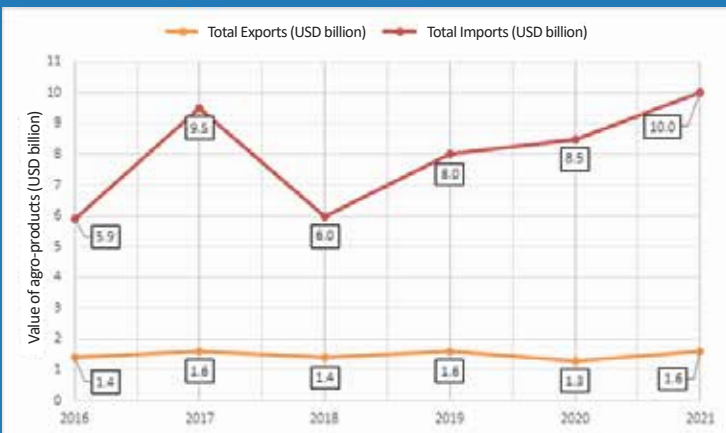


# The cold chain:

## Increasing Agro-exports: Bangladesh becoming a key player in global food supply chains.

Activities related to the production and processing of food and food products remains a major economic driver for Bangladesh. Agriculture counts for 12.5% of the country’s overall GDP and engages 40% of the national workforce.<sup>1</sup> Bangladesh has expanded its food production in the past five years, with the market size for domestically produced agro-products growing by USD 8.4 billion between 2016 and 2021.<sup>2</sup> Although food production grew over the years, the graph below illustrates that over the past five years, agricultural exports experienced quite modest growth relative to agro-imports:

Figure: Bangladesh agricultural products exports and imports 2016-2021 (billion USD)



Source: U.S. Dept. of Commerce, “Bangladesh – Country Commercial Guide Agriculture Sectors”, published 20 July 2022,

<https://www.trade.gov/country-commercial-guides/bangladesh-agriculture-sectors>.



Fish remain a key export product for Bangladesh

Currently, the main food items exported by Bangladesh include frozen shrimp, fish, frozen processed foods, tea, spices and fruits (dry and fresh).<sup>3</sup> Bangladesh produced 19.7 million MT of vegetables in fiscal year 2020-2021, but locally processed Fruits and Vegetables (F&V) products still remain an underserved export opportunity.<sup>4</sup> Other exported items with untapped potential include processed meat, as there is a significant demand for halal meat exports worldwide; and processed frozen foods like paratha, brown wheat flat bread, chicken momo, chicken nuggets and chicken spring rolls. These products are an entry opportunity for Bangladesh to better penetrate neighboring markets like India and others in South Asia.<sup>5</sup> The trade of frozen or chilled foods like those listed above increases the need for multi-purpose cold storage facilities to ensure less food spoilage and allow for higher agricultural exports.

<sup>1</sup> U.S. Dept. of Commerce, “Bangladesh – Country Commercial Guide Agriculture Sectors”, 20 July 2022, <https://www.trade.gov/country-commercial-guides/bangladesh-agriculture-sectors>.

<sup>2</sup> *Ibid.*

<sup>3</sup> “Agro Processing Snapshot”, December 2020, <https://bida.gov.bd/agro-processing>.

<sup>4</sup> Star Business Report, “Vegetable production on the rise”, 28 February 2022, The Daily Star, <https://www.thedailystar.net/business/economy/news/vegetable-production-the-rise-2972191>

<sup>5</sup> Business Inspection BD, “Top 10 Frozen Food Companies in Bangladesh”, 6 August 2022, <https://businessinspection.com.bd/top-frozen-food-companies-in-bangladesh/>.

When it comes to the most traded perishable product from Bangladesh — shrimp, the black tiger variety still accounts for a majority portion of frozen food exports.<sup>6</sup> Black tiger (monodon) shrimp is recognized as a premium product that is popular in high-end seafood markets around the globe. However, for large-scale production, black tiger shrimp have lower stocking density than other popular varieties and sell at a less competitive price.<sup>7</sup> The introduction of white-leg (Vannamei) shrimp cultivation in Bangladesh has shown great promise. Since 2021, fourteen establishments have begun producing Vannamei in Bangladesh owing to its low production cost, propensity for high yields, competitive price and cultivation success in comparable



markets.<sup>8</sup> India introduced Vannamei shrimp in 2012 and saw annual production increase from 150,000 MT to 805,000 MT by 2019.<sup>9</sup> Bangladeshi processing farms who have tested the variety, like M.U. Seafoods Ltd., stated that the government should encourage scaling up production given the shrimp's strong export potential.<sup>10</sup> One major impediment to this industry is a lack of adequate infrastructure for aggregating and transporting locally-produced shrimp.<sup>11</sup> Governing bodies should continue to encourage the cultivation of alternative shrimp varieties that would complement the recovery of export market for black tiger shrimp, while also promoting modern cold chain logistics facilities to ensure product quality and value chain growth.

