

**Required Report:** Required - Public Distribution

**Date:** June 28, 2021

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## **Report Name:** Grain and Feed Update

**Country:** Vietnam

**Post:** Hanoi

**Report Category:** Grain and Feed

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### **Report Highlights:**

Post revised its paddy harvested area and production output estimates for marketing year 2020/2021 (MY20/21) up to 7,360 thousand hectares (THA) and 43.90 million metric tons (MMT) (27.44MMT milled equivalent), higher than the USDA official numbers, on higher yields of the Spring and Autumn crop. Post also revised its MY20/21 export estimate down to 6.10MMT on competition, but revised its import estimate up to 800 thousand metric tons (TMT) due to higher numbers during the first months of this year.

## RICE

### Vietnam's Production, Supply, and Distribution for Rice

<b>Rice, Milled</b>	<b>2019/2020</b>		<b>2020/2021</b>		<b>2021/2022</b>	
<b>Market Begin Year</b>	<b>Jan 2020</b>		<b>Jan 2021</b>		<b>Jan 2022</b>	
	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
Area Harvested	7380	7380	7350	7360	7300	7350
Beginning Stocks	1097	1097	1180	1097	1230	2035
Milled Production	27100	27100	27100	27438	26900	27100
Rough Production	43360	43360	43360	43901	43040	43360
Milling Rate (.9999)	6250	6250	6250	6250	6250	6250
MY Imports	400	400	500	800	500	500
TY Imports	400	400	500	800	500	500
TY Imp. from U.S.	1	0	0	0	0	0
Total Supply	28597	28597	28780	29335	28630	29635
MY Exports	6167	6300	6300	6100	6300	6400
TY Exports	6167	6300	6300	6100	6300	6400
Consumption and Residual	21250	21200	21250	21200	21200	21200
Ending Stocks	1180	1097	1230	2035	1130	2035
Total Distribution	28597	28597	28780	29335	28630	29635
Yield (Rough)	5.8753	5.8753	5.8993	5.9648	5.8959	5.8993

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

## Production

**Table 1: Vietnam's Area, Yield, and Production for Rough Rice**

Marketing Year	2019/2020 Estimate		2020/2021 Estimate		2021/2022 Forecast	
	Old	New	Old	New	Old	New
Harvested Area (THA)						
Spring <sup>1</sup>	3,040	3,040	3,000	3,020	3,000	3,000
Autumn <sup>2</sup>	2,780	2,740	2,750	2,740	2,750	2,750
Winter <sup>3</sup>	1,600	1,600	1,600	1,600	1,600	1,600
<b>TOTAL</b>	<b>7,420</b>	<b>7,380</b>	<b>7,350</b>	<b>7,360</b>	<b>7,350</b>	<b>7,350</b>
<b>Yield (MT/HA)</b>						
Spring	6.64	6.64	6.72	6.82	6.72	6.72
Autumn	5.43	5.50	5.49	5.55	5.49	5.49
Winter	5.13	5.06	5.06	5.06	5.06	5.06
<b>AVERAGE</b>	<b>5.86</b>	<b>5.88</b>	<b>5.90</b>	<b>5.96</b>	<b>5.90</b>	<b>5.90</b>
<b>Production (TMT)</b>						
Spring	20,200	20,200	20,150	20,600	20,150	20,150
Autumn	15,100	15,060	15,110	15,200	15,110	15,110
Winter	8,200	8,100	8,100	8,100	8,100	8,100
<b>TOTAL</b>	<b>43,500</b>	<b>43,360</b>	<b>43,360</b>	<b>43,900</b>	<b>43,360</b>	<b>43,360</b>

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

Source: MARD; GSO; Post estimates

According to the General Statistics Office (GSO) and Ministry of Agriculture and Rural Development (MARD), although the area of the marketing year 2020/2021 (MY20/21) Spring crop slightly declined (less than one percent), production was up by over 500 thousand metric tons (TMT) from the previous year. Although the growing area in north Vietnam contracted due to a shift in land use from agriculture to other development purposes, production in the south increased significantly on better yields. Factors such as improved weather conditions and water supply, as well as lower plant disease pressure and appropriate seedling schedules benefiting yields, contributed to higher production. Average yields in the South were reported up by 0.3 tons/hectare (T/HA) and in the North by 0.1T/HA. Contacts reported that farmers invested more in quality seeds that also helped contribute to higher yields. Post revised its estimates of the MY20/21 Spring crop area up to 3,020THA (still lower than the previous year), and production up to 20.60 million metric tons (MMT) on higher yields (Table 1).

