

**Required Report:** Required - Public Distribution

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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 Vietnam's marketing year 2020/2021 (MY20/21) total harvest area down to 7,305 thousand hectares (THA), but production up to 27.38 million metric tons (MMT) (milled rice equivalent) on higher production of the autumn crop. As the shift from paddy production to other crops and non-agricultural purposes continued, Post revised the MY21/22 total harvest area down to 7,300 THA, but production up to 27.19 MMT, considering efforts in adjusting the seedling schedule to prevent drought and salinity intrusion impacts. Post also revised its estimate for Vietnam MY20/21 exports and imports up to 6.3 MMT and 1.6 MMT. Higher production and imports result in higher stocks in MY20/21 and MY21/22.

## Production, Supply, and Distribution

<b>Rice, Milled</b>	<b>2019/2020</b>		<b>2020/2021</b>		<b>2021/2022</b>	
<b>Market Begin Year</b>	<b>Jan 20</b>		<b>Jan 21</b>		<b>Jan 22</b>	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7380	7380	7360	7305	7350	7300
Beginning Stocks	1097	1097	1180	1097	2568	2378
Milled Production	27100	27100	27438	27381	27100	27194
Rough Production	43360	43360	43901	43810	43360	43510
Milling Rate (.9999)	6250	6250	6250	6250	6250	6250
MY Imports	400	400	1650	1600	500	600
TY Imports	400	400	1650	1600	500	600
TY Imp. from U.S.	1	0	0	0	0	0
Total Supply	28597	28597	30268	30078	30168	30172
MY Exports	6167	6300	6200	6300	6400	6400
TY Exports	6167	6300	6200	6300	6400	6400
Consumption and Residual	21250	21200	21500	21400	21350	21300
Ending Stocks	1180	1097	2568	2378	2418	2472
Total Distribution	28597	28597	30268	30078	30168	30172
Yield (Rough)	5.8753	5.8753	5.9648	5.9973	5.8993	5.9603

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

## Production

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

Marketing Year	2019/2020 Jan 2020 Estimate		2020/2021 Jan 2021 Estimate		2021/2022 Jan 2022 Forecast	
	Old	New	Old	New	Old	New
<b>Harvested Area (THA)</b>						
Spring <sup>1</sup>	3,040	3,040	3,020	3,020	3,000	3,010
Autumn <sup>2</sup>	2,780	2,740	2,710	2,710	2,750	2,710
Winter <sup>3</sup>	1,600	1,600	1,600	1,575	1,600	1,580
<b>TOTAL</b>	<b>7,420</b>	<b>7,380</b>	<b>7,330</b>	<b>7,305</b>	<b>7,350</b>	<b>7,300</b>
<b>Yield (MT/HA)</b>						
Spring	6.64	6.64	6.82	6.82	6.72	6.74
Autumn	5.43	5.50	5.55	5.59	5.49	5.58
Winter	5.13	5.06	5.06	5.12	5.06	5.13
<b>AVERAGE</b>	<b>5.86</b>	<b>5.88</b>	<b>5.97</b>	<b>6.00</b>	<b>5.90</b>	<b>5.96</b>
<b>Production (TMT)</b>						
Spring	20,200	20,200	20,600	20,600	20,150	20,300
Autumn	15,100	15,060	15,050	15,150	15,110	15,110
Winter	8,200	8,100	8,100	8,060	8,100	8,100
<b>TOTAL</b>	<b>43,500</b>	<b>43,360</b>	<b>43,750</b>	<b>43,810</b>	<b>43,360</b>	<b>43,510</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

Overall, the MY20/21 paddy cultivation area continued to decrease, yet production increased on higher yields. According to the General Statistics Office (GSO), the cultivation area of the autumn crop expanded in some central provinces, while it contracted more in the Mekong Delta. Average yield gained 0.12 tons/hectare (T/HA) from last year's autumn crop on favorable weather conditions, appropriate seedling schedule, good farming techniques, quality seeds, and applications of disease and pest prevention. Therefore, Post revised MY20/21 autumn crop rice production up to 15.15 MMT (Table 1).

