Bangladesh Investment Development Authority

BIDA

Agro & Food
Processing Industries

June 2023

Industrial Outlook

Key Features

Highest priority sector of the Government of Bangladesh.

Food processing industry accounts for approximately **13%** of all manufacturing production value.

Total agricultural production is around **70 million** tons.

There are around **1,000** food processors across the country. **10%** are large and medium-sized enterprises, **90%** are small businesses.

Accounts for **1.7%** of Gross Domestic Product.

Food grains production in FY 2021-22 was **45.89 million** metric tons.

Contributes about **8 %** to manufacturing output.

Around **250** agro/ food processing companies are involved in exporting food products.

The local dairy industry is meeting around **65%** of the total local milk demand of **15.2 million** metric tons.

The production of food commodities is expected to grow at an average rate of **8.5%** p.a. during 2020-2025.

Major Export Items

Frozen fish, Shrimp, Frozen food products, Tea, Spices, Fruits (mango, jackfruit, banana), Drinks, Juice, Dry food and fruits, Biscuits, Rose water, Vegetables

Economic Overview

Processed food market's size (domestic demand and export) is **US$4.8 billion**.

Processed food market is expected to grow **US$5.8 billion** by 2030.

Food market is expected to amount to **54 billion kilogrammes** by 2027.

Total market size for agricultural products is **US$47.54 billion**.

Processed food export from Bangladesh has been growing at an annual rate of **16.6%** over the last 4 years.

Expects to attract new investments worth **US$ 5 billion** in this sector by 2025.

Agriculture market was **US$12,245 billion** in 2022. It is projected to reach **US$19,007 billion** with a compound annual growth rate of **9.1%** by 2027.

Export earnings of agricultural products in FY 2022-23 is **US$ 843.03 million**.

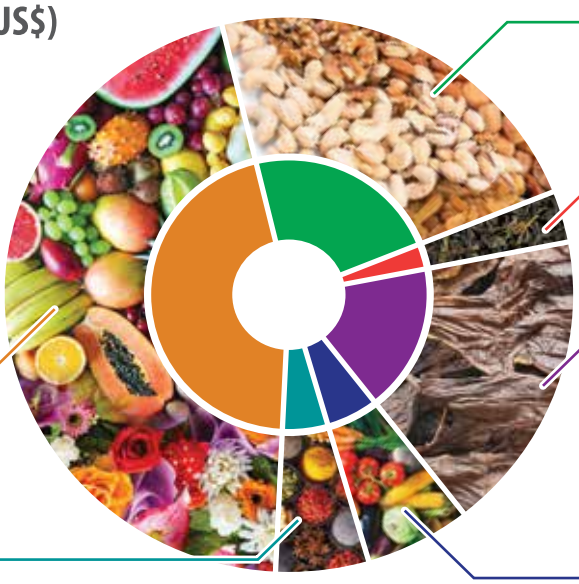
Domestic Market Size

Crop protection market
US$550 million
(annual growth 12%)

Seed Market
US$700 million
(annual growth 10%)

Agri-machineries market
US$1.2 million
(annual growth 15%)

Agriculture Product Wise Exports in FY 2022-23
(In million US$)



Dry Food
US$ 200.37
23.76%

Tea
US$ 2.34
0.27%

Tobacco
US$ 162.67
19.29%

Vegetables
US$ 61.14
7.25%

Spice
US$ 42.38
5.02%

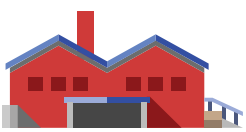
Others
US$ 377.52
44.76%

Labor Forces

The processed food industry employs **2.2 %** of the total workforce; **19%** of the industrial manufacturing workforce; **6.5 %** of the total manufacturing labor force.

Government expects to create **100,000** additional employment opportunities in the sector by 2025.

Growth Drivers



National Industrial Policy 2022 and Export Policy 2021-24 identified agribusiness and food processing industry as one of the highest priority sectors and export diversified sector.

Agricultural commodities enjoy **transportation at reduced rates**.

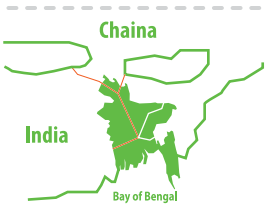
Imports of **duty-free raw materials** for the food processing industry will be encouraged to source raw materials at competitive prices.

