

Required Report: Required - Public Distribution

Date: April 19, 2022

Report Number: VM2022-0026

Report Name: Grain and Feed Annual

Country: Vietnam

Post: Hanoi

Report Category: Grain and Feed

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Report Highlights:

Post forecasts overall feed demand to grow in calendar years 2022/23 on par with local livestock and aquaculture production growth. Post forecasts marketing year 2022/2023 (MY 2022/23) wheat imports to decline to 3.90 million metric tons (MMT) due to the war in Ukraine causing high costs and reduced supply of wheat. Vietnam is forecast to import more corn, 10.50 MMT in MY 2022/23, to offset lower domestic production and reduced feed wheat supply. Post forecasts MY 2022/23 paddy production at 43.73 MMT and area at 7,295 thousand hectares (THA), the same levels post estimates for MY 2021/2022, as contacts do not anticipate further reduction in rice area. Post maintains MY 2021/22 and MY 2022/23 rice export forecasts at 6.40 MMT on steady demand, largely from the Philippines, Africa, and China.

SITUATION AND OUTLOOK

COVID-19 outbreaks severely struck Vietnam in 2021, leading to widespread supply chain disruptions throughout the year ([VM2021-0078](#)). According to the General Statistics Office (GSO), Vietnam's Gross Domestic Product (GDP) growth rate in the third quarter of 2021 plummeted by a record 6.17 percent, due to the strict social distancing rules ⁽¹⁾ implemented in the country's southern region by the Government of Vietnam (GVN). The GVN also prioritized vaccinations to curb the spread of COVID and revive the country's economic activities. Based on the World Health Organization's latest data (<https://covid19.who.int/table>), Vietnam now has a rate of 78.13 people per 100 considered "fully vaccinated", higher than many other countries in the region.

Beginning in October 2021, most business and production activities resumed as Vietnam slowly reopened its economy. A notable exception being international tourism, which just resumed in mid-March 2022. GSO reports Vietnam's annual GDP growth rate for 2021 at 2.58 percent - its lowest level in ten years. Lockdowns and restrictions for both domestic and international tourism hampered growth in the food and beverage, and travel service sectors in 2021. According to GSO, the accommodation and food and beverage service sectors declined 19 percent, and the travel industry saw a 60 percent decline in revenue compared with 2020. Such declines affected demand, prices, and local production of meat, poultry, and aquaculture products, as well as the feed sector.

In addition to COVID-19 impacts on local demand for protein products, the livestock and aquaculture sectors faced increased prices for feed ingredients, as well as higher operational and logistical costs. The Ministry of Agriculture and Rural Development's (MARD) Department of Livestock Production (DLP) reported that feed ingredients prices increased by 16-46 percent in 2021, compelling feed mills to adjust finished feed prices up multiple times accordingly. Local media reported that in the first quarter of 2022, finished feed prices continued to rise between 3-14 percent compared with the end of last year.

According to a January 13, 2022 [press release](#) by the World Bank, Vietnam's economy is forecast to recover in 2022 with an expected GDP growth rate of up to 5.5 percent. However, this outlook is subject to many unknown factors related to COVID-19, such as the impact of new variants, Vietnam's responding control measures, the GVN economic stimulus policy, and the recovery of the world economy. On January 11, 2022, the Vietnam National Assembly passed Resolution 43/2022/QH15 on fiscal and monetary policies to support Vietnam's social economic recovery goals. In implementation of this resolution, the GVN, on January 28, 2022, signed Decree 15/2022/ND-CP to reduce the value added tax of some product groups, including processed agricultural products such as flour, dairy, processed meat and fish, processed fruits, nuts, juice and timbers, from 10 to 8 percent, effective February 1 to December 31, 2022.

Vietnam Feed Industry Summary

African Swine Fever (ASF) outbreaks continued to occur throughout most of the country in 2021, leading to the culling of over 280,000 pigs, three times higher than in 2020, according to MARD's

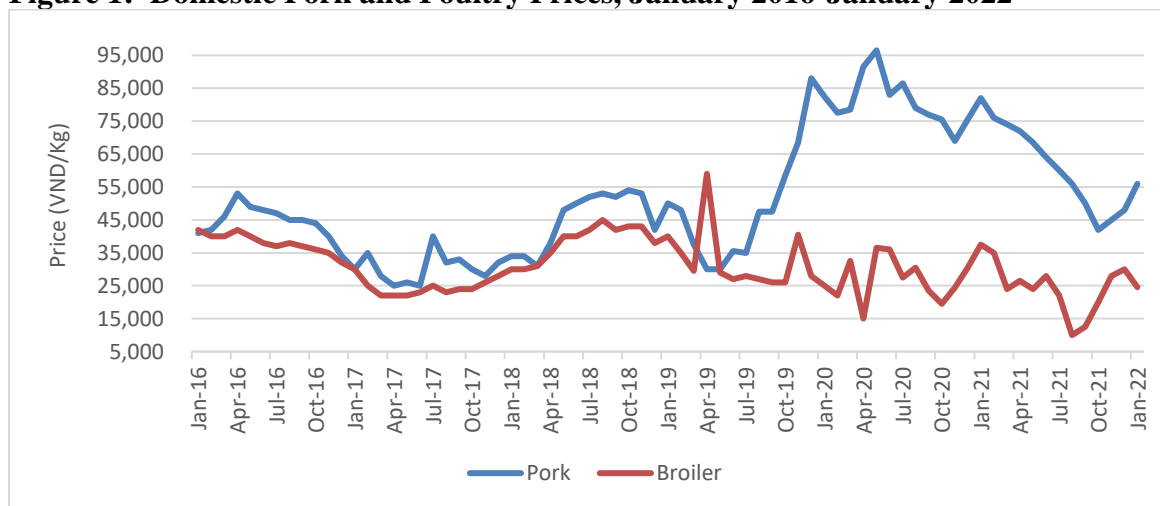
⁽¹⁾ In order to control Vietnam's most serious outbreak of COVID-19, on July 19, the GVN implemented its strictest rules to maximize social distancing in all 19 southern provinces. These included a "3-on-site" requirement which mandated factories to house employees on-premises, as a condition to allow continued operations. Other COVID preventative measures included restrictions on movement for those without travel permits and frequent COVID testing on all truck and barge drivers.

Department of Animal Health (DAH). Beginning the second half of 2020, large livestock companies, especially those with an integrated farm-feed-food model, vigorously invested into expansion, and contributed to the recovery of the sow, hog, and piglet population. Agromonitor, a local market intelligence company, reported that the number of sows within large livestock companies accounted for 34 percent of the total 3 million heads in 2021, an increase from 12 percent in 2016. Contrary to the expansion in large-scale farming, the number of traditional small-scale farming households dropped from 2.96 million in mid-2019 to 2.05 million by the end of 2020, a 30 percent decline, due to ASF impacts.

According to DLP, although the total number of pigs increased by 7 percent from the previous year to 28.1 million heads by the end of 2021, the sector has yet to recover to its pre-ASF levels. Some local companies are conducting ASF vaccine trials, but a roll-out date has not been confirmed. GSO reports that pork production reached 4.18 million tons in 2021, 3.6 percent higher than the previous year. However, local industry contacts estimated pork production lower at approximately 3.7-3.8 million tons.

Supply chain disruptions during COVID-19 lockdowns in the third quarter of 2021 hampered circulation and commercialization of livestock products. Hog prices were down from their 2020 peak, and only rebounded after lockdowns eased in October 2021 (Figure 1). Industry contacts said current hog prices did not accurately keep pace with rising feed ingredient prices as mills did not pass on all of these additional costs to finished feed prices. Should ingredient prices remain at their current highs or rise further, feed mills will have to revise their prices up again. This, and lingering ASF threats, may put hog producers, especially small and medium farms, at the risk of losses and discourage them from expanding their herds. Industry contacts reported slow daily transactions of hogs at the largest wholesale market in Ho Chi Minh City as well as below-average prices.

Figure 1: Domestic Pork and Poultry Prices, January 2016-January 2022



Source: U.S. Grains Council, trade contacts

On June 30, 2021, Vietnam suspended imports of live pigs from Thailand for slaughter due to an ASF detection. The suspension took place only after Vietnam had started importing live pigs beginning June 12, 2020, to offset domestic pork shortages. Although the number of live pigs imported from Thailand in 2021 was 25 percent lower than 2020, it remained high. The volume of frozen pork and pork products imported in 2021 increased by 21 percent from the previous year to reach 344,000 tons, according to the

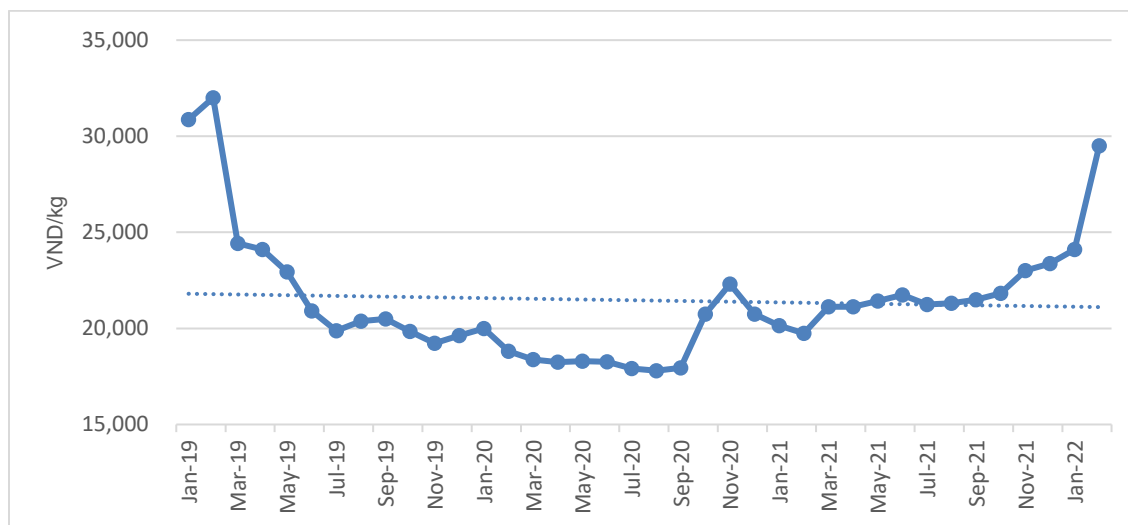
Ministry of Industry and Trade (MOIT), its highest level since 2016. Local contacts reported that retail sales of frozen imported pork rose significantly to offset the short supply of domestic pork during the lockdown months.

DLP reported that the number of poultry in 2021 increased by 5.8 percent year on year to 525 million heads, and the number of eggs increased by 5.1 percent to reach 17 billion. GSO reported that poultry production increased by 3.2 percent to 1.94 million tons. However, industry contacts estimated that poultry production declined by 15 percent in 2021 due to low poultry prices and high input costs. Additionally, COVID-19 forced the closure of school and factory canteens which are major consumers of poultry products, shutdowns of most wholesale and wet markets, and reduced operations of food processing companies. As a result, broiler prices dropped to a 6 year low during quarter 3 of 2021 (Figure 1). Many poultry farms scaled down, while others chose not to restock their herds to reduce losses, contacts reported. Avian influenza outbreaks also continued, leading to the death and culling of 457,000 heads, a 160 percent jump from last year.

According to GSO, total aquaculture production in 2021 increased by 1 percent from last year to reach 4.80 million tons, including 3.26 million tons of fish, 987,500 tons of shrimp, and 559,200 tons of other aquaculture products. However, industry contacts estimated production lower at 4 million tons, considering challenges caused by lower demand and supply chain disruptions during the lockdowns, as well as rising logistical and freight costs, and higher feed prices.

Although catfish farm-gate prices slightly rebounded in 2021 (Figure 2), unfavorable factors such as the consistent rise in feed prices and COVID-19 uncertainties challenged restocking efforts. Catfish production in 2021 declined by 4 percent from the previous year to nearly 1.5 million tons (GSO), again higher than industry contacts' estimates at approximately 1.2-1.3 million tons.

