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Date: 12/1/2000

GAIN Report #VM0021

Vietnam

Grain and Feed

November Rice Update

2000

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Report Highlights: This report reviews Vietnam's rice exports in the first ten months of CY-2000 (calendar year 2000), and forecasts CY-2000 totals. The Production, Supply, and Distribution (PS&D) estimates are slightly revised to adjust for recent changes in crop area, rice trade, and prices. The current market situation, rather dismal, for Vietnam's rice sector is also briefly discussed.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Hanoi [VM1], VM

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EXECUTIVE SUMMARY

Vietnam's 2000/2001 Lua Mua crop is being harvested and the Winter-Spring (W-S) rice is being planted. Despite several climate disasters (worst Mekong Delta floods in 40 years), Vietnam's CY-2000 paddy production is forecast to nearly reach the CY-1999 level. Vietnam's CY-2000 rice exports are estimated at 3.35 million metric ton (MMT), down 26 % from last year's record 4.55 MMT. Exports are down mainly due to a lack of buyers in the last quarter of 2000. Heavy carryover stocks and weaker demand is inevitably weighing on prices and the potential level of the 2001 export campaign. The Government of Vietnam (GOV) is expected to continue liberalizing the export regime in CY-2001.

PRODUCTION

Vietnam's total paddy production in CY-2001 is revised up to 31,376 TMT (thousand metric tons) due to an increase in 2000/01's Lua Mua area. According to updated data from Ministry of Agricultural and Rural Development (MARD), for the 2000/01 Lua Mua crop, Vietnam planted about 2,225 thousand hectare (THA) of which 1,275 THA is in the North and 950 THA is in the South. By Nov.15, 2000, about 1,200 THA (or 94%) of the Lua Mua crop was harvested in the North while in the South, the planting of Lua Mua was completed some weeks ago and about 280 THA have been harvested.

Relying on MARD's data, Post revises 2000/01 Lua Mua area in the South to 950 THA. That change will also increase total Lua Mua areas as well as in the total paddy area forecasted for 2001 to 2,225 THA and 7,565 THA respectively. Similarly, the Lua Mua production and total paddy production projected for 2001 are revised to 7,788 TMT and 31,376 TMT (Table 1 and Table 5).

Farmers in the Mekong River Delta (MRD) are speeding up the sowing of the 2000/01 Winter-Spring (W-S) rice crop. The W-S rice crop is a vital crop in supplying rice for export especially in the MRD, the country's rice bowl. The slowly receding flood, shortage of good rice seed, high cost of fertilizer, fuel and other input materials may hamper the sowing progress. Realizing these problems, MRD farmers are speeding up the crop cultivation. According to MARD's monthly report, by Nov. 20, 2000, there was about 320 THA of W-S rice seeded, a rise of 2 % compared with the same period last year.

Table 1: Vietnam Roughed Rice Production (Revised)

	97/98	1999	2000		2001	
Harvested Area (THA)			Old	New	Old	New
10th Month	2,542	2,387	2,394	2,394	2,185	2,225
Winter-Spring	2,717	2,888	3,001	3,001	3,040	3,040
Summer-Autumn	2,118	2,300	2,220	2,265	2,300	2,300
TOTAL	7,377	7,575	7,615	7,660	7,525	7,565
Yield (MT/Ha)						
10th Month	3.06	3.28	3.46	3.46	3.50	3.50
Winter-Spring	5.01	4.86	4.96	4.96	4.96	4.96

Summer-Autumn	3.56	3.74	3.65	3.65	3.70	3.70
TOTAL	3.92	4.02	4.11	4.10	4.15	4.15
Production (TMT)						
10th Month	7,779	7,829	8,283	8,283	7,648	7,788
Winter-Spring	13,612	14,036	14,885	14,885	15,078	15,078
Summer-Autumn	7,540	8,602	8,103	8,267	8,510	8,510
TOTAL	28,931	30,467	31,271	31,435	31,236	31,376

Source : MARD & FAS/VN

PRICE: Current exchange rate is Vietnamese dong (VND) 14,400 equal to \$1.00

Paddy price in the North.

Paddy rice prices are stable due to the abundant supply of Lua Mua crop. Updated prices for normal paddy and raw white rice are about VND 1,550/kg and VND 2,050/kg, respectively.

In early November, with abundant rice supplies, one shipment of 25 TMT from Vinafood 1 to Cuba was loaded in the North (through Hai Phong and Cai Lan ports).

In the MRD (Southern Vietnam).