Huge Availability of Raw Materials

World's 1st producer- **Hilsa fish**
World's 2nd producer- **Jute, Jackfruit, Goat's milk**
World's 3rd producer- **Freshwater Fish, Vegetable**
World's 4th producer- **Rice**
World's 6th producer- **Potatoes**
World's 7th producer- **Egg plant**
World's 8th producer- **Mango, Guava, Tomato**
World's 12th largest cattle inventory- **Livestock and Fisheries**

Cheap and Competitive Labor Force

Minimum monthly wages for the workers of the country's agro and food processing sector: **US$ 55.76** (cold storage); **US$ 65.25** (tea package); **US$ 54.74** (bakery and confectionary)



Easy Access to Neighboring Countries' Consumer Market

Country's strategic geographic location, potential economic corridors, and the Bay of Bengal offers easy trading access to the Asia-Pacific region and Middle Eastern's big consumer markets.

Rising Number of Middle and Affluent Class (MAC) Consumers

The MAC consumer is expected to reach 34 million by 2025.

Leading Agribusiness Companies

ACI · PRAN · Krishibid Group · IFAD · Akij Group · Square · Rimol · Ispahani · Nestlé · Fu-Wang

Top Investor Countries

British Virgin Islands · India · Netherlands · Singapore · Thailand · The United Kingdom

Bangladesh exports processed foods to 144 countries.

Top Export Destinations

Belgium, Germany, Italy, Middle East and Gulf nations (Kuwait, Qatar, Saudi Arabia, The UAE), Netherlands, The UK, The USA

Duty-free, Quota-free Market Access

Australia · Canada · Europe Union · Iceland · Japan · New Zealand · Norway · Russia · Switzerland · The USA

★ Canada extends duty-free access for Bangladesh till 2034.

Hot Spots for Foreign Investment

Standards and Testing Facilities in Bangladesh

Quality Seeds and Other Inputs (high-yield varieties, stress tolerant varieties, industrial varieties, bio fertilizer, soil-revitalizer, pesticides and fertilizer)

Post-harvest Management Technologies (including bulk and retail packaging solutions)

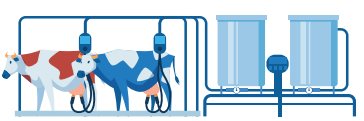
Agricultural Equipment; Safety Gear and Agri-technology (4IR technologies), Dairy and Fish Processing Equipment, Packaging and Canning Equipment and Technology

Agriculture Mechanization

Temperature Controlled Logistics and Cold Chains

Processed Meat (halal meat), Frozen and Ready-to-cook Food, Beverage

Processed Fruits and Vegetables (Mangoes, Jackfruit, Banana, Guava, Pineapple, Papaya, Potato, Tomato, Egg Plant, Pumpkin)



Dairy Industry (Milk Powder Processing, Cheese, Yoghurt, Ice-cream, Ghee)

Edible Oil (oil extraction process for rice bran, mustard)

Enabling Policies and Incentives

Incentives Related to Agro and Agro-food Processing Industry

- Reduced Corporate Income Tax (CIT) for 5 to 10 years depending on location, for industrial undertakings engaged in processing of locally produced fruits and vegetables
- Complete tax exemption on income from rice bran oil production up to 10 years
- 20% rebate on the electricity bills on agro-based industries and irrigation systems
- Tax exemption on royalties, technical know-how/assistance-related fees
- Full repatriation of profits and initial investment amount

Fiscal and Export Incentives

- 1% import duty exemption on capital machinery/ spares for export-oriented industries
- 3% import duty exemption on capital machinery/ spares for other industries
- 20% export subsidy for agri products (vegetables/fruits) and agro processed items
- 20% cash assistance on exports of 20 types of agricultural products produced in the country
- 50% tax exemption for income derived from export
- No VAT imposition on export goods
- 20% export subsidy for export of 100% halal meats

Supporting Policies

- Export Policy 2021-24
- Import Policy 2021-24
- National Agri Marketing Policy 2023
- Agriculture and Food Processing Industry Development Policy 2022
- National Industrial Policy 2022
- National Agricultural Mechanisation Policy 2020
- National Fishery Policy 1998
- Seed policy 1993

Supporting Laws and Regulations

- Income Tax Act, 2023
- Agriculture and Food Processing Industry Development Rules, 2022
- Guidelines for Foreign Exchange Transactions, 2018 (Vol. 1)
- Seed Act, 2018
- Seed Rules, 1997
- Bangladesh Labor Act, 2013
- Bangladesh Labor Rule, 2015
- Food Safety Act, 2013
- The Foreign Private Investment (Promotion and Protection) Act, 1980
- Foreign Exchange Regulation Act, 1947

