports of Entry: Benapole and Chittagong Port**



Source: Google Maps

**Post contact and for further information:**

**Office of Agricultural Affairs  
Embassy of the United States of America  
Madani Avenue, Baridhara, Dhaka -1212, Bangladesh  
Tel: (880) (2) 5566-2000, Fax: (880) (2) 5566-2915  
E-Mail: [AgDhaka@fas.usda.gov](mailto:AgDhaka@fas.usda.gov)**