Figure 2: Catfish Prices in Dong Thap Province, January 2019-February 2022

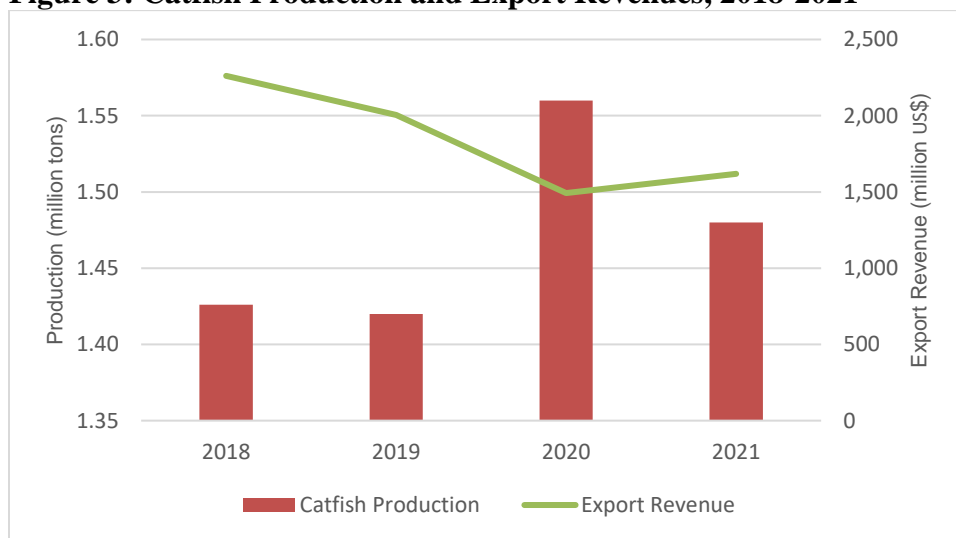


Source: Vietnam Association of Seafood Exporters and Producers (VASEP)

Note: Dong Thap province is one of the two major catfish producing provinces.

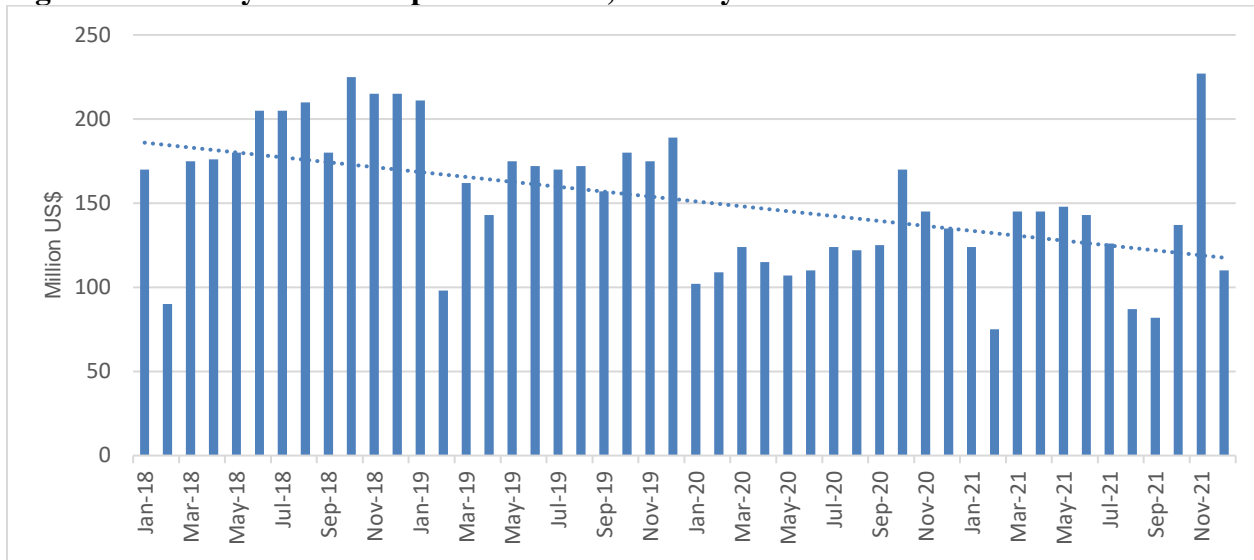
Catfish export revenues rose 8 percent to reach \$1.62 billion in 2021, although production volume declined (Figure 3 and 4). Exports dropped significantly in August and September 2021 when many seafood factories in the Mekong Delta closed briefly or scaled down operations to comply with COVID-19 social distancing regulations. Exports recovered strongly in November as local exporters fulfilled outstanding contracts which were on hold during the social distancing period over the year. Industry contacts note export demands will remain strong in 2022, and recent low stocks at the seafood companies pushed demands for raw material and farm-gate catfish prices up in the first months of 2022 (Figure 2).

Figure 3: Catfish Production and Export Revenues, 2018-2021



Source: MARD, Vietnam Customs

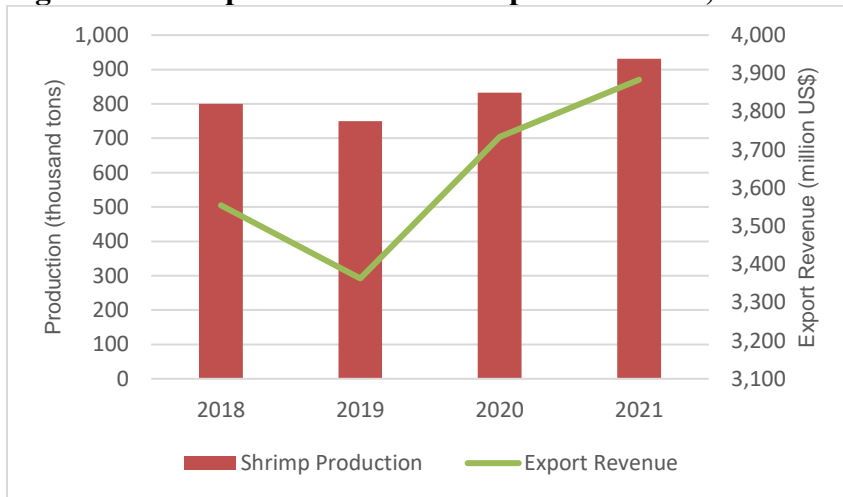
Figure 4: Monthly Catfish Export Revenues, January 2018-December 2021



Source: VASEP, Vietnam Customs, trade contacts

Shrimp production and export revenues showed steady growth in 2019-2021, based on MARD and Vietnam Customs sources (Figure 5). However, industry contacts suggested production estimates of shrimp at 800,000 tons for 2021, lower than the previous year. Industry also forecasted the shrimp export growth rate at 9-10 percent in 2022, with steady demand in U.S., European Union, and Japan markets.

Figure 5: Shrimp Production and Export Revenues, 2018-2021



Source: MARD, Vietnam Customs

Due to a contraction of poultry and aquaculture production in calendar year (CY) 2021, and the continuing trend of low hog prices in the beginning months of CY2022, Post upheld its estimates of feed demand in CY2021 at 26.20 million metric tons (MMT) and revised its forecasts of feed demands in CY2022 down to 26.96 MMT. Post also forecasts CY2023 feed demand at 28 MMT (Table 1).

Table 1: Vietnam Feed Demand CY2021-2023 (Unit: MT)

	CY 2021	CY 2022	CY 2023
Animal Feed	20,200,000	20,860,000	21,702,800
Aquaculture Feed	6,000,000	6,100,000	6,304,000
Total	26,200,000	26,960,000	28,006,800

Source: Post's estimate

Approximately 70 percent of feed ingredients in Vietnam are imported (Table 2). Although most broken rice is supplied by local production, Vietnam imported 200,000 tons of broken rice from India to cope with high prices in CY2021, a sharp rise from CY2020. Post also noticed higher imports of rice bran in CY2021 than the previous year. Local corn production continued to trend downwards due to competitive prices in imported corn. Cassava feed stock continued to face competition from exports and local industrial production. Industry contacts reported that cassava production declined in CY2021 due to unfavorable weather conditions. In addition, Vietnam exports of cassava and cassava products increased by 2.4 percent in CY2021 to reach 2.87 MMT, despite COVID-19 impacts. China was the largest importer of Vietnam cassava and cassava products, accounting for nearly 94 percent of the market share.

Table 2: Vietnam Feed Ingredients Demand CY2021-2023 (Unit: MT)

Year	CY 2021	CY 2022	CY 2023
Imports (*)	18,827,000	19,633,200	20,569,536
Soybean Meal	5,814,000	5,967,000	6,193,940
Corn	7,324,000	8,680,200	8,962,016
DDGS	1,010,000	1,043,000	1,085,140
Feed wheat	2,200,000	1,400,000	1,700,000
Other meal/bran	1,698,000	1,729,800	1,772,264
Others (MBM, FM, etc.)	781,000	813,200	856,176
Local Supply	7,373,000	7,326,800	7,437,264
Corn	2,400,000	2,200,000	2,100,000
Rice bran, broken rice	4,542,000	4,679,800	4,869,984
Cassava	431,000	447,000	467,280
Total	26,200,000	26,960,000	28,006,800

(*) Including local crush from imported beans

Source: Post's estimate

CORN

Production, Supply, and Distribution

Corn	2020/2021		2021/2022		2022/2023	
Market Begin Year	May 2020		May 2021		May 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	950	880	900	820		770
Beginning Stocks	1462	1462	2602	4062		3222
Production	4590	4200	4400	3960		3700
MY Imports	13500	13300	10000	9900		10500
TY Imports	11200	11300	11500	9900		10500
TY Imp. from U.S.	518	517	0	50		150
Total Supply	19552	18962	17002	17922		17422
MY Exports	500	800	500	400		500
TY Exports	500	800	500	400		500
Feed and Residual	15000	12600	14200	12800		13000
FSI Consumption	1450	1500	1450	1500		1500
Total Consumption	16450	14100	15650	14300		14500
Ending Stocks	2602	4062	852	3222		2422
Total Distribution	19552	18962	17002	17922		17422
Yield	4.8316	4.7727	4.8889	4.8293		4.8052

(1000 HA), (1000 MT), (MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

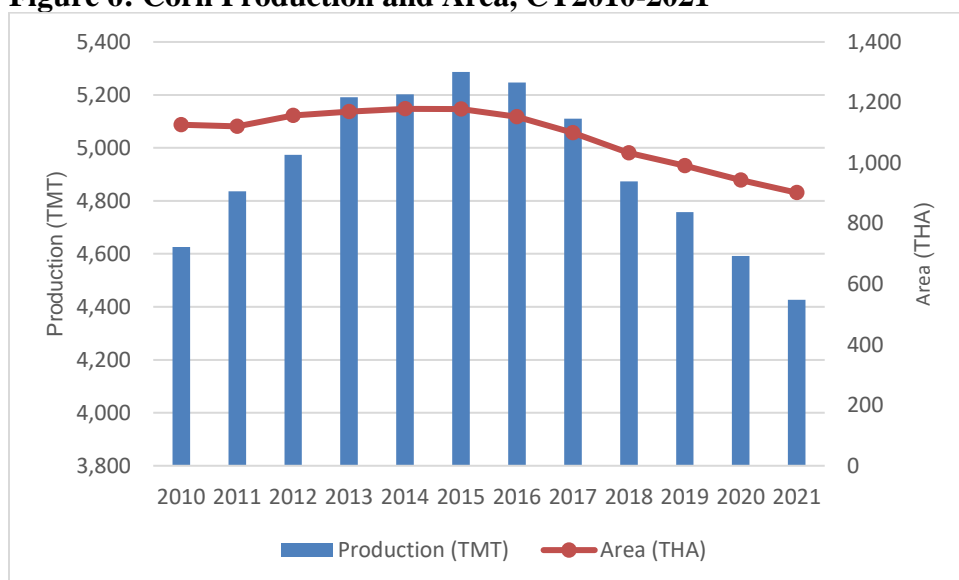
TY = Trade Year, which for Corn begins in October for all countries.

TY 2022/2023 = October 2022 - September 2023

PRODUCTION

According to GSO, local corn production and area have steadily declined since 2015 as domestic farmers are unable to compete with imported corn in terms of prices for feed ingredients (Figure 6). In CY2021, corn production and area declined by 4 percent to 4,427 thousand metric tons (TMT) and 902 thousand hectares (THA).