The Vietnam Meteorological and Hydrological Administration forecasts that, although precipitation in the South will be lower than average in July and August 2021, it will return to normal in September and will be above average by 10-30 percent in October-November. Mekong River water levels will be as same as or slightly higher than average from June to the end of the year. Sources estimate that the

MY20/21 Autumn crop area will be slightly down in the North and Mekong Delta, but this will be offset by expansion in other regions. Therefore, Post revised its estimates of the MY20/21 Autumn crop area down to 2,740THA (equivalent to the previous year), but revised estimates for production up to 15.20MMT on higher yields as a result of average-to-above average water supply forecasts.

### *Mekong River Delta*

**Table 2: Rice Production in the Mekong Delta, MY19/20-21/22**

Crop	MY19/20			MY20/21 (Estimate)			MY21/22 (Forecast)		
	Area	Yield	Prod.	Area	Yield	Prod.	Area	Yield	Prod.
<b>Spring</b>	<b>1,540</b>	<b>6.88</b>	<b>10,600</b>	<b>1,520</b>	<b>7.17</b>	<b>10,900</b>	<b>1,520</b>	<b>6.94</b>	<b>10,550</b>
<b>Autumn (in which)</b>	<b>2,310</b>	<b>5.78</b>	<b>13,360</b>	<b>2,270</b>	<b>5.84</b>	<b>13,250</b>	<b>2,310</b>	<b>5.78</b>	<b>13,350</b>
<i>Main Autumn</i>	1,530	5.90	9,030	1,520	5.95	9,050	1,540	5.88	9,050
<i>Late Autumn</i>	780	5.55	4,330	750	5.60	4,200	770	5.58	4,300
<b>Winter</b>	<b>170</b>	<b>4.65</b>	<b>790</b>	<b>170</b>	<b>4.65</b>	<b>790</b>	<b>170</b>	<b>4.65</b>	<b>790</b>
<b>Total</b>	<b>4,020</b>	<b>6.16</b>	<b>24,750</b>	<b>3,960</b>	<b>6.30</b>	<b>24,940</b>	<b>4,000</b>	<b>6.17</b>	<b>24,690</b>

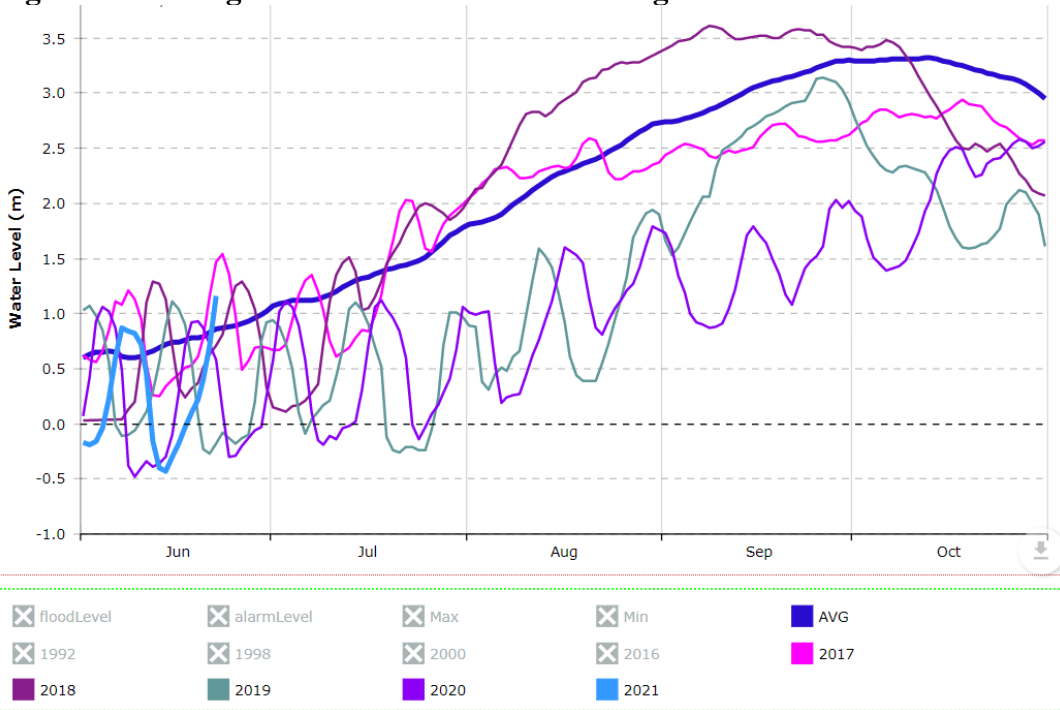
Area (THA), Yield (MT/HA), Production (TMT)