The MY20/21 winter crop cultivation area declined by 1.5 percent, with higher contraction in southern Vietnam, due to a switch from paddy to other crops such as vegetables, fruit, or aquaculture. By mid-November, 1,339 THA, equivalent to 86 percent of the winter crop, was harvested, surpassing last year's harvest pace. Despite higher yields, the total production of the winter crop declined on lower cultivation area. The recent flooding affected a small area of 770 HA of the winter crop in the central provinces of Binh Dinh and Phu Yen, therefore, the flooding did not have a large impact on winter crop production. Post revised the MY20/21 winter crop area and production down to 1,575 THA and 8.06 MMT (Table 1).

Post revised MY20/21 the total harvest area down to 7,305 THA, and production up to 27.38 MMT, both lower than the USDA official numbers.

According to the Ministry of Agriculture and Rural Development (MARD), the cultivation area of the MY21/22 spring crop in the northern Vietnam may reduce slightly due to the risk of a limited water supply. Weather forecasts of the National Center for Hydro-Meteorological Forecast show that precipitation from December 2021 to February 2022 in the northern region is lower than the multiple years' average, but the forecast is higher in the southern region due to unseasonal rains. Water reservoirs in the northern region may be at risk of low water levels from December 2021 to April 2022. Water flow in the Mekong River is forecast to be 10-15 percent lower than the multiple years' average during the 2021/2022 dry season, but salinity intrusion is expected to be less severe than in 2019/2020. As the shift from paddy production to other crops and non-agricultural purposes continued, Post revised the MY21/22 total harvest area down to 7,300 THA, lower than USDA official number. In the Mekong Delta, the planting of the MY21/22 spring crop started earlier than the previous year in some localities to prevent drought and salinity intrusion impacts. Local media reported that farmers had invested more in quality seeds and farming techniques to enhance yields and prevent diseases. Post revised MY21/22 production up to 27.19 MMT, slightly higher than the USDA official number.

### *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>7.04</b>	<b>10,700</b>
<b>Autumn (total)</b>	<b>2,310</b>	<b>5.78</b>	<b>13,360</b>	<b>2,240</b>	<b>5.85</b>	<b>13,100</b>	<b>2,240</b>	<b>5.85</b>	<b>13,100</b>
<i>Main Autumn</i>	<i>1,530</i>	<i>5.90</i>	<i>9,030</i>	<i>1,520</i>	<i>5.95</i>	<i>9,050</i>	<i>1,520</i>	<i>5.92</i>	<i>9,000</i>
<i>Late Autumn</i>	<i>780</i>	<i>5.55</i>	<i>4,330</i>	<i>720</i>	<i>5.63</i>	<i>4,050</i>	<i>720</i>	<i>5.69</i>	<i>4,100</i>
<b>Winter</b>	<b>170</b>	<b>4.65</b>	<b>790</b>	<b>165</b>	<b>4.67</b>	<b>770</b>	<b>165</b>	<b>4.67</b>	<b>770</b>
<b>Total</b>	<b>4,020</b>	<b>6.16</b>	<b>24,750</b>	<b>3,925</b>	<b>6.31</b>	<b>24,770</b>	<b>3,925</b>	<b>6.26</b>	<b>24,570</b>