Because of low exports, paddy and raw white rice prices dropped slightly by VND 50-80 /kg. Updated paddy (16 % moisture basis) and raw rice (15 % moisture basis) prices are VND 1,450-1,600/kg and VND 2,000-2,100/kg, respectively (Table 2).

Table 2: Updated Prices of Paddy and Raw White Rice in MRD (Nov 28, 2000)

Provinces	Paddy Price (VND/kg)	White Rice 25% Broken. (VND/kg)
Can Tho	1,450 - 1,500	2,020 - 2,080
An Giang	1,500 - 1,550	2,020 - 2,050
Tien Giang	1,500 - 1,550	2,050 - 2,100
Vinh Long	1,500 - 1,600	2,000 - 2,100
Dong Thap	1,450 - 1,550	2,000 - 2,020
Long An	1,500 - 1,600	2,020 - 2,100
Tra Vinh	1,450 - 1,550	2,000 - 2,100
Soc Trang	1,450 - 1,550	2,000 - 2,100
Kien Giang	1,450 - 1,550	2,020 - 2,100
Bac Lieu / Ca Mau	1,450 - 1,550	2,000 - 2,100
Ben Tre	1,550 - 1,650	2,100 - 2,200

Source: Trade

Export price.

Export prices for all grades of Vietnam's long grains white rice are soft in response to weak demand from

international markets. Updated prices on November 28 for 5%, 10%, 15% and 25% broken are 172; 167; 162 and 154 USD/mt FOB HCMc, respectively. These levels are generally lower than October prices by about US \$6-8 /mt.

TRADE

Softening prices could not help improve Viet rice exports ; rice trade remains low.

Even with a reduction of 5 USD /mt compared with prices in the last two weeks, Vietnam's rice offers for low and medium grades are still not competitive with Thai and Pakistani rice prices. Weak international demand and uncompetitive prices are putting Vietnam in a difficult position to find export outlets.

It is said that some foreign rice traders have been in the MRD for new rice purchasing arrangements and about 75 TMT have been concluded for shipments to the Philippines (20 TMT); Malaysia(25 TMT) and Egypt (30 TMT). Outstanding sales in 2000 / 2001 are about 450 TMT, mainly for Cuban, Iraq and African destinations. Given the absence of major importers and large new arrangements, the first quarter of 2001 could also be a slow export period.

The South-east Asia rice cartel (for a rice export pool by Vietnam and Thailand) has not yet been come into play. The first rice pool of 100 TMT of 25% offered to the Philippines in late October failed to find a buyer, mostly due to high prices. While the rice pooling cartel looked like a good project (to some), it is having a hard time finding buyers.

October rice exports are lower than expected at 266 TMT.

Heavy rains, the slowly receding flood, slow pace of exports to Cuba and Iraq, and the weakness of currency in some key import countries (the Philippines, Indonesia) have negatively impacted on rice export activities. October's rice exports were only 266 TMT, lower than the early estimation of 350 TMT. Vietnam's rice October export by destination and grades are presented in the Table 3. Shipments were mainly destined for the Philippines, Africa, Iraq, Indonesia and Malaysia. Since August, Malaysian buyers have been importing about 20 -30 TMT each month.

Table 3: Vietnam Rice October Export by Destination and Grades (Unit: MT)

	5%	10%	15%	25%	35%	100% br.	Gluti.	Parboiled	Unknown	Total
By destination										
Philippines			7,300	77,055						84,355
Africa	7,655		36,740	5,500		24,788				74,683
Iraq		32,950								32,950
Indonesia	1,302	2,750	8,920	12,550		350	250			26,122
Malaysia	15,240		6,220							21,460
Algeria	7,000									7,000
Singapore	2,000		3,000			250				5,250
Kenya			5,000							5,000
Palau	1,200		1,500							2,700
Russia	1,000									1,000
Ukraine	500									500
Australia	18									18
Unknown	300								5,000	5,300
Total	36,215	35,700	68,680	95,105	0	25,388	250	0	5,000	266,338

Source: Trade

Vietnam's January - October rice exports are well below the same period of 1999.

Vietnam's rice exports in the first ten months of 2000 were about 2,860 TMT, sharply down by 29% compared with 1999 's figure for the same period. As shown in Table 4, Asian countries including the Philippines, Iraq, Indonesia, Malaysia are Vietnam's key importers, taking 60 % of exports. High quality rice (5% and 10% broken) was about 40% of the total rice export.