Source: MARD; GSO; Post's estimate

According to GSO, the Mekong Delta harvests of the MY20/21 Spring crop had higher production on higher yields that offset a one percent contraction in area. Therefore, Post retains its estimates of the MY20/21 Spring crop area at 1,520THA (one percent lower than the previous year), and raised estimates for production up to 10.90MMT.

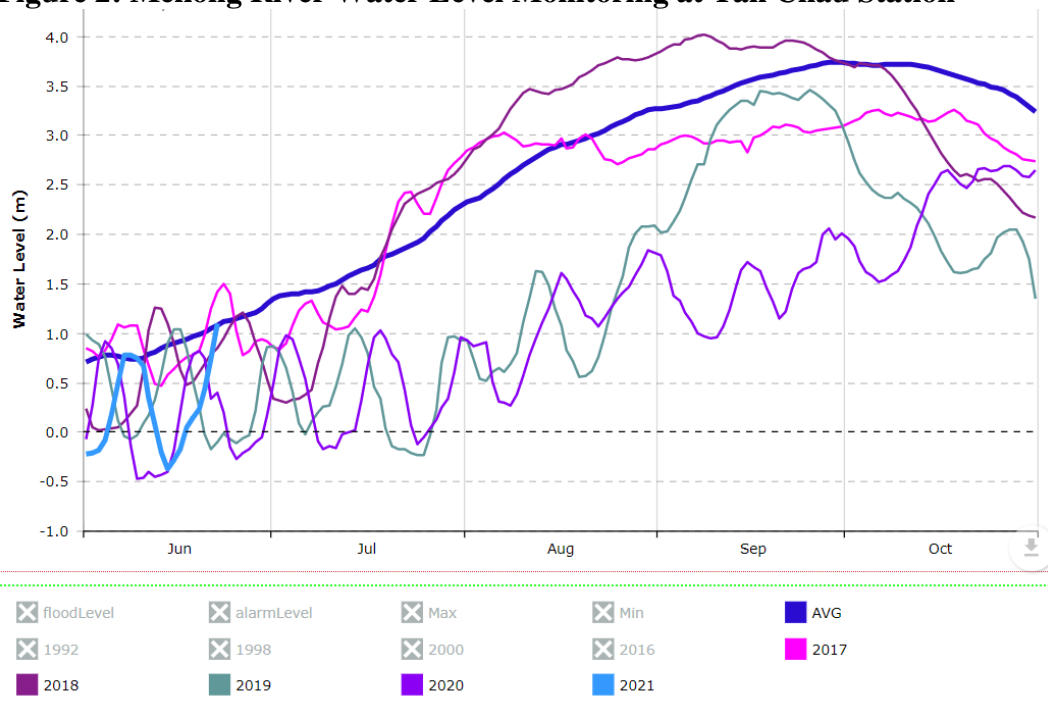
The main Autumn crop harvest is ongoing in the Mekong Delta, with 10-12 percent of the crop (mainly OM5451, IR50404, DT8 and some glutinous rice varieties) harvested by mid-June. As per MARD's cultivation plan, the main Autumn crop area in the Mekong Delta was reduced to 1,520THA but production increased by 90TMT from the previous year on higher yields. A Mekong River Commission (MRC) report that Mekong River water levels in the first weeks of June are close to 2019-2020 levels (Figure 1 and 2), along with the lack of recent warnings of critical droughts, are positive signs for growth of the Autumn crop. Delay in harvest of the past Spring crop also slowed cultivation and harvest of the current main Autumn crop in some localities. Therefore, industry expects that the bulk harvest of the main Autumn crop will not arrive until the end of June.