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

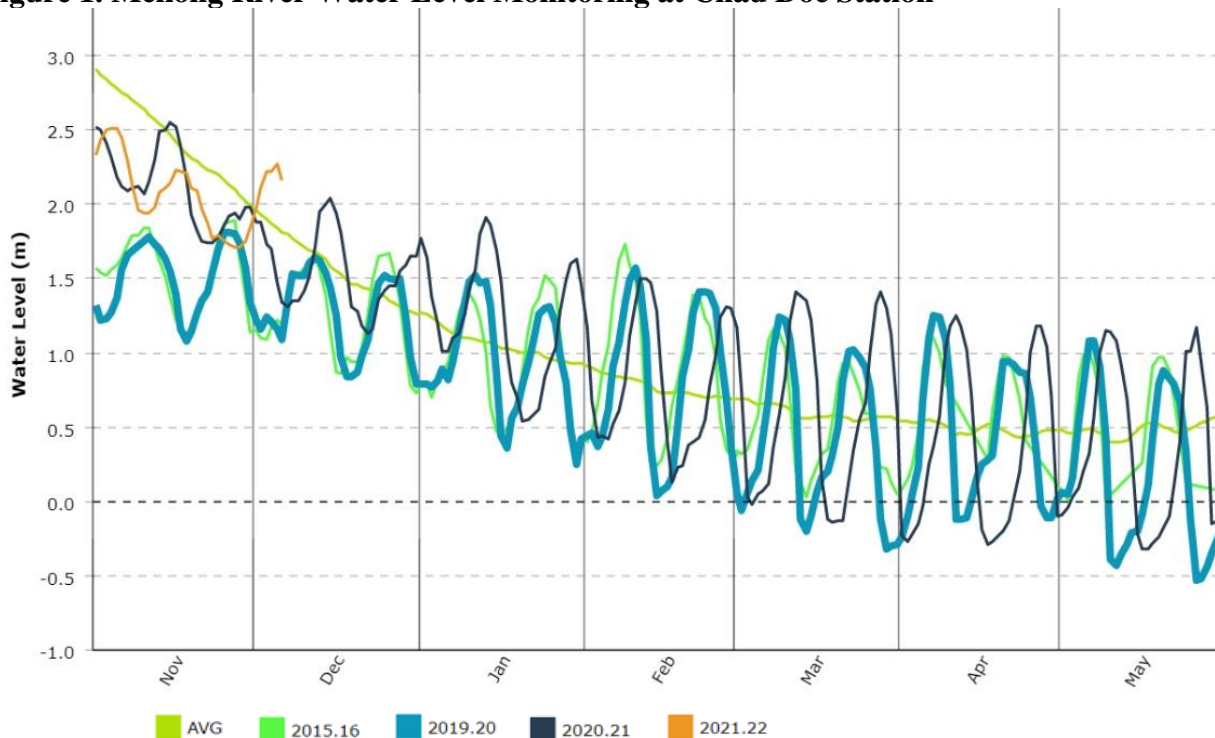
Source: MARD; GSO; Post's estimate

According to GSO, the cultivation area of the main autumn crop in the Mekong Delta contracted by over 10 THA in MY20/21, yet production was higher on increased yields compared to the previous year. Due to the COVID-19 strict social distancing requirements from July-September that restricted the movement of people and circulation of goods, the harvest of the main autumn crop dragged out in the Mekong Delta, prompting farmers in some localities to cut down the sowing area or delay the seedling schedule of the late autumn crop. As a result, the harvest area of the MY20/21 late autumn crop in the Mekong Delta declined, yet production remained over 4 MMT thanks to higher yields

(Table 2). Local media reported that the total area of paddy farming land converted into other crops, livestock, or aquaculture production in calendar year (CY) 2021 could reach over 77 THA in the Mekong Delta.