To capitalize on the market opportunities abroad, the private sector should continue to invest in building and strengthening their capabilities on ensuring traceability of products as well as complying with international food safety standards. The private sector should collaborate with public authorities to receive as many international certifications for production and handling procedures as required to facilitate improved access to these export destinations. Some examples of widely recognized international safety certifications include ISO 22000 Food Safety Management System, Hazard Analysis Critical Control Point (HACCP), the BRCGS Global Standard for Food Safety, and the Halal Certification Standard.<sup>12</sup> These certifications can open new horizons for Bangladeshi businesses, as target markets like North America and Europe require these compliance standards when it comes to purchasing food products.

As one of the fastest-growing economies in the world, Bangladesh is able to play a greater role in South Asia and partake a more significant role in global commerce.<sup>13</sup> After the expected graduation to developing country status in 2026, Bangladesh could face major economic losses due to the lapses of preferential duty benefits.<sup>14</sup> It is important to coordinate with major trading partners and economic blocs to sign preferential and free trade agreements, which will help to protect Bangladesh's export revenues in the future. By revising trade regulations and strengthening ties with neighboring regional entities like ASEAN countries, Bangladesh will be able to maintain strong market-driven economic growth and achieve a more significant role in global trade.

<sup>6</sup> LightCastle Analytics Wing, "Future of the Shrimp Industry in Bangladesh", LightCastle Partners, 30 August 2022.

<sup>7</sup> Ali, S., Wasif, F., "Shrimp exports grow, but so do worries", The Business Standard, 5 January 2022

<sup>8</sup> Aquaculture Asia Pacific, "Commercial farming of vannamei shrimp approved in Bangladesh", 2 April 2023, <https://aquaasiapac.com/2023/04/02/commercial-farming-of-vannamei-shrimp-approved-in-bangladesh/>.

<sup>9</sup> LightCastle Analytics Wing, "Future of the Shrimp Industry in Bangladesh", LightCastle Partners, 30 August 2022.

<sup>10</sup> Md. Tahmid Zami, "Climate and social pressures pincer Bangladeshi shrimp farmers", Thomson Reuters Foundation, 5 Dec 2022.

<sup>11</sup> Yasir Wardad, "Bangladesh can bet big on its black tiger shrimp", 4 August 2022, The Financial Express, <https://thefinancialexpress.com.bd/trade/bangladesh-can-bet-big-on-its-black-tiger-shrimp-1659589262>.

<sup>12</sup> "Food safety – Certifications – Control Union", accessed 21 December 2022, <https://certifications.controlunion.com/en/industries/food-safety>.

<sup>13</sup> Chakrovorty, Aditi, "The Need for Strengthening Bangladesh-ASEAN Cooperative Relations", Modern Diplomacy, 4 May 2022.

<sup>14</sup> Mirdha, Refayet Ullah, "Bangladesh moves to join RCEP", 28 July 2022, The Daily Star, <https://www.thedailystar.net/business/economy/news/bangladesh-moves-join-rcep-3081516>.



There is increasing global importance of emerging regions like Bangladesh when it comes to the production and trade of agro-products.<sup>15</sup> From 2000-2016, share of the world’s agricultural exports amongst low and middle-income countries increased from 29% to 39%, whereas regions like Europe and North America saw relatively modest growth.<sup>16</sup> As the production of fresh products continues to grow in Bangladesh, adding value to these products through processing, proper cold chain management and international certifications will benefit the local economy as these products often sell for higher price and thus provide better profit margins. International relations and key partnerships will play a pivotal role in trade prospects of Bangladesh in the next 10 years and onward, especially given the increasing global economic importance of ASEAN and central Asian markets.

<sup>15</sup> Berkum, van Siemen, “How trade can drive inclusive and sustainable food system outcomes in food deficit low-income countries”, Food Security, 13 October 2021.

<sup>16</sup> *Ibid.*

The Bangladesh Trade Facilitation project aims to expand cross-border trade in agricultural goods and food products. The objective is to address systemic constraints at Bangladeshi ports; simplify and automate import and export processes; improve the capacity of Government regulatory agencies, laboratories, and warehouses; and to foster investment in cold storage facilities and temperature-controlled logistics.

## Implementing Organizations



### Disclaimer:

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