**Figure 1: Mekong River Water Level Monitoring at Chau Doc Station**



Source: MRC

**Figure 2: Mekong River Water Level Monitoring at Tan Chau Station**



Source: MRC

Post revised its estimates of the MY20/21 main Autumn crop area and production in the Mekong Delta down to 1,520THA and 9.05MMT, and late Autumn crop area and production down to 750THA and

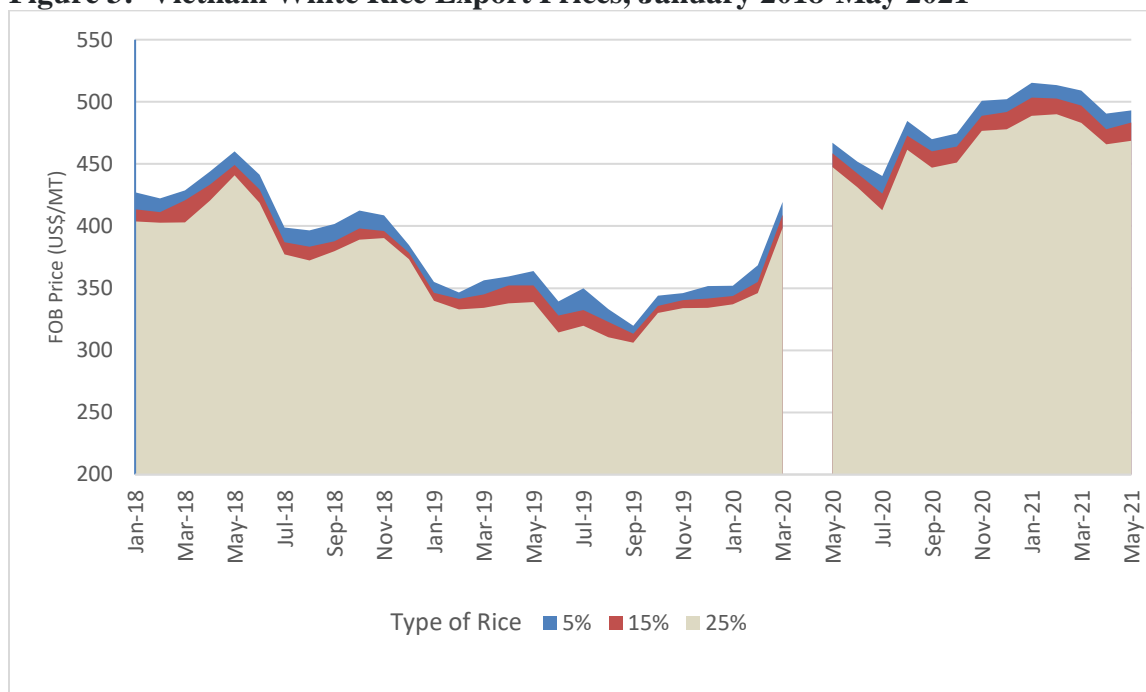
4.20MMT, making the total Autumn crop area and production at 2,270THA and 13.25MMT. Post also revised total MY20/21 area and production estimates up to 7,360THA and 43.90MMT (27.44MMT milled equivalent), higher than the USDA numbers.