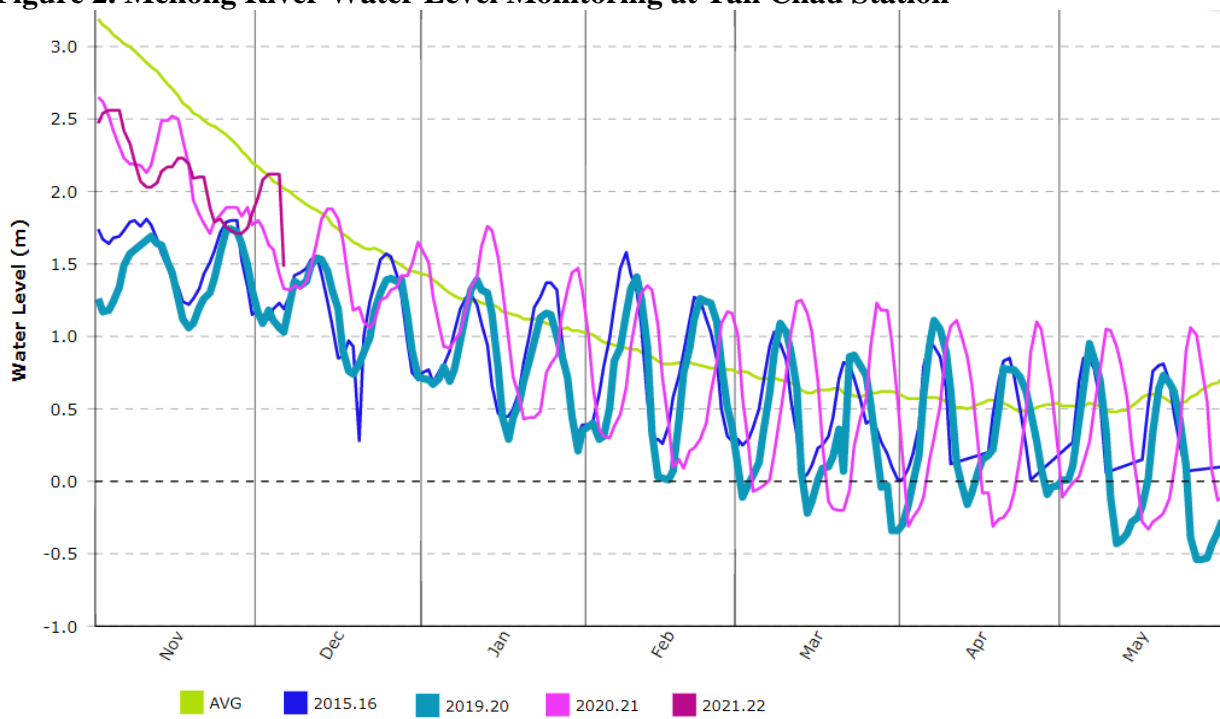
Based on the Mekong River Commission's (MRC) observation data, water flows of the Mekong River measured at Chau Doc and Tan Chau stations in November and early December 2021 were higher than 2015 and 2019 when droughts and salinity intrusion were severe (Figure 1 and 2).

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



Source: Mekong River Commission

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



Source: Mekong River Commission

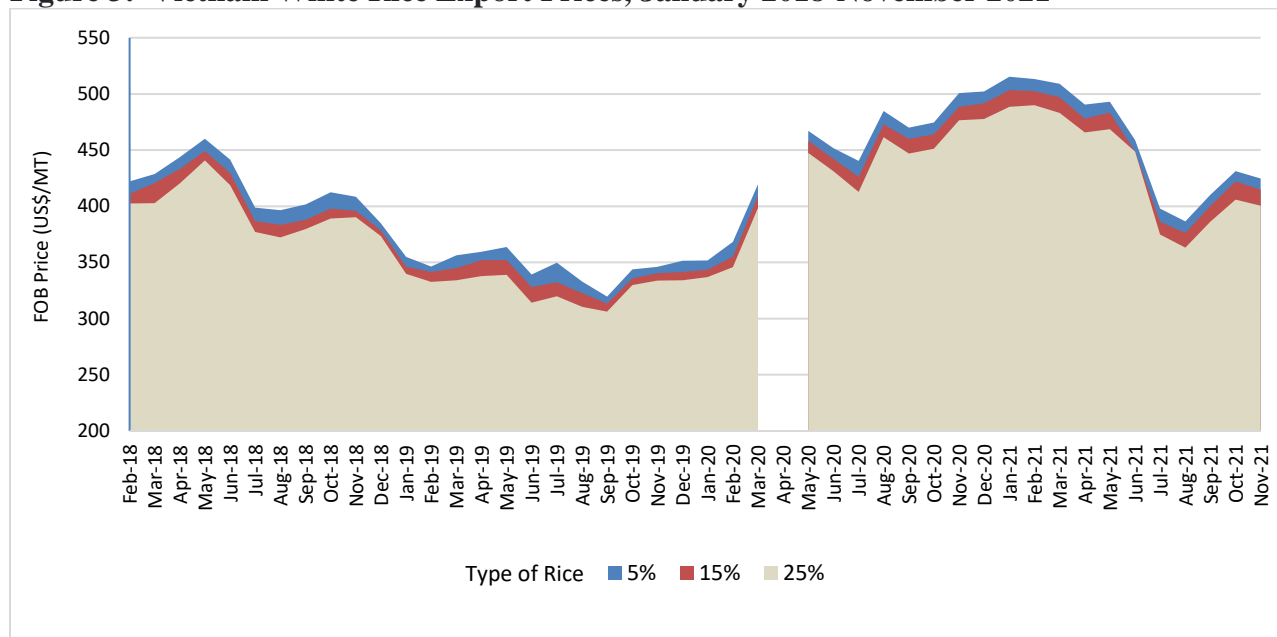
To avoid salinity intrusion and droughts during the 2021/2022 dry season, the Mekong Delta has started sowing the MY21/22 spring crop earlier than the previous year. By mid-November, 352 THA of the MY21/22 spring crop was sown, 20 percent ahead of last year’s planting pace. Considering the complexity of crop and land conversion, and water supply, Post revised the MY21/22 forecasts of harvest area and production in the Mekong Delta to 3,925 THA and 24.57 MMT (Table 2).