Figure 6: Corn Production and Area, CY2010-2021



Source: GSO

However, industry’s estimates are much lower than GSO’s statistics. Contacts in Dong Thap province reported that production and area of corn declined by 16 and 21 percent to 37 TMT and 3.9 THA in CY2021. Although profits gained per hectare from corn cultivation was higher than rice, lack of technological applications and market linkages have driven corn cultivation down in the recent years. Contacts in An Giang province noted that although the corn planting area was stable in CY2021 at 5 THA, the area of feed corn declined. Lower Fall Army Worm pressure supported higher corn yields. Nationwide, the corn planting area contracted more in the south than in the north due to competition from other plant crops. Post lowered its estimates for MY 2021/22 corn production area to 820 THA and maintained production output at 3,960 TMT on higher yields. Post forecasts that the downtrend will carry over to MY 2022/23 due to the declining area harvested (Table 3).

Table 3: Vietnam’s Area, Yield, and Production for Corn

Marketing Year	2020/21		2021/22		2022/23	
	Estimate		Forecast		Forecast	
	Old	New	Old	New	Old	New
Harvested Area (THA)	950	880	830	820		770
Yield (MT/HA)	4.74	4.77	4.77	4.83		4.81
Production (TMT)	4,500	4,200	3,960	3,960		3,700

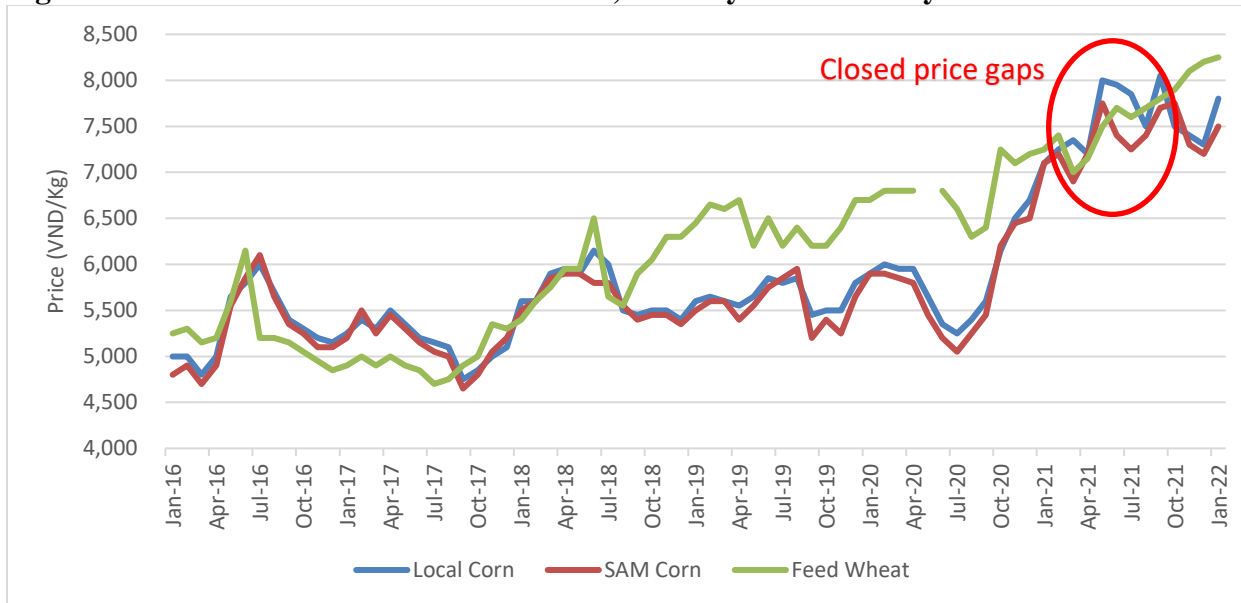
Source: GSO, MARD, Post’s estimate

CONSUMPTION

Corn prices have increased constantly since mid-2020, closing the gap with feed wheat in the first ten months of CY2021 (Figure 7). As corn and feed wheat are interchangeable energy sources in some feed formulations, Post noted lower corn imports versus higher feed wheat imports in CY2021 (Table 4). As

this could lead to lower consumption of feed corn, Post revised MY 2020/21 feed and residual down to 12.60 MMT, and total corn consumption down to 14.10 MMT, lower than USDA official numbers.

Figure 7: Prices of Corn versus Feed Wheat, January 2016-January 2022



Note: SAM corn means South America corn. Feed wheat price in May 2020 was not available.
 Source: U.S. Grains Council, trade contacts

Table 4: Corn versus Feed Wheat Imports 2020-2021

Corn versus Feed Wheat Imports (tons)			
	2020	2021	Change
Corn	12,257,000	10,004,500	-2,252,500
Feed Wheat	949,000	2,030,000	1,081,000

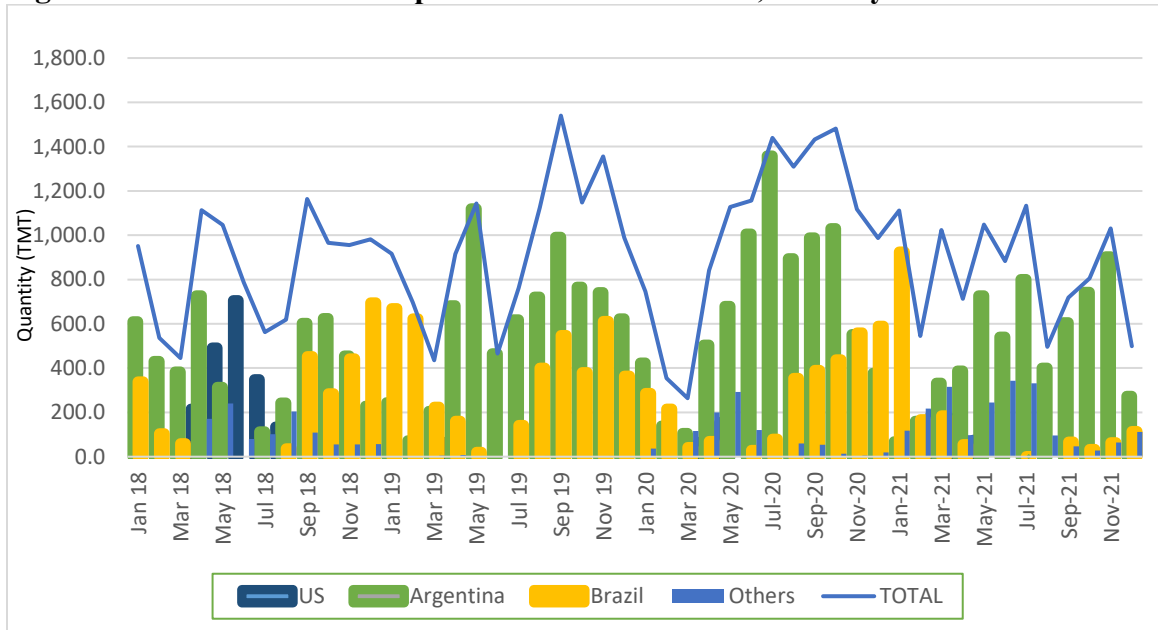
Source: Trade contacts, Vietnam Customs, Post’s Calculation

The Russia-Ukraine war which began at the end of February has driven wheat prices up sharply, as well as raise concerns for the global wheat supply. Industry contacts note that Ukraine and Russia have already shipped most of their commodities for the 2021/2022 marketing year. However, a prolonged conflict could affect the planting pace of the new crops, especially in Ukraine, which could force feed mills to switch back to corn and/or alternate with other ingredients where possible. Post forecasts Vietnam’s MY 2021/22 corn consumption at 14.30 MMT, including 12.80 MMT feed and residual, mainly on higher animal feed demands in CY2022 and a potential low supply of feed wheat. Post forecasts MY 2022/23 consumption at 14.50 MMT, including 13 MMT feed and residual, on par with its growth forecast in feed demands.

TRADE/COMPETITION

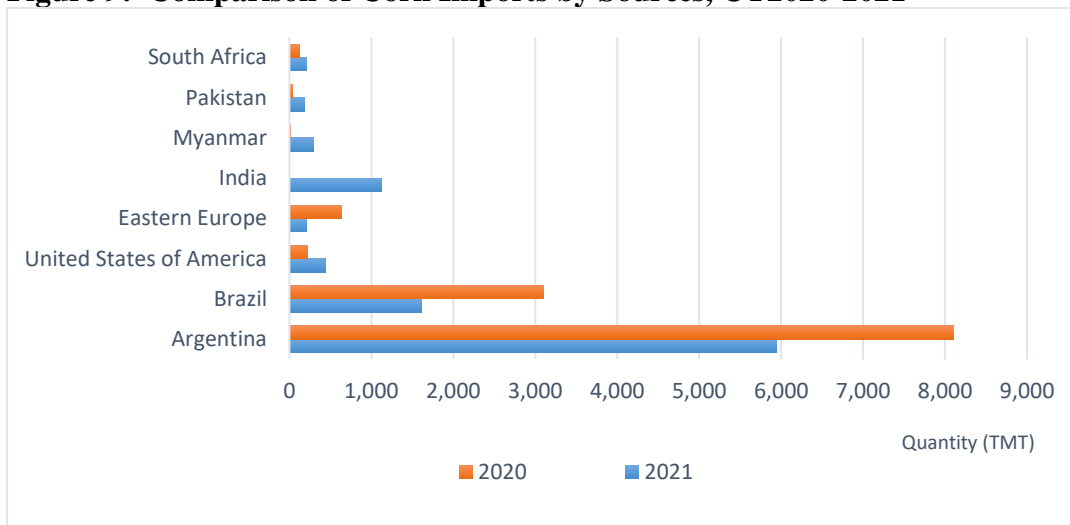
Increased corn prices from traditional suppliers, combined with volatile global demand, and high freight and logistical costs etc., have compelled Vietnam to diversify its sources (Figure 8 and 9). Vietnam's corn imports from Argentina, Brazil, and Eastern Europe decreased by 27, 48, and 68 percent respectively in CY2021 compared with the previous year. Imports from India, Myanmar, and Pakistan rose from less than 10 TMT last year to 1.12 MMT, 296 TMT and 181 TMT respectively. Imports from the United States and South Africa increased by 100 and 68 percent from the previous year, reaching 440 TMT and 203 TMT.

Figure 8: Vietnam's Corn Imports from Main Sources, January 2018-December 2021



Source: Trade Data Monitor, Vietnam Customs, Trade contacts, Post's calculation

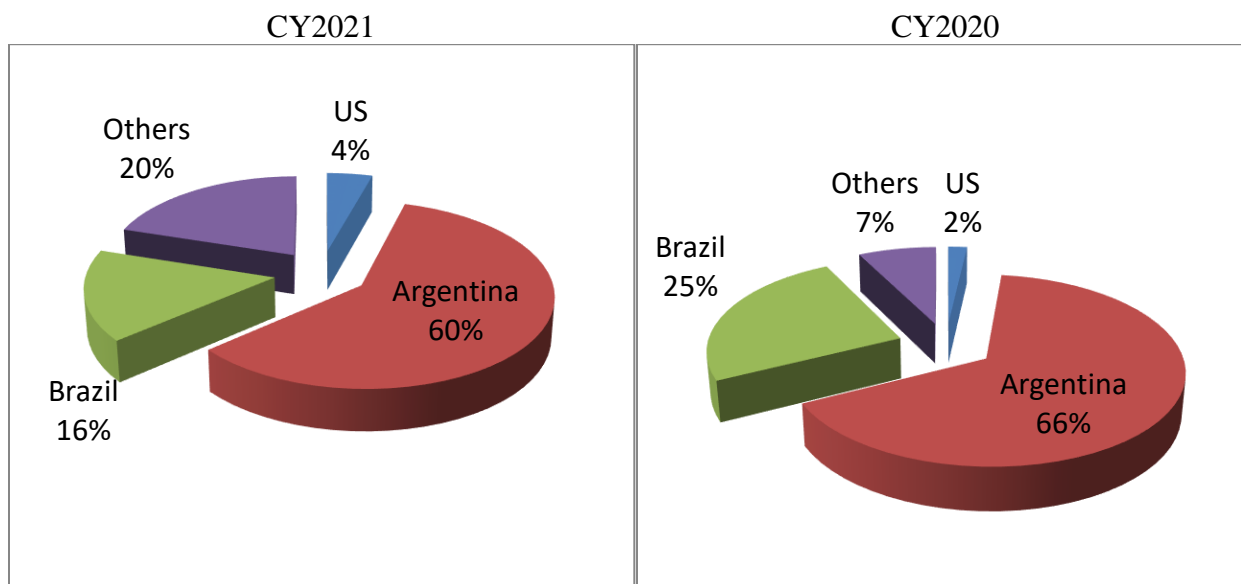
Figure 9: Comparison of Corn Imports by Sources, CY2020-2021



Source: Trade Data Monitor, Vietnam Customs, Trade contacts, Post's calculation

In CY2021, Argentina remained the largest corn supplier to Vietnam, accounting for 60 percent of total imports. Brazil followed with a 16 percent market share, the United States with 4 percent, and other suppliers comprising the remaining 20 percent (Figure 10).