## Trade

### Export Prices

Vietnam white rice export prices declined from their peak and lessened to an average of \$490/MT in May 2021 on low demand (Figure 3). Despite the reduction, prices of Vietnam five percent broken white rice continued to maintain a \$100 per metric ton premium over India rice, and were sometimes more expensive than Thailand rice. Trade sources believe that the switch in production from regular to higher quality white rice and fragrant rice led to lower supply and therefore, higher prices of regular white rice varieties. Trade contacts note that buyers tend to wait for a further decline in prices when the bulk harvest of the Autumn crop arrives before making purchases.

**Figure 3: Vietnam White Rice Export Prices, January 2018-May 2021**



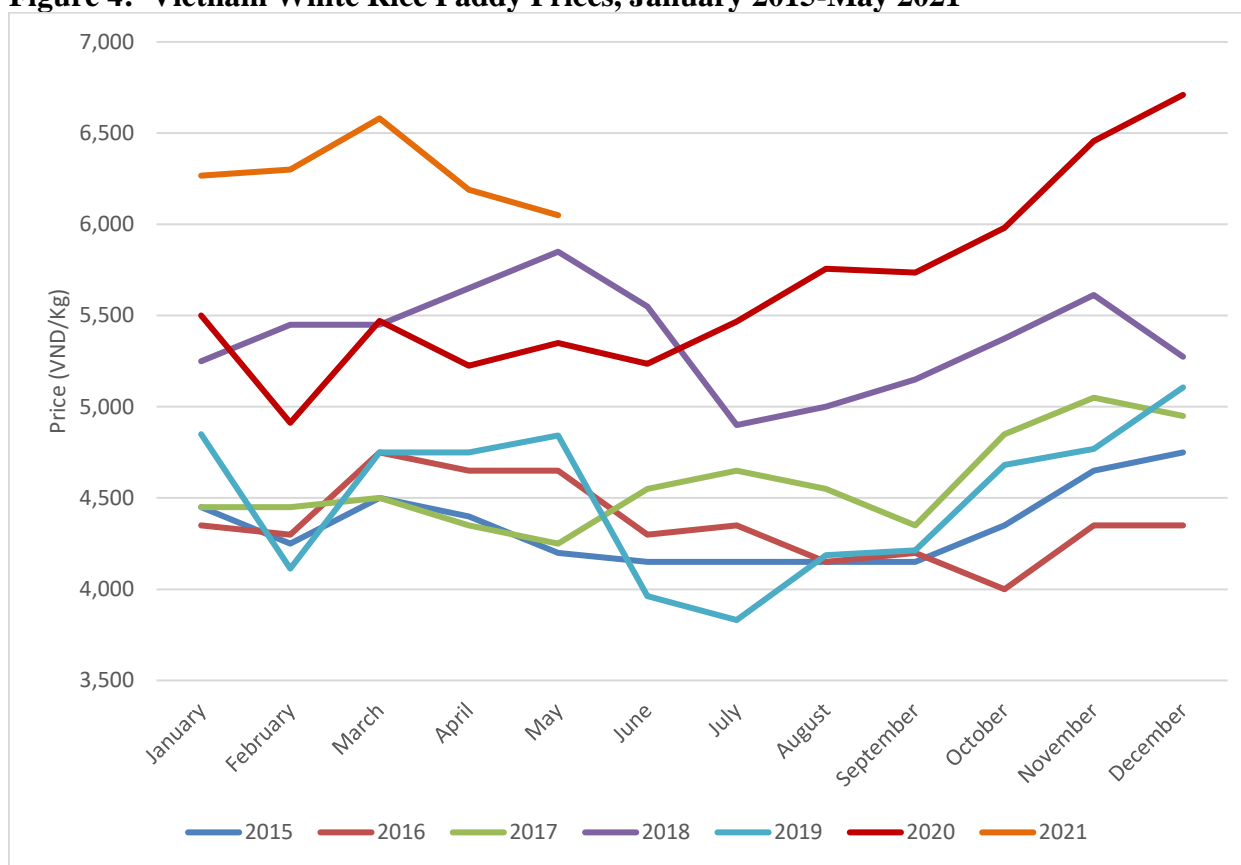
Source: Trade

Note: Prices in April 2020 were not available due to the Government of Vietnam’s rice export ban.