**Trade**

***Export Prices***

Vietnam’s white rice export prices picked up again since September to above \$400/MT, while other major Asian sources continued the downward trend with prices below the \$400/MT range (Figure 3). As the size of the late autumn crop is relatively small compared to the spring and main autumn crop, its harvest in October-November did not prevent the prices from going up again, according to a contact. The uncompetitive prices of Vietnam’s white rice hampered fresh demand and the conclusion of new export contracts. In the beginning of December, prices declined following the suspension of Sanitary and Phytosanitary Import Clearance (SPSIC) permits by the Philippines.

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



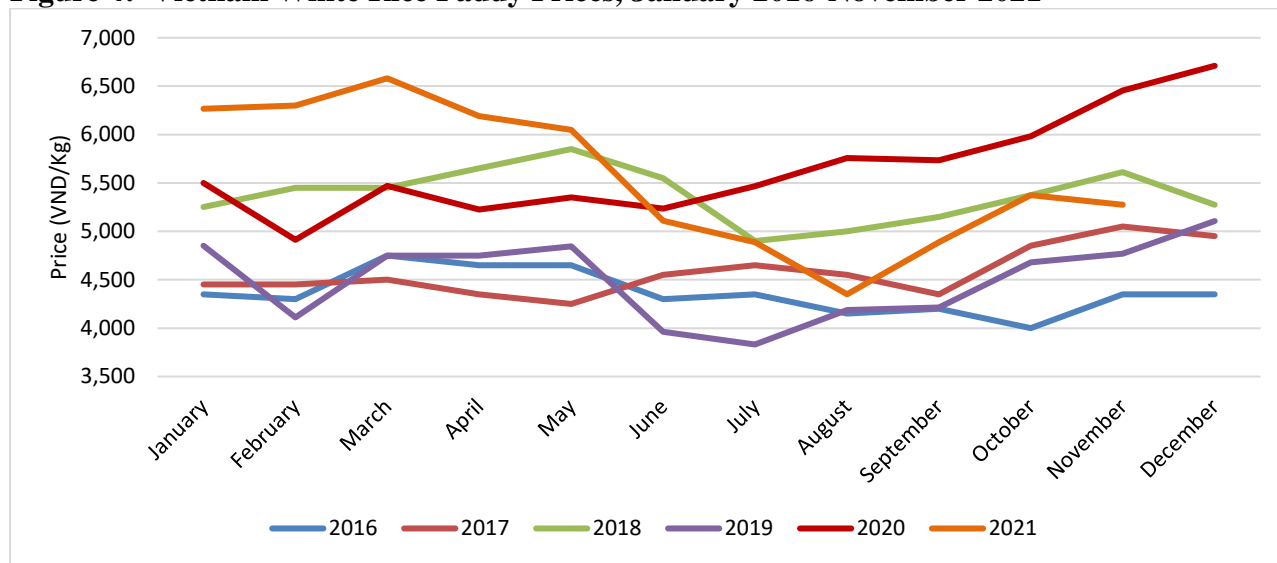
Source: Trade contacts

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

**Domestic Prices**

White rice paddy prices mirrored export prices and demand (Figure 4). The movement of people and goods eased after the COVID-19 social distancing restrictions were lifted in the Mekong Delta in October. Although the number of COVID-19 infections recently increased in the Mekong Delta to a much higher level than in July-September, a full lockdown or “3-on-site” requirement is no longer applied, facilitating trades. However, the significant increase in input costs of fertilizers and plant protection products have increased production costs and reduced farmers’ profits. Local media reported that prices of some fertilizers doubled, and the price of plant protection products increased by 10-50 percent compared to the same period last year.