Figure 10: Vietnam’s Corn Imports Market Share 2020-2021



Source: Trade Data Monitor, LLC., Vietnam Customs, Trade contacts, Post’s calculation

Corn offers in the domestic market in CY2021 remained at a six-year high and will continue to increase as a result of the Russia-Ukraine war (Figure 7). According to industry contacts, should ingredient prices stay at current levels or surge even higher, small and medium scale livestock producers will face the risk of loss and be reluctant to expand production, affecting the feed market growth. Post revised Vietnam MY 2020/21 corn imports up to 13.30 MMT based on Vietnam Customs data but amended the MY 2021/22 import estimate down to 9.90 MMT due to low imports in the second half of CY2021. Post forecasts that MY 2022/23 imports will rebound to 10.50 MMT on higher feed demands.

Post revised its estimates for MY 2021/22 exports down 400 TMT, lower than USDA official number, on Vietnam’s lower imports and less demand in Association of Southeast Asian Nations (ASEAN) countries.

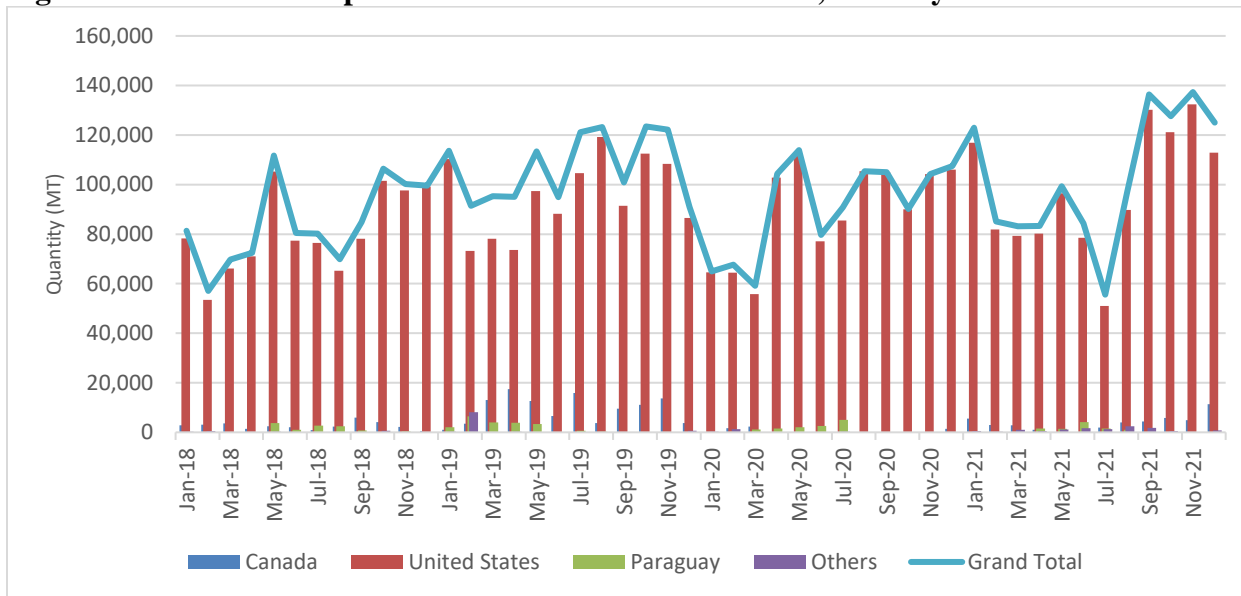
STOCKS

Post revised its estimate for MY 2020/21 stocks up to 4.06 MMT, higher than USDA official number, on higher imports, but lower demand for feed as corn was partly alternated with feed wheat. Post forecasts MY 2021/22 stocks at 3.22 MMT, higher than USDA official number, on lower imports and higher demands. Post also forecasts MY 2022/23 at 2.42 MMT, lower than the previous year.

Imports of Distillers Grains with Soluble (DDGS)

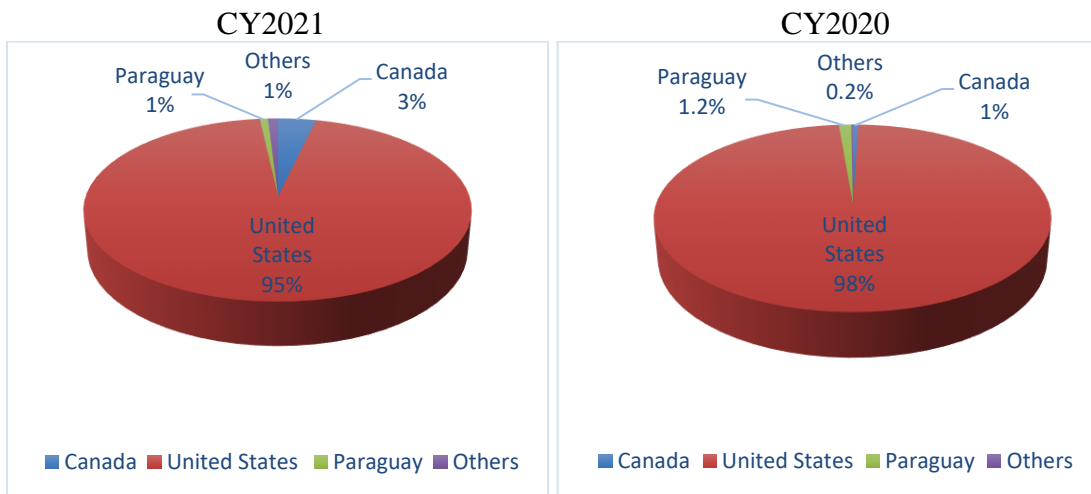
Corn DDGS imports in CY2021 reached approximately 1.23 MMT, 13 percent higher than the previous year, in addition to 189 TMT of corn gluten meal. The United States was the major supplier of DDGS to the Vietnam feed industry (Figures 11 and 12). Due to logistical constraints at loading and transit ports, some industry contacts reported significantly delayed deliveries of container shipments. Post noticed increased bulk shipments of DDGS in CY2021 as a method to cope with the logistical constraints and increased container freights. Wheat DDGS imports tripled compared with the previous year to 98 TMT, with Australia and Canada being the major suppliers.

Figure 11: Vietnam’s Imports of DDGS from Main Sources, January 2018-December 2021



Source: Vietnam Customs, Trade contacts, Post’s calculation

Figure 12: Vietnam’s DDGS Imports Market Share



Source: Vietnam Customs, trade contacts, Post’s calculation

POLICY

On November 15, 2021, the GVN issued [Decree 101/2021/ND-CP](#) that revised Most-Favored-Nation (MFN) tariff rates on corn down from 5 to 2 percent, and wheat from 3 percent to zero ([VM2021-0097](#)). The Decree came into force on December 30, 2021.

WHEAT

Production, Supply, and Distribution

Wheat	2020/2021		2021/2022		2022/2023	
Market Begin Year	Jul 2020		Jul 2021		Jul 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0		0
Beginning Stocks	849	849	867	839		689
Production	0	0	0	0		0
MY Imports	3900	3860	4100	4000		3900
TY Imports	3900	3860	4100	4000		3900
TY Imp. from U.S.	434	420	0	150		300
Total Supply	4749	4709	4967	4839		4589
MY Exports	282	220	250	250		250
TY Exports	282	220	250	250		250
Feed and Residual	1400	1500	1700	1800		1500
FSI Consumption	2200	2150	2250	2100		2200
Total Consumption	3600	3650	3950	3900		3700
Ending Stocks	867	839	767	689		639
Total Distribution	4749	4709	4967	4839		4589

(1000 MT)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Wheat begins in July for all countries.

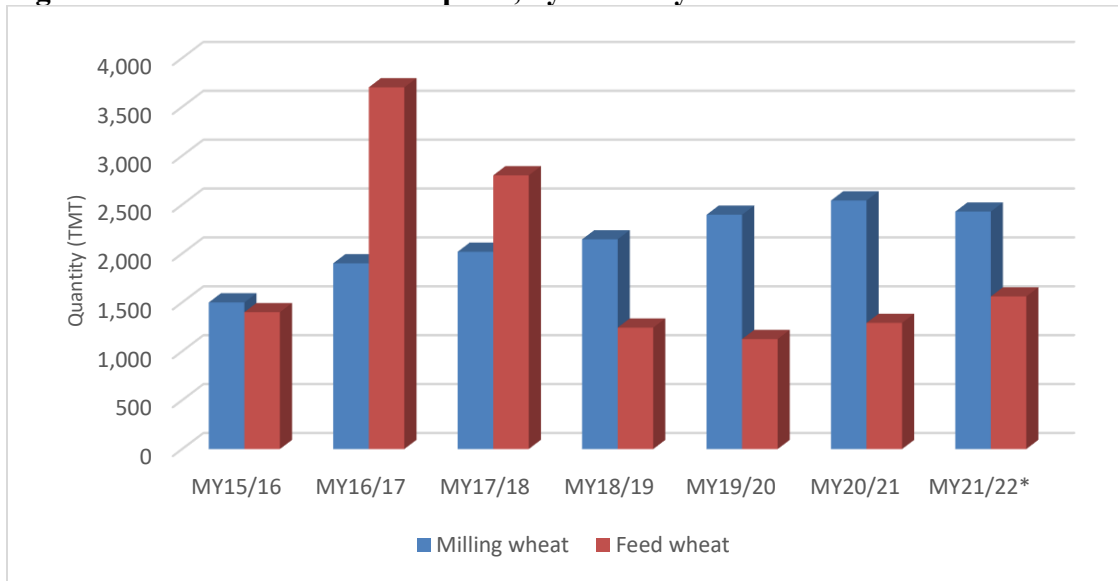
TY 2022/2023 = July 2022 - June 2023

CONSUMPTION

Post revised its estimates for MY 2021/22 wheat consumption up to 3.90 MMT due to higher estimates of feed use (Figure 13). As explained in the corn section, Vietnam imported a larger amount of feed wheat in CY2021 (1.08 MMT higher than in CY2020) (Table 4), which can serve as a substitute for corn to some extent.

Although international tourism to Vietnam resumed in mid-March 2022, Post does not expect an immediate surge of inbound travelers. Domestic travel has gradually resumed since last November but has yet to return to normal, as the number of Vietnam COVID detections remained at over 100,000 cases/day since early March. The slow resumption of tourism, plus low demand during the lockdown period in the third quarter of CY2021 affected the total demand for wheat-based products in Vietnam. Therefore, Post maintained its estimate for MY 2021/22 milling wheat consumption at 2.1 MMT.