### Domestic Prices

White rice paddy prices have remained high since last October due to the noticeable switch in production of regular white rice to high quality rice and fragrant rice as explained in the Export Prices section (Figure 4). However, industry expects prices to drop significantly in June-July when the bulk harvest of the main Autumn crop improves supply. In addition, lower quality of the Autumn crop due to higher moisture and slow export transactions will also put pressure on paddy prices.

**Figure 4: Vietnam White Rice Paddy Prices, January 2015-May 2021**

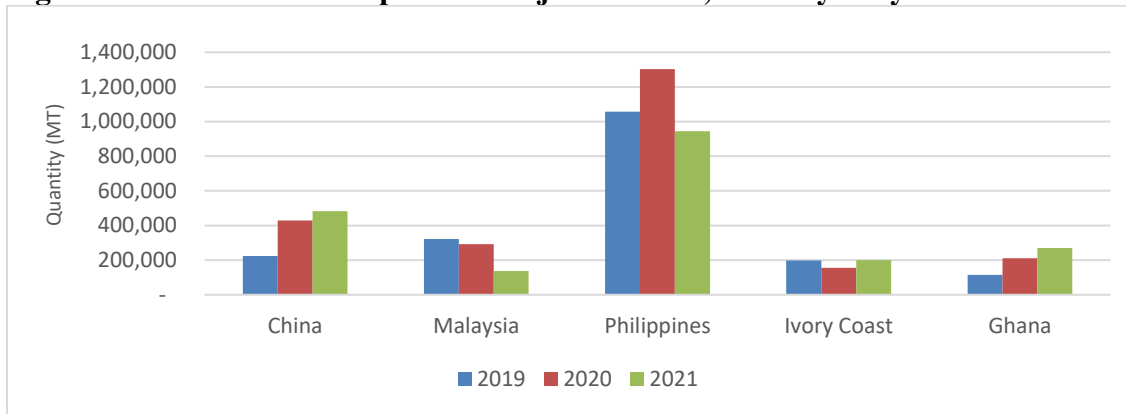


Source: Trade

### **Exports**

Due to uncompetitive prices as mentioned in the Export Prices section, Vietnam is losing its market share for white rice to other competitors. According to Vietnam Customs, rice exports declined by 15 percent in the first five months of calendar year 2021 (CY2021) to 2.60MMT. The Philippines remained the largest importer, accounting for 36 percent of the total exports, although quantity dropped by 27 percent to 944TMT. Lower exports to the Philippines and Malaysia (down by 53 percent) were partially offset by gains in China (12 percent, mainly glutinous rice), Ivory Coast (29 percent, mainly jasmine rice), and Ghana (28 percent, mainly jasmine rice) (Figure 5).