**Figure 4: Vietnam White Rice Paddy Prices, January 2016-November 2021**



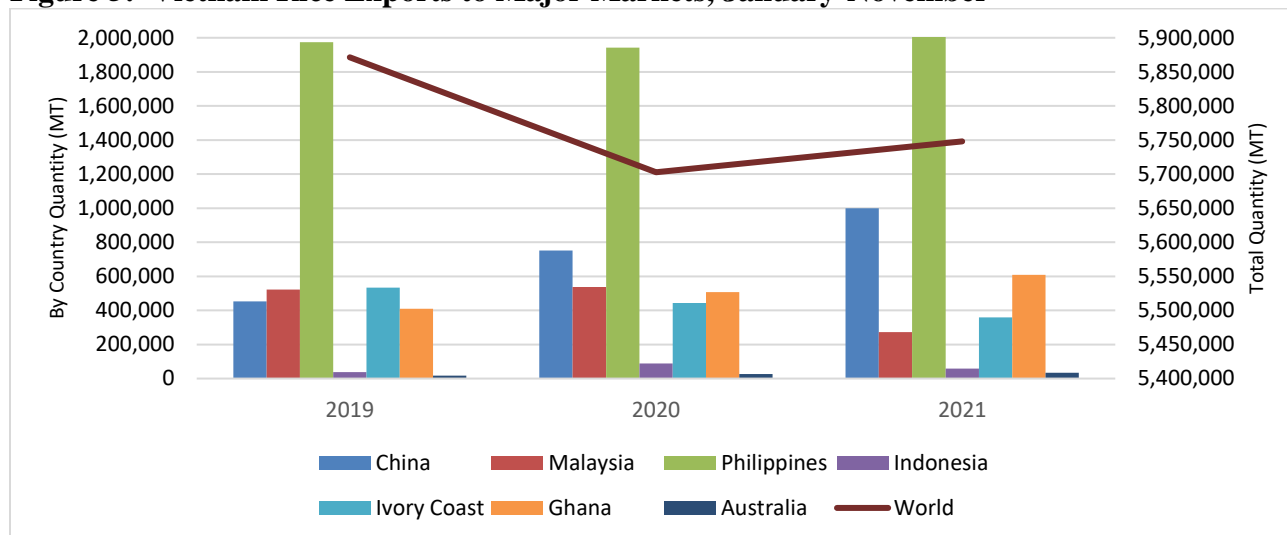
Source: Trade contacts

### Exports

Vietnam’s rice exports in MY20/21 faced uncompetitive prices of white rice varieties, COVID-19 lockdowns that affected the domestic supply chain from July-September, and prolonged international logistics constraints including container shortages and high sea freights costs. Nevertheless, exports from January-November 2021, increased by one percent from the previous year, with higher exports to the Philippines, China, Ghana, and Australia, which offset the lower demand from Malaysia, the Ivory Coast, and Indonesia (Figure 5). Exports to the Philippines increased the most among the major markets, by 19 percent, compared to the same period last year. Beginning the last week of November, the Philippines government took steps to temporarily limit rice imports by suspending the issuance of SPSIC, reasoning that the Philippines good rice harvest would lead to sufficient supply. This led to lower demand for