Figure 13: Vietnam's Wheat Imports, by Industry



Source: Vietnam Customs, Trade contacts, * Post's estimate

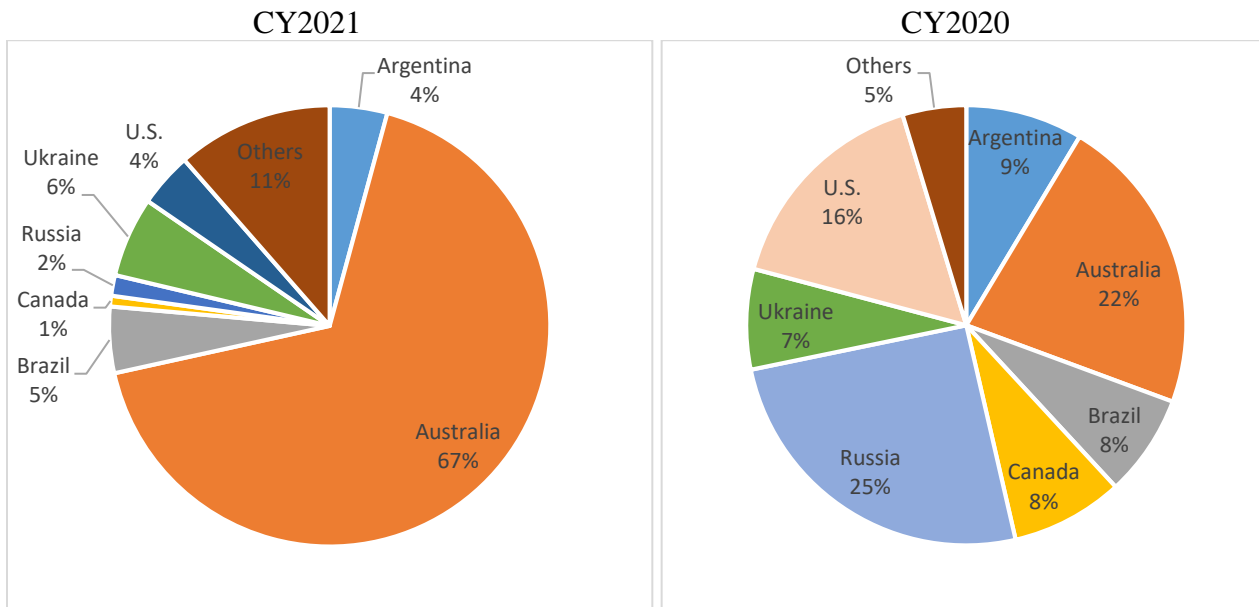
Post forecasts MY 2022/23 wheat consumption at 3.70 MT, lower than MY 2021/22, on lower demand for feed wheat more than offsetting higher demand for milling wheat. The Russia-Ukraine war immediately drove wheat prices up and affected Black Sea wheat supplies, making the wheat market highly volatile this year.

TRADE/COMPETITION

Imports

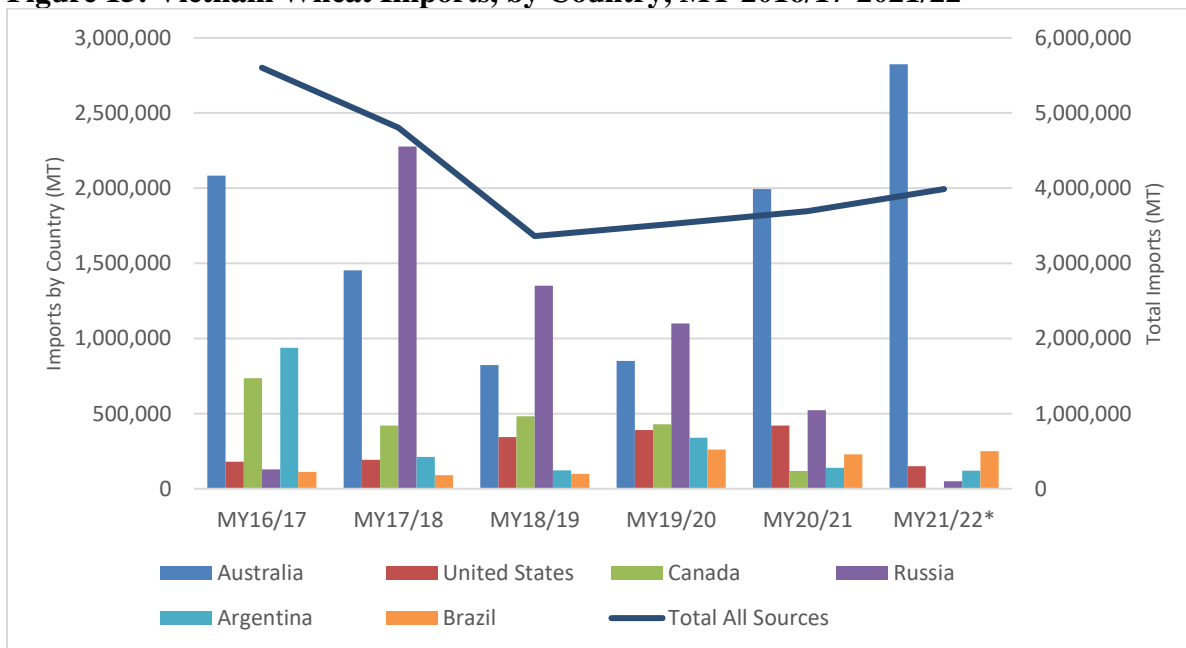
Beginning December 30, 2021, Vietnam reduced its MFN tariff rate on all classes of imported wheat, including U.S. wheat, from 3 percent to zero. The MFN tariff phase-out is an opportunity for U.S. wheat to expand in the Vietnam market in the long term, while other major competitors had already benefited from tariff-free entry, including Australia, Russia, and Canada. CY2021 recorded a strong return of Australia wheat on a bumper crop, with its market share having increased from 22 percent in CY2020 to 67 percent and offsetting a reduction from all other suppliers (Figure 14 and 15).

Figure 14: Vietnam’s Wheat Imports Market Share



Source: Trade Data Monitor, Trade contacts, Vietnam Customs, Post’s calculation

Figure 15: Vietnam Wheat Imports, by Country, MY 2016/17-2021/22



Source: Trade Data Monitor, Trade contacts, Vietnam Customs, * Post’s estimate

According to Vietnam Customs, Australia was the largest supplier of feed wheat with 39 percent of all imports, followed by Eastern Europe (Ukraine, Bulgaria, Romania), and South America (Brazil and Argentina). Australia was also the largest supplier of milling wheat, followed by the United States. As a hard-to-replace ingredient, U.S. wheat is used for blending in cakes, confectionary, and bread

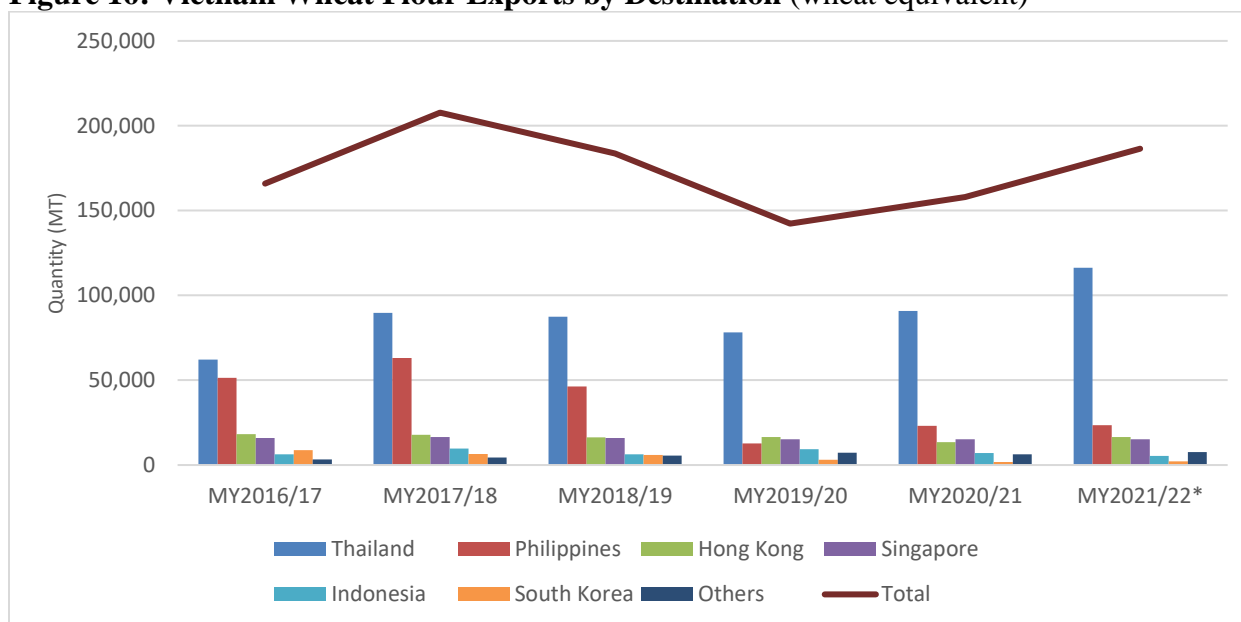
production. However, high U.S. wheat prices has led to a contraction in sales to Vietnam in CY2021 with the export volume declining by 64 percent, from 528 TMT in CY2020 to 189 TMT in CY2021.

Post revised estimates for Vietnam’s wheat imports in MY 2021/22 up to 4 MMT due to higher imports in the first half of the year. Post forecasts that Vietnam’s wheat imports in MY 2022/23 will slightly decline to 3.90 MMT due to potential impacts of the Russia-Ukraine war on wheat supply and prices.

Exports

Based on Trade Data Monitor, Vietnam’s exports of wheat flour in the first seven months of MY 2021/22 increased by 15 percent compared with the previous year, although logistical constraints, especially rising freight prices, remained a challenge to flour exports. Post revised its estimate for MY 2021/22 exports of wheat flour up to 250 TMT, and forecasts that MY 2022/23 exports will remain stagnant (Figure 16).

Figure 16: Vietnam Wheat Flour Exports by Destination (wheat equivalent)



Source: Trade Data Monitor, *Post’s estimate

STOCK

Post forecasts MY 2021/22 ending stocks at 689 TMT, lower than the previous year, due to higher consumption. All stocks are held in the private sector, generally for three months’ consumption. Post also forecasts that MY 2022/23 ending stocks will continue to decline slightly due to lower imports.

POLICY

Please refer to the Corn Policy section above.

RICE

Production, Supply, and Distribution

Rice, Milled	2020/2021		2021/2022		2022/2023	
Market Begin Year	Jan 2021		Jan 2022		Jan 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7305	7305	7300	7295		7295
Beginning Stocks	1180	1180	2639	2661		2892
Milled Production	27381	27381	27194	27331		27331
Rough Production	43810	43810	43510	43730		43730
Milling Rate (.9999)	6250	6250	6250	6250		6250
MY Imports	1800	1800	600	800		600
TY Imports	1800	1800	600	800		600
TY Imp. from U.S.	0	0	0	0		0
Total Supply	30361	30361	30433	30792		30823
MY Exports	6272	6300	6500	6400		6400
TY Exports	6272	6300	6500	6400		6400
Consumption and Residual	21450	21400	21500	21500		21500
Ending Stocks	2639	2661	2433	2892		2923
Total Distribution	30361	30361	30433	30792		30823
Yield (Rough)	5.9973	5.9973	5.9603	5.9945		5.9945

(1000 HA), (1000 MT), (MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Rice, Milled begins in January for all countries.