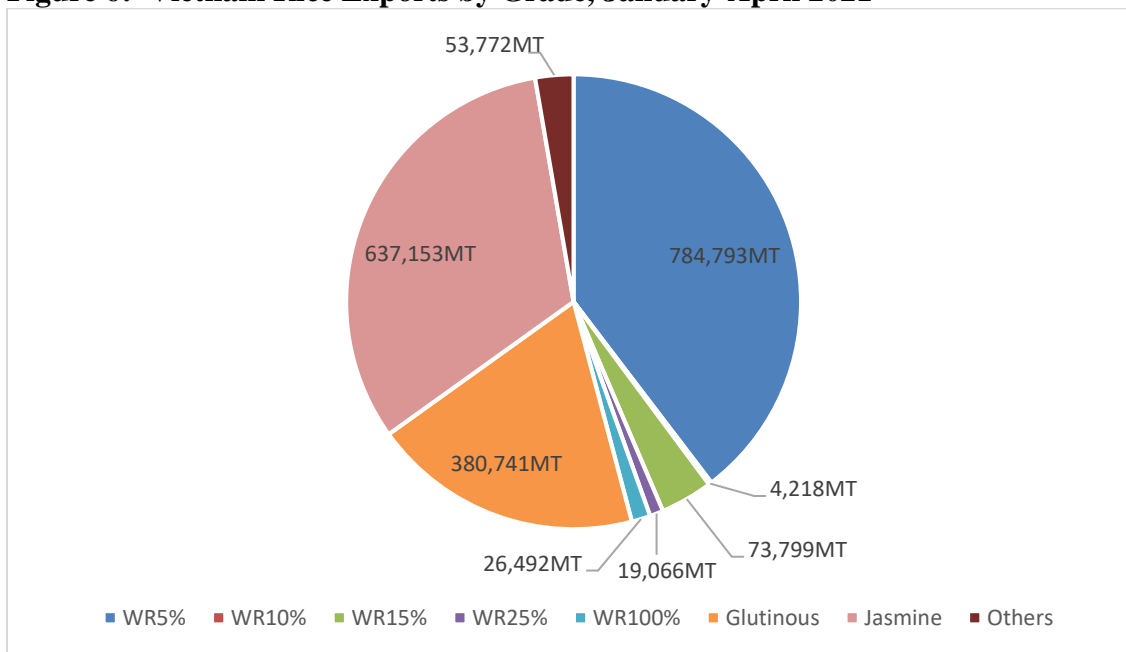
**Figure 5: Vietnam Rice Exports to Major Markets, January-May**



Source: Vietnam Customs

Exports of all types of white rice in the first four months of CY2021 accounted for 46 percent (908TMT), with exports for jasmine and glutinous rice at 32 and 19 percent respectively (Figure 6).

**Figure 6: Vietnam Rice Exports by Grade, January-April 2021**



Source: Vietnam Customs, Trade, Post's calculation

Note: WR – White rice

According to industry, Vietnam white rice is losing its market share to Thailand and India who are currently offering better prices. On May 15, 2021, the Philippines temporarily lowered its Most Favored Nation tariff rates for rice to 35 percent for both of the in-quota and out-quota from the original 40 percent in-quota and 50 percent out-quota rates (RP2021-0028). The new tariff is in line with the ASEAN rate of 35 percent and will be effective for one year. Industry believes that non-ASEAN suppliers, such as India and Pakistan, would likely benefit from this temporary tariff policy, but notes that it may only have a significant impact if Philippines preference and demand moves away from long grain and soft cooking rice types of which Vietnam is the traditional supplier. As for international tenders, South



Korea's Agro-Fisheries and Food Trade Corporation awarded 11,236MT of non-glutinous brown long grain rice to Vietnam sources in a March 25 tender for delivery in June, and 22,222MT in a May 14 tender for delivery in September-October 2021.

Based on Vietnam Customs data, the increase in exports of jasmine and glutinous rice during the first four months of CY2021 from the previous year did not offset the contraction of white rice exports. Although Vietnam jasmine and glutinous rice prices are competitive, their export prospects depend heavily on very few major markets, including China, Ghana, Ivory Coast, and the Philippines. Post also notes that European Union (EU) regulations issued on May 7, 2021 provide guidance on the allocation of import quotas for Vietnam rice under the EU-Vietnam Free Trade Agreement. Taking effect on January 1, 2022, the annual 80,000MT quota that includes 30,000MT of milled rice, 20,000MT of unmilled rice, and 30,000MT of fragrant rice will be allocated in phases during the first 9 months of each year.

Recent COVID-19 outbreaks that occurred in Ho Chi Minh City since of April 2021 and which are currently spreading to other southern provinces have put pressure on the logistics system, affecting port operations, transportation services, and causing delays in the loading/unloading of goods and import/export clearances. Local industry contacts reported that all ports and transportation and logistics companies must apply strict COVID preventive methods, including reduced staffing to assure social distancing and random COVID testing of truck drivers, as well as contend with the potential of temporary lockdowns in cases where positive cases are confirmed.