Supporting Ministries, Institutes and Agencies

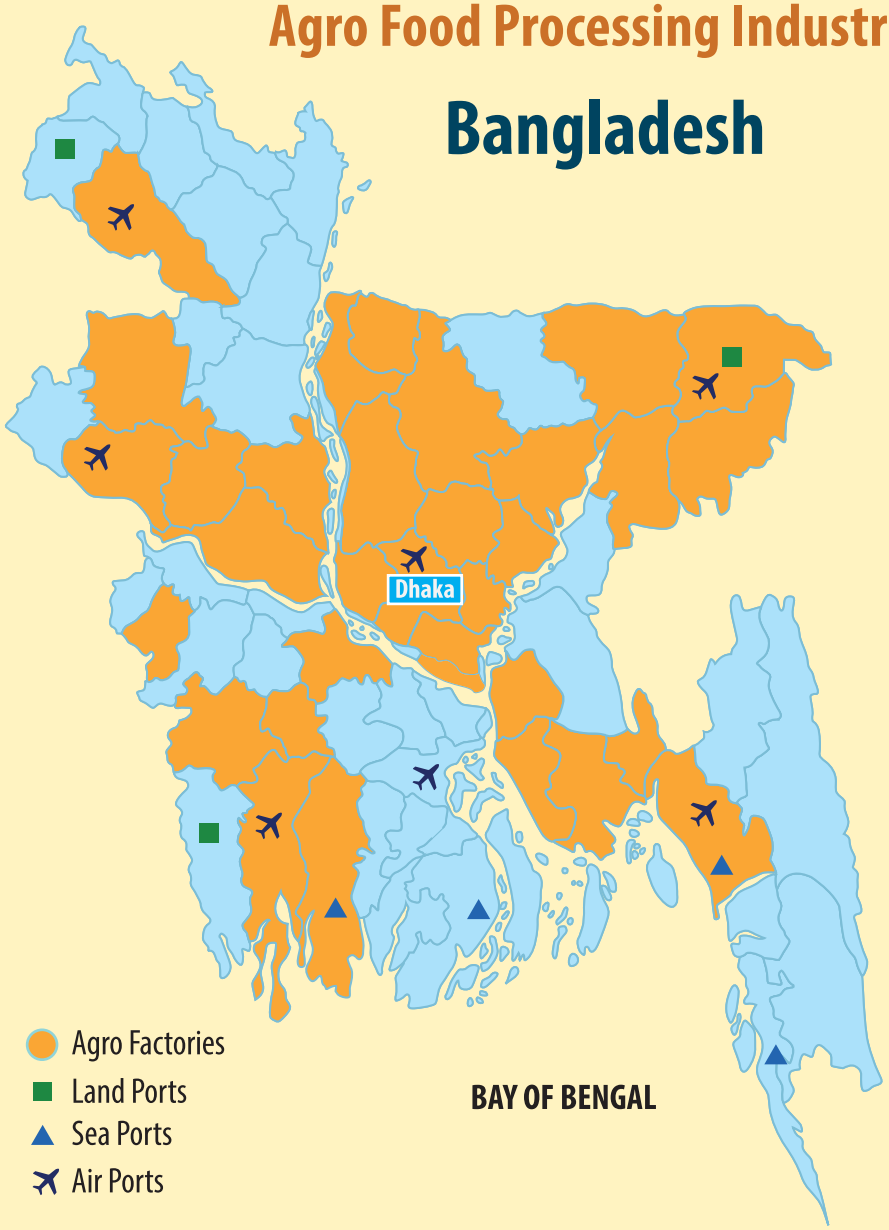
- Ministry of Industries
- Ministry of Commerce
- National Board of Revenue
- Bangladesh Bank
- Bangladesh Investment Development Authority
- Bangladesh Economic Zones Authority
- Bangladesh Export Processing Zone Authority
- Bangladesh Food Safety Authority
- Bangladesh Standard and Testing Institution

Industry Associations

- Bangladesh Agro Processing Association
- Bangladesh Frozen Food Exporters Association
- Bangladesh Fruits, Vegetables and Allied Products Exporters Association
- Bangladesh Dairy Farmers' Association
- Bangladesh Cold Storage Association

Agro Food Processing Industry

Bangladesh



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