TY 2022/2023 = January 2023 - December 2023

Production

Table 5: Vietnam's Area, Yield, and Production for Rough Rice

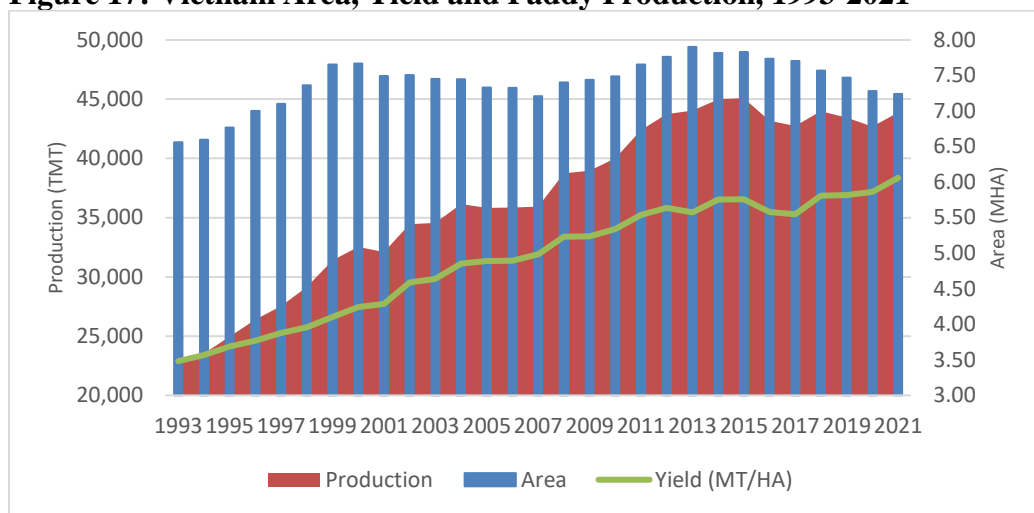
Marketing Year	2020/2021 Estimate		2021/2022 Forecast		2022/2023 Forecast	
	Old	New	Old	New	Old	New
Harvested Area (THA)						
Spring ¹	3,020	3,020	3,010	3,010		3,010
Autumn ²	2,710	2,710	2,710	2,710		2,710
Winter ³	1,600	1,575	1,580	1,575		1,575
TOTAL	7,330	7,305	7,300	7,295		7,295
Yield (MT/HA)						
Spring	6.82	6.82	6.74	6.82		6.82
Autumn	5.55	5.59	5.58	5.59		5.59
Winter	5.06	5.12	5.13	5.12		5.12
AVERAGE	5.97	6.00	5.96	5.99		5.99
Production (TMT)						
Spring	20,600	20,600	20,300	20,520		20,520
Autumn	15,050	15,150	15,110	15,150		15,150
Winter	8,100	8,060	8,100	8,060		8,060
TOTAL	43,750	43,810	43,510	43,730		43,730

¹ Winter-Spring, ² Summer-Autumn, ³ Lua Mua (10th Month)

Source: MARD; GSO; Post estimates

The total paddy cultivation area in CY2021 continued to trend down due to crop alterations, urbanization, drought, and salinity intrusion impacts, yet production volume rebounded on improved yields (Figure 17).

Figure 17: Vietnam Area, Yield and Paddy Production, 1993-2021



Source: GSO

As of mid-February, Vietnam planted 2,639 THA of the MY 2021/22 spring crop, 1 percent ahead of the previous year’s planting pace, according to GSO. This year’s planting pace in the northern region surpassed last year thanks to sufficient water supplies. According to MARD, the northern region plans to cultivate 1,080 THA of the spring crop. However, abnormal cold weather in February affected some paddy areas, prompting farmers to replant.

The MY 2021/22 spring crop cultivation area reached 1,578 THA in the southern region, contracting by 18 THA, mainly in the Mekong Delta. Initial assessments by MARD show that yield slightly increased to 7.19 T/HA, but production output declined by 87 TMT to reach 11.36 MMT. Improved drought and salinity intrusion forecasts and preparedness, combined with an appropriate seedling schedule, helped prevent negative impacts on the MY 2021/22 spring crop. Post revised its estimate of the total MY 2021/22 spring crop paddy production up to 20.52 MMT, and maintained the area estimate at 3,010 THA based on the good yield assessment (Table 5).

According to the Vietnam Meteorological and Hydrological Administration’s forecasts, there is a 50-60 percent chance that the La Nina phenomenon will transition to ENSO (El Niño–Southern Oscillation) neutral conditions in May-July. Precipitation will be 10-20 percent higher or at multiple years’ average in the northern region in May-August, and 10-20 percent higher than average in April-May in the southern region. With neutral weather forecasts, Post revised its forecasts of MY 2021/22 paddy production up to 43.73 MMT, higher than USDA official number, but reduced area to 7,295 THA, slightly lower than USDA official number and in line with the ongoing crop alteration. Post forecasts that MY 2022/23 area and production will remain the same as MY 2021/22 if the weather is favorable for rice cultivation.

Mekong River Delta

Table 6: Rice Production in the Mekong Delta, MY 2020/21-2022/23

Crop	MY 2020/21 (Estimate)			MY 2021/22 (Forecast)			MY 2022/23 (Forecast)		
	Area	Yield	Prod.	Area	Yield	Prod.	Area	Yield	Prod.
Spring	1,520	7.17	10,900	1,510	7.17	10,820	1,510	7.17	10,820
Autumn (in which)	2,240	5.83	13,050	2,230	5.82	12,980	2,230	5.82	12,980
<i>Main Autumn</i>	1,520	5.95	9,050	1,510	5.95	8,980	1,510	5.95	8,980
<i>Late Autumn</i>	720	5.56	4,000	720	5.56	4,000	720	5.56	4,000
Winter	165	4.73	780	165	4.73	780	165	4.73	780
Total	3,925	6.30	24,730	3,905	6.29	24,580	3,905	6.29	24,580

Area (THA), Yield (MT/HA), Production (TMT)

Source: MARD; GSO; Post's estimate

According to GSO, by mid-February, the Mekong Delta harvested 300 THA of the spring crop, accounting for 20 percent of the total cultivation area, and exceeding last year's harvesting pace by 9 percent. MARD's Crop Production Department (CPD) assessed that the Mekong Delta planted 1,505 THA of the MY 2021/22 spring crop, 14 THA less than the previous year as harvest of last late autumn crop dragged out due to COVID-19 impacts in some localities, and some areas switched to other crops. Drought and salinity intrusion preparedness with a suitable seedling schedule, less disease pressures, favorable weather conditions during the vegetation period of paddy, and increased usage of quality seeds by farmers supported yields. The percentage of certified seeds used in the Mekong Delta, especially in areas that grow rice for export, reached 80 percent, local media reported. CPD estimated that MY 2021/22 spring crop yield will reach 7.2 T/HA, slightly higher than the previous year.

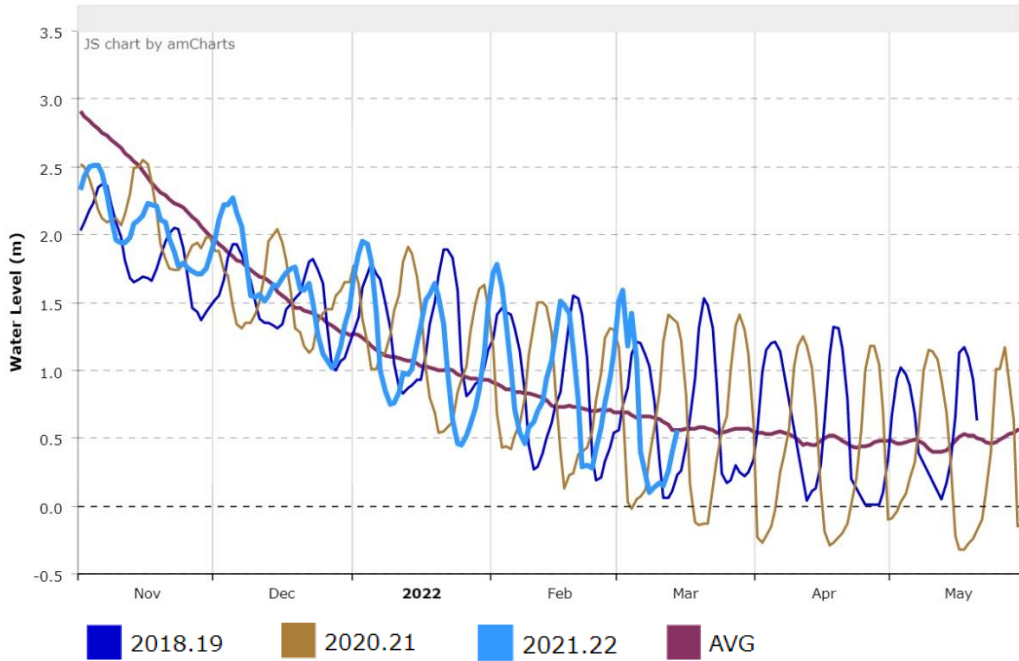
However, industry contacts told Post that due to skyrocketing prices of fertilizer and pesticide products, farmers tended to reduce consumption of these inputs, potentially leading to lower yields for this crop. Contacts in Dong Thap, An Giang, and Kien Giang provinces - the three largest rice producing provinces in the Mekong Delta - estimated yields at 7-7.15 T/HA. Some contacts said unseasonal rains and unfavorable temperature patterns during the vegetation of paddy likely negatively affected yields. Some did not expect this year's yields outpace last year's record yield. Post revised its estimates of the MY 2021/22 spring crop area in the Mekong Delta down to 1,510 THA, but production up to 10.82 MMT on higher yield estimate (Table 6).

Local media reported that the quality of rice varieties continued to shift from average towards high quality. While the share of high quality fragrant and specialty rice cultivation area expanded to 33 percent, that of regular fragrant rice and high quality white rice, as well as regular white rice, and glutinous rice contracted to 50, 7, and 9 percent respectively. Unstable demand for glutinous rice from China, the biggest importer of this product, could result in a contraction in its planting area, a contact said.

Based on the Mekong River Commission's (MRC) water flow observation, Mekong River water levels in the 2021/2022 dry season are close to multiple years' average and the previous year (Figure 18 and 19). However, in line with the crop alteration pattern in the Mekong Delta, Post revised its MY 2021/22 forecasts of production and area in the Delta down to 24.58 MMT and 3,905 THA. As noted above, Post

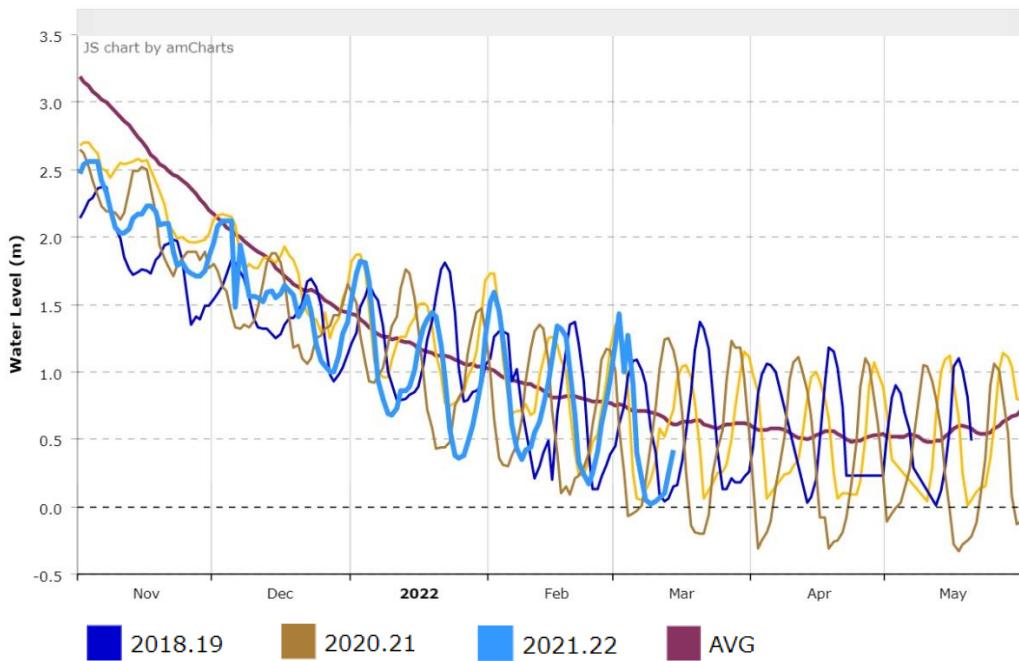
forecasts that MY 2022/23 area and production remain the same as MY 2021/22 if the weather is favorable for rice cultivation.

Figure 18: Mekong River Water Level Monitoring at Chau Doc Station



Source: MRC

Figure 19: Mekong River Water Level Monitoring at Tan Chau Station



Source: MRC

Drought and salinity intrusion preparedness and adaptation have proved efficient in mitigating impacts on rice production in the recent years. This consists of various solutions:

- Switching to other crops in areas that are no longer suitable for rice cultivation: Contacts in An Giang and Dong Thap told Post that the provinces have, on average, switched 1 THA of rice to fruits, aquaculture, and vegetables annually.
- Rice – shrimp farming: This model has been introduced to the coastal provinces in the Mekong Delta for years, where farmers rotate one rice crop with one or two shrimp crops annually. Kien Giang province has 100 THA of rice-shrimp farming area, accounting for half the total area in the Mekong Delta (Photo 1). Beside supporting adaptation goals, local authorities believe this model improves farmer incomes as they can market their rice as a “clean” product.
- Irrigation control gates: A main function of these gates is to prevent salinization inland. In Kien Giang province, where coastal rice cultivation area accounts for 30 percent of its total rice cultivation, 37 gates effectively prevented salt water from entering paddy fields (Photo 2 and 3). According to the Kien Giang Department of Agricultural and Rural Development (DARD), the total area affected by salinity intrusion over the past three years was reportedly 5.4 THA, much lower than the 86 THA that occurred during the 2015/2016 dry season. In February 2022, phase one of the largest salinization-prevention structures in Cai Lon-Cai Be was inaugurated, which will help regulate salt and fresh water for agricultural production in the coastal provinces of Kien Giang, Ca Mau, Bac Lieu, Soc Trang, and Hau Giang. However, environmentalists are concerned about its potential impacts on hydrology in the long term.