Table 4: Vietnam Jan.-Oct. Rice Export by Destinations and Grades (Unit: MT)

	5%	10%	15%	25%	35%	55%	100% br.	Parboiled	Gluti.	Unknown	Total
ASIA	181,669	574,826	488,748	420,209	1,500	11,527	12,886	595	18,899	2,420	1,713,279
In which: Philippines	25,162	4,620	261,077	270,346			3,200				564,405
Iraq		494,318									494,318
Indonesia	35,046	48,403	145,760	107,897		11,527	350		12,616		361,599
Malaysia	87,743	19,464	24,229	17,486	700				140		149,762
Bangladesh	8,621		24,540	10,300							43,461
Singapore	5,106	4,009	20,982	3,500			7,836		5,943	220	47,596
Palau	4,000		4,450	6,600	800		1,500				17,350
Nepal		4,012	4,010								8,022
Yemen	5,500							550			6,050
Japan	5,010										5,010
Cambodia			2,000	2,000							4,000
Marianas	1,100		1,000						200		2,300
Hongkong	2,166			1,600							3,766
AFRICA	220,122	33,723	212,540	155,861	600		192,327	4,959			820,132
In which: West Africa				900			38,593				38,593
Tanzania			28,342								28,342
Senegal				1,002			17,981				18,983
Algeria	31,964										31,964
Syria	12,756										12,756
Gabon	6,850										6,850
Angola	6,018										6,018
Ghana			5,015								5,015
E.U.	50,719	30,006	30,766	2,500			250	150		20,930	135,321
Inwhich: Poland	23,879	23,768	27,350	2,500			250	150			77,897
Russia	12,315	2,700	1,500								16,515
Slovenia		3,007									3,007
Ukraine	10,083	131	1,436								11,650
Holland	322	110									432
AMERICA	3,500	31,014	25,000	61,204							120,718
Inwhich: Cuba	3,500	25,000	25,000	61,204							114,704
Hawaii		6,014									6,014
AUSTRALIA	424									1,100	1,524
Unknown	3,800									64,734	68,534
TOTAL	460,234	669,569	757,054	639,774	2,100	11,527	205,463	5,704	18,899	89,184	2,859,508

Source: Trade

Weak export performance in November and December 2000 would close Vietnam's rice export campaign at 3.35 million metric tons.

According to Ministry of Trade (MOT), Nov - Dec rice export deliveries would not be over 480 TMT. Loadings of Viet rice in the period of Nov - Dec are weak due to delayed liftings for Cuba and an absence of major sales. Speculation among rice traders is that Nov-Dec exports will be lower, perhaps at 380 TMT. It is hard to estimate exports for these months as it is subject to the whims of Cuba and Iraq.

Post estimates Nov-Dec exports at 430 TMT, and therefore Vietnam's CY-2000 total rice exports are revised down to 3,350 TMT (Table 5, Vietnam rice PS&D). A burdensome stock of 958 TMT is being carried to the 2001's rice export campaign.

Table 5. Vietnam Rice PS&D (Revised)

PSD Table						
Country	Vietnam					
Commodity	Rice, Milled					
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Harvested	7,575	7,575	7,660	7,660	7,525	7,565
Beginning Stocks	0	0	0	0	758	958
Milled Production	20,108	20,108	20,747	20,747	20,616	20,708
Rough Production	30,467	30,467	31,435	31,435	31,236	31,376
MILLING RATE (.9999)	6,600	6,600	6,600	6,600	6,600	6,600
TOTAL Imports	60	60	20	20	0	0
Jan-Dec Imports	60	60	20	20	0	0
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	20,168	20,168	20,767	20,767	21,374	21,666
TOTAL Exports	4,555	4,555	3,550	3,350	4,000	4,000
Jan-Dec Exports	4,555	4,555	3,550	3,350	4,000	4,000
TOTAL Dom. Consumption	15,613	15,613	16,459	16,459	16,900	16,900
Ending Stocks	0	0	758	958	474	766
TOTAL DISTRIBUTION	20,168	20,168	20,767	20,767	21,374	21,666

POLICY

Vietnam rice exports campaign 2001.

In principle, Vietnam's Government has agreed to provide more liberalization of the rice export regime. However, detailed guidelines for 2001's rice export management has not yet been issued. Post, and all the exporters, are watching closely to see if and how the GOV decides to move. According to Vietnam's Ministry of Agriculture and Rural Development (MARD), the target for Vietnam's 2001 export campaign is 4.0 MMT.