Considering the combined factors of strong competition from other sources, potential impacts by COVID on the logistics system, continuing record-high sea freights, and shortages of containers, Vietnam rice exports in CY2021 will likely plunge. Therefore, Post revised its estimate of MY20/21 exports down to 6.10MMT, lower than the USDA number.

### ***Imports***

Vietnam Customs data shows that imports of rice in the first three months of CY2021 increased significantly from the previous year, with Cambodia and India accounting for almost 97 percent. While Vietnam only imported paddy from Cambodia, broken rice for feed use, food processing, and beer brewing accounted for approximately 73 percent of its imports from India, in addition to five percent broken rice. Local media reported that India exported 247TMT of rice to Vietnam during January-March 2021. However, some trade contacts expect imports from India to decline in coming months as the bulk harvest of the Autumn crop arrives. Considering the above-mentioned import dynamics, Post revised its estimate for MY20/21 imports up to 800,000MT, higher than the USDA number.



Cameroon	1,001	-	-	-	-	-	2,302	-	3,303
Gambia	-	-	-	-	-	-	-	-	-
Guinea	-	-	-	-	-	-	221	-	221
Guinea Bissau	-	-	-	-	-	-	-	-	-
Madagascar	-	-	-	-	-	3	41	3	46
Mali	-	-	-	-	-	-	-	-	-
Mauritania	-	-	-	-	-	-	-	-	-
Nigeria	-	-	-	27	-	-	239	-	266
Sierra Leone	-	-	-	-	-	-	52	-	52
Somali	-	-	-	-	-	-	-	-	-
South Africa	25	-	-	-	-	23	1,540	349	1,937
Togo	-	-	-	-	-	-	24	-	24
Zambia	-	-	-	-	-	-	-	-	-
Others*	2,506	-	-	-	-	3	5,457	11	7,976
<b>EUROPE</b>	<b>20,336</b>	<b>-</b>	<b>-</b>	<b>78</b>	<b>-</b>	<b>719</b>	<b>14,658</b>	<b>2,406</b>	<b>38,197</b>
Russia	52	-	-	46	-	7	348	213	666
France	690	-	-	-	-	20	229	-	939
Ukraine	-	-	-	-	-	26	29	534	589
Poland	-	-	-	-	-	7	1,573	658	2,238
Others*	19,594	-	-	32	-	659	12,480	1,001	33,766
<b>AMERICAS</b>	<b>92,272</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>375</b>	<b>8,554</b>	<b>1,407</b>	<b>102,607</b>
Cuba	91,350	-	-	-	-	-	-	-	91,350
Brazil	45	-	-	-	-	38	212	35	329
Haiti	-	-	-	-	-	-	23	-	23
Mexico	-	-	-	-	-	-	-	-	-
Chile	-	-	-	-	-	-	-	786	786
Puerto Rico	-	-	-	-	-	-	-	-	-
Others*	877	-	-	-	-	337	8,319	587	10,119
<b>OCEANIA</b>	<b>6,190</b>	<b>538</b>	<b>4,878</b>	<b>476</b>	<b>962</b>	<b>598</b>	<b>21,716</b>	<b>9,645</b>	<b>45,003</b>
Australia	1,212	147	100	94	120	15	7,080	2,304	11,072
New Caledonia	29	-	-	-	-	2	44	850	925
New Zealand	590	-	-	166	92	6	1,432	674	2,959
Others*	4,360	391	4,778	216	750	575	13,161	5,816	30,047
<b>UNKNOWN</b>	<b>350</b>	<b>-</b>	<b>280</b>	<b>1,231</b>	<b>2</b>	<b>245</b>	<b>1,506</b>	<b>557</b>	<b>4,171</b>
<b>TOTAL</b>	<b>784,794</b>	<b>4,219</b>	<b>73,799</b>	<b>19,066</b>	<b>26,492</b>	<b>380,741</b>	<b>637,153</b>	<b>53,772</b>	<b>1,980,036</b>

\* 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, Post's calculation

**Attachments:**

No Attachments