Photo 1: A near-coast paddy field post-harvest which will be turned into shrimp farm



Photo 2: A saltwater control gate in Kien Giang Province



Photo 3: A ripe paddy field near coast in Kien Giang Province



Consumption

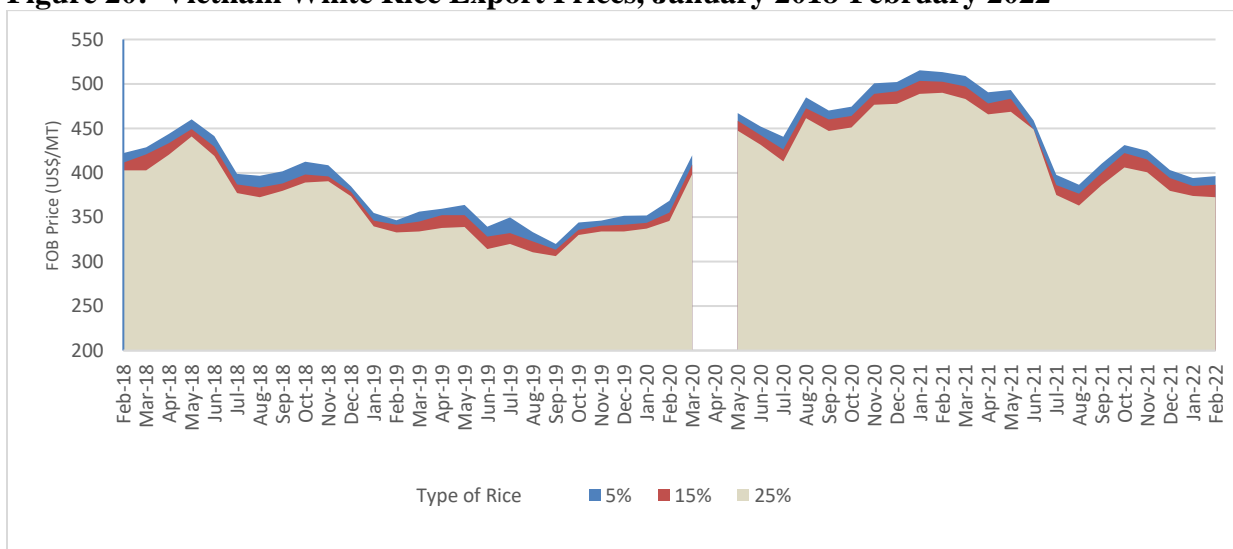
Post revised its estimate of MY 2021/22 consumption and residue up to 21.50 MMT, on the assumption that more broken rice would be sourced for feed use. As explained in the corn section, the Russia-Ukraine war drove prices of most feed grains up. Industry sources note that rice prices remain the least affected. However, broken rice could be used to some extent to offset a potential short supply of corn and feed wheat, therefore its prices started rising. Post does not expect that higher demand for feed use will carry over to MY 2022/23 and that consumption will mainly be driven by population growth. Therefore, Post forecasts that MY 2022/23 consumption will keep at 21.50 MMT.

Trade

Export Prices

Although prices in the second half were lower than the start of CY2021, Vietnam's white rice remained more expensive than Indian and Thai rice (Figure 20), making it less attractive in the world market. A declining cultivation area of white rice variety IR50404 in recent years has reduced supply, resulting in higher prices. As explained in the "Production" section of this report, the cultivation area of high-quality rice in the MY 2021/22 spring crop in the Mekong Delta accounted for approximately 83 percent of output, higher than the 74 percent and 50 percent levels in CY2020 and CY2015. Furthermore, the high costs of inputs, transportation, logistics, and sea freights have put more pressure on export prices for all types of rice. Vietnam's prices of high-quality rice varieties, such as DT8 and OM18, remain competitive in comparison with similar products from other sources, therefore accepted in many export markets, industry contacts said. As noted above, trade contacts report increased demands for broken rice from China to substitute for potential short supplies of wheat and corn for feed due to the Russia-Ukraine war, which has started to affect prices.

Figure 20: Vietnam White Rice Export Prices, January 2018-February 2022



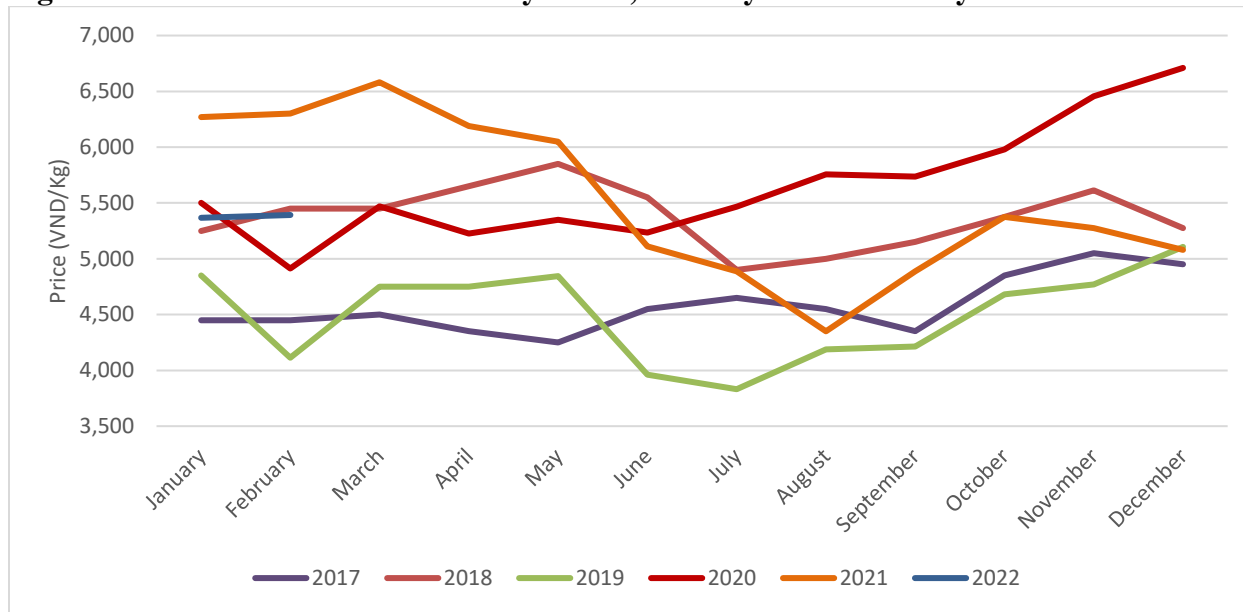
Source: Trade contacts

Note: Prices in April 2020 were not available due to the GVN's rice export ban.

Domestic Prices

White rice paddy prices in the first two months of CY2022 dropped to a lower level than the same period of last year, while costs of fertilizers doubled and pesticides jumped by 50-80 percent, reducing farmers' profit (Figure 21). A farmer in Kien Giang province said production costs per 1,000m² rose by 40 percent for the MY 2021/22 spring crop, a significant increase for many farmers.

Figure 21: Vietnam White Rice Paddy Prices, January 2017-February 2022

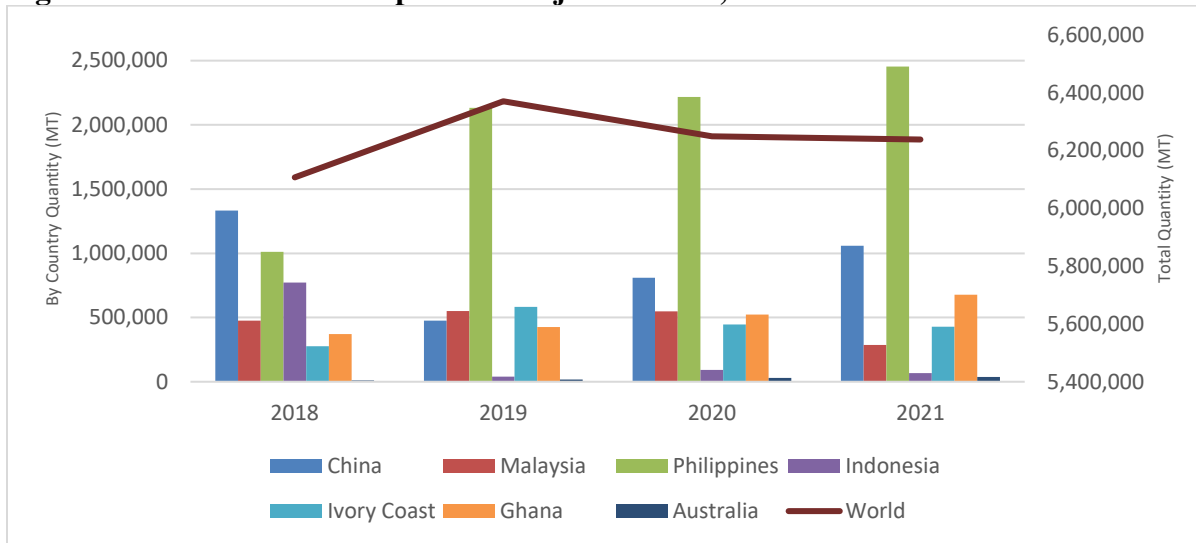


Source: Trade contacts

Exports

According to Customs' data, Vietnam's rice export volume was stable in MY 2020/21 at 6.24 MMT, but its value increased by 5 percent to \$3.29 billion. The Philippines has remained the largest importer for three consecutive years, buying 2.45 MMT (up 11 percent year on year), followed by China with 1.06 MMT (up 31 percent), Ghana 678 TMT (up 30 percent), Cote d'Ivoire 428 TMT (down 4 percent), and Malaysia 286 TMT (down 48 percent) (Figure 22). Australia increased its rice imports from Vietnam by 30 percent year on year to 38,326 MT. Tariff-free access under the ASEAN-Australia-New Zealand Free Trade Agreement helped boost exports to Australia.

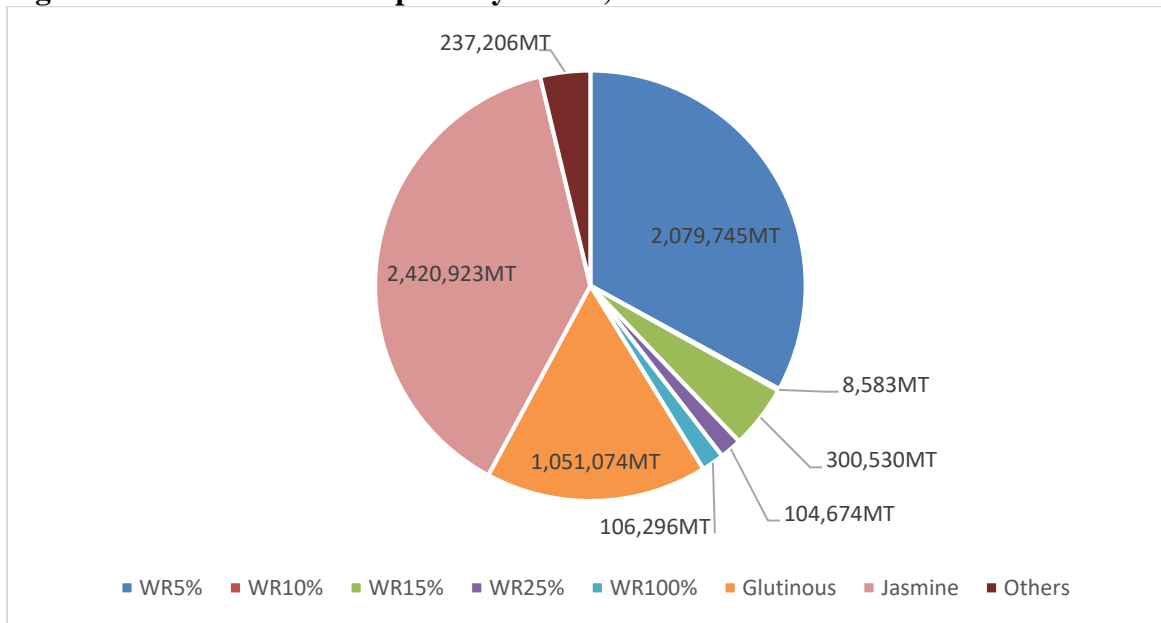
Figure 22: Vietnam Rice Exports to Major Markets, CY2018-2021



Source: Vietnam Customs

In CY2021, exports of white rice accounted for 41 percent of the total exports (down from 49 percent in CY2020), followed by jasmine at 38 percent (up from 29 percent), and glutinous rice at 17 percent (Figure 23).