new contracts from the Philippines and Vietnamese exporters are now mainly focused on executing old contracts, according to trade contacts. This development immediately put pressure on Vietnam white rice prices, with lower prices in the first week of December. Some contacts noted that new demand from African countries has recently slowed down due to the high cost of sea freight. This lower demand was offset by higher demand from China ahead of the Lunar New Year. In order to cope with mounting cost of container freights, some exporters have switched from container to bulk shipments, as bulk freight costs have increased at a slower pace. Exports to Cuba in the first ten months of MY20/21 were higher year on year, including a donation of 12 TMT by the Government of Vietnam. With the current pace of exports, Post revised its estimate for Vietnam MY20/21 exports up to 6.3 MMT, higher than the USDA official number.



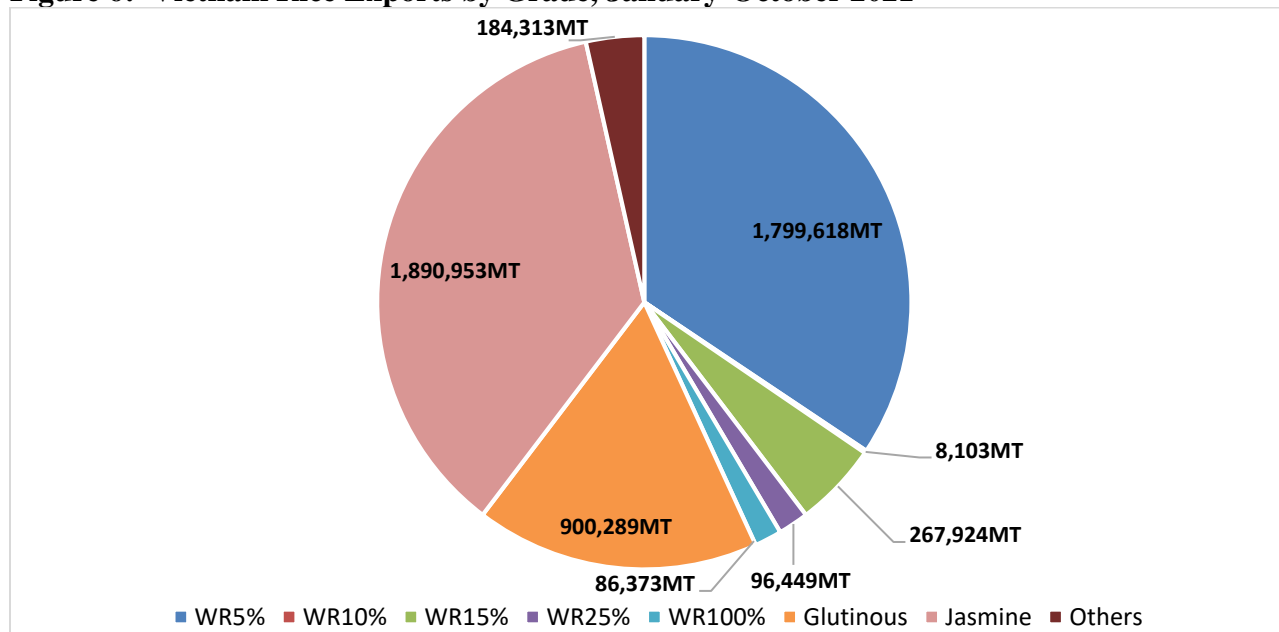
**Figure 5: Vietnam Rice Exports to Major Markets, January-November**



Source: Vietnam Customs