Figure 23: Vietnam Rice Exports by Grade, CY2021



Source: Vietnam Customs, Trade contacts, Post’s calculation

Note: WR – White rice

The rice industry will continue to struggle with increased production, transportation, logistics and freight costs in MY 2021/22. Local gasoline prices in mid-March have jumped 28 percent since the start of the year and were 48 percent higher over the same period last year. According to an exporter, container freights to Africa increased four times compared with pre-COVID rates, and bulk freights have doubled.

To save costs, exporters switched from container to bulk shipments, or from small to large vessels. Industry contacts are concerned that a prolonged Russia-Ukraine war would keep fuel, transportation, and freight costs high, affecting trade.

Trade contacts anticipate that demands in the major export markets will remain steady in MY 2021/22. Based on Customs' data, rice exports in the first two months of CY2022 was 975 TMT, 47 percent higher than last year. Recently, local media reported on a Memorandum of Understanding signing between a local Vietnam company with Sierra Leone, under which, the company will export 3 million tons of rice to Sierra Leone on a three-year term. Early this year, another local company inaugurated a large rice mill in An Giang province with a processing capacity of 1,000 tons/day to serve both export and domestic demands.

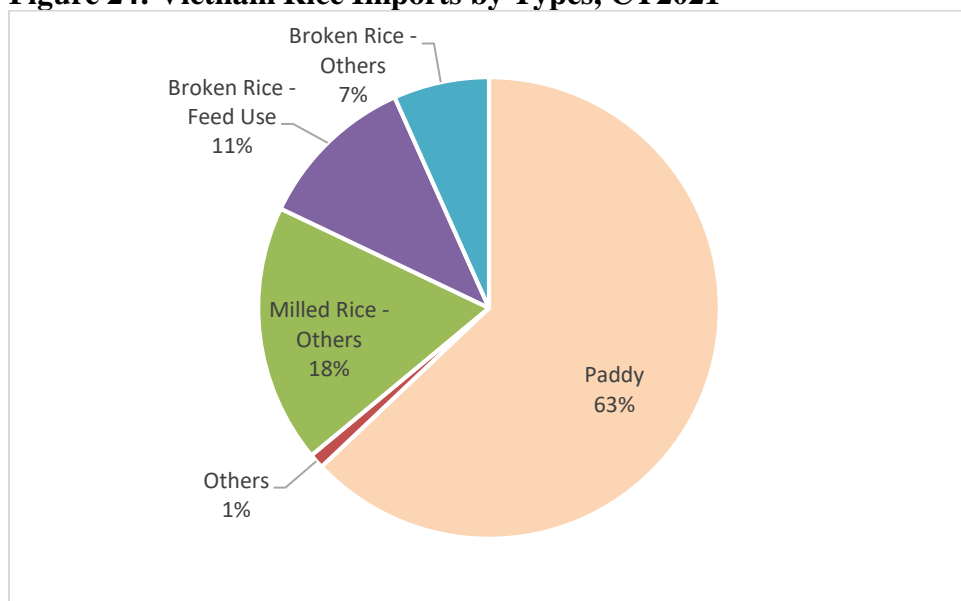
However, Vietnam white rice will continue to face competition from India and Thailand. China, beside maintaining its tariff rate quota for rice at 5.32 MMT, has diversified its supplying sources. Media reported that a train loaded with 1,000 tons of glutinous rice from Thailand was heading to Chongqing via the China-Laos railway for the first time early this year. Trade contacts reported interruptions or delays in issuance of Sanitary and Phytosanitary Import Clearance (SPSIC) by the Philippines over the past six months, although the Philippines authorities said issuances were uninterrupted during the most recent harvest season but the process might take up to one month ([RP2021-0073](#)).

Post upheld Vietnam's MY 2021/22 rice export estimate at 6.4 MMT, lower than USDA official number, and forecasts that MY 2022/23 exports will remain flat as competition will continue to be strong.

Imports

Based on Customs' data, 98 percent of Vietnam's total rice imports in CY2021 was from Cambodia and India. While most imported paddy was from Cambodia, Vietnam imported milled rice and broken rice for feed use, food processing, and beer brewing from India based on lower prices (Figure 24). A trade contact said border trade of paddy from Cambodia to Vietnam had previously existed, and that the uptick in the official trade record over the past year was probably the result of tightened border controls to prevent COVID-19 transmission. Post revised its MY 2020/21 imports estimate up to 1.80 MMT, and MY 2021/22 forecasts up to 800 TMT. Post forecasts that MY 2022/23 import will decline to 600 TMT provided that Vietnam's white rice prices are competitive.

Figure 24: Vietnam Rice Imports by Types, CY2021



Source: Vietnam Customs, Trade contacts, Post's calculation

Stocks

Vietnam does not maintain statistics for national rice stocks. In CY2022, the GVN approved a plan to purchase 240 TMT of rice for the national reserve, higher than 190 TMT last year. Post revised MY 2021/22 stocks up to 2.89 MMT on higher estimates of imports and forecasts MY 2022/23 stocks at 2.92 MMT.

Policy

Rice production contributes significantly to methane emission in Vietnam. In recognition of the needs for mitigation, the GVN, with assistance from international donors, has stepped up to introduce sustainable rice cultivating models to farmers. These include the “3 Intense 3 Reduce, 1 Must 5 Reduce” model and the Sustainable Rice Platform (SRP). These models aim to reduce the use of inputs (water, seed, fertilizers, plant protection products) and curb post-harvest losses, as well as support the use of certified seed and technology application. These models have shown positive results, such as of mitigating greenhouse gas (GHG) emissions and enhancing yields and farmer incomes. The An Giang DARD reported 40-45 percent of the province's rice producing area is applying “1 Must 5 Reduce.” The private sector is also supporting sustainable rice cultivating models, but on a limited basis. Loc Troi Group is a leading local company that has been promoting SRP since 2017 in An Giang province, with a goal to multiple the SRP area to 20,000 hectares by 2022.

Table 7: Vietnam's Rice Exports, by Grade and Destination, January-December 2021

Destination	5%	10%	15%	25%	100%	Glutinous	Jasmine	Unknown	Total
ASIA	1,561,873	7,419	283,197	100,688	90,194	1,044,756	1,235,329	140,879	4,464,337
Indonesia	3,279	-	2,900	-	700	40,651	13,030	6,870	67,429
Philippines	1,229,201	2,060	267,634	91,801	43,427	81,801	755,263	4,955	2,476,142
Malaysia	139,061	1,794	8,201	626	761	44,252	81,936	10,336	286,968
Singapore	15,852	375	475	5	2,299	5,733	82,095	8,968	115,802
East Timor	-	-	2,700	2,950	-	-	5,705	-	11,355
Iraq	-	-	-	-	-	-	-	19	19
Iran	-	-	-	-	-	-	134	45	179
Syria	67,854	-	-	-	-	-	-	-	67,854
Yemen	-	-	-	-	-	-	-	-	-
South Korea	210	-	-	-	11,500	11	1,491	53,020	66,233
Japan	35	-	-	-	-	6	168	539	747
Cambodia	861	170	-	23	940	9,991	50	11,930	23,965
Hong Kong	5,330	24	-	582	22	771	74,783	3,095	84,606
UAE	4,079	-	-	-	-	481	32,510	7,449	44,519
Taiwan	1,676	120	-	-	-	10,681	4,918	73	17,468
Bahrain	91	-	-	-	-	11	1,573	91	1,765
Bangladesh	52,500	-	-	-	-	7	15	765	53,287
Saudi Arabia	7,327	-	-	-	-	101	14,138	7,349	28,914
China	25,496	221	-	-	26,590	840,875	151,449	14,914	1,059,544
Brunei	-	-	-	-	-	-	-	-	-
Others	9,021	2,655	1,287	4,701	3,956	9,386	16,071	10,463	57,540
AFRICA	190,777	-	-	27	11,572	61	1,031,931	32,886	1,267,254
Tanzania	-	-	-	-	-	-	7,259	-	7,259
Senegal	-	-	-	-	-	-	823	-	823
Angola	1,296	-	-	-	-	4	492	181	1,973
Rwanda	-	-	-	-	-	-	-	-	-
Ghana	124,636	-	-	-	5,500	2	549,249	6,019	685,406
Uganda	-	-	-	-	-	-	-	-	-
Ivory coast	47,776	-	-	-	6,026	-	367,273	23,983	445,058
Reunion	375	-	-	-	-	-	5,028	-	5,403
Mozambique	2,974	-	-	-	-	-	60,929	-	63,903
Kenya	-	-	-	-	-	-	108	54	162
Congo	-	-	-	-	-	-	594	49	643
Libya	-	-	-	-	-	-	-	-	-
Algeria	-	-	-	-	-	-	-	-	-
Benin	126	-	-	-	-	-	2,758	-	2,884
Burkina Faso	-	-	-	-	-	-	-	-	-
Cameroon	1,026	-	-	-	-	-	7,472	28	8,526
Gambia	-	-	-	-	-	-	75	-	75

Guinea	104	-	-	-	-	-	563	26	693
Guinea Bissau	-	-	-	-	-	-	-	-	-
Madagascar	-	-	-	-	-	8	57	5	69
Mali	-	-	-	-	-	-	-	-	-
Mauritania	-	-	-	-	-	-	-	-	-
Nigeria	-	-	-	27	-	-	860	72	959
Sierra Leone	109	-	-	-	20	-	156	-	285
Somali	-	-	-	-	-	-	-	-	-
South Africa	131	-	-	-	-	40	4,095	2,298	6,563
Togo	-	-	-	-	26	-	5,556	-	5,582
Zambia	-	-	-	-	-	-	-	-	-
Others*	12,225	-	-	-	-	8	18,584	172	30,989
EUROPE	28,072	249	60	78	-	3,796	50,646	10,226	93,128
Russia	156	-	-	46	-	123	1,525	297	2,147
France	1,241	-	-	-	-	273	1,572	66	3,152
Ukraine	-	24	-	-	-	40	201	1,281	1,546
Poland	2,216	225	-	-	-	128	7,516	2,451	12,535
Others*	24,459	-	60	32	-	3,232	39,833	6,131	73,748
AMERICAS	285,189	80	5,025	-	-	915	22,381	4,662	318,252
Cuba	282,740	-	5,000	-	-	-	2	-	287,742
Brazil	45	-	-	-	-	58	212	120	434
Haiti	-	-	-	-	-	-	64	-	64
Mexico	-	-	-	-	-	-	-	-	-
Chile	-	-	-	-	-	13	13	1,146	1,172
Puerto Rico	-	-	-	-	-	-	-	-	-
Others*	2,404	80	25	-	-	844	22,090	3,395	28,839
OCEANIA	13,484	836	11,968	2,649	4,528	1,301	79,130	47,997	161,893
Australia	3,263	445	100	94	461	145	24,606	7,722	36,836
New Caledonia	29	-	-	-	-	2	343	3,303	3,677
New Zealand	1,825	-	-	166	92	25	5,972	5,432	13,512
Others*	8,368	391	11,868	2,389	3,975	1,130	48,209	31,540	107,869
UNKNOWN	350	-	280	1,231	2	245	1,506	557	4,171
TOTAL	2,079,745	8,584	300,530	104,674	106,296	1,051,074	2,420,924	237,206	6,309,034

* Others indicates that no clear destination is declared. It may/may not include the countries in the list of the same region.

Source: Vietnam Customs, Trade contacts, Post's calculation

Attachments:

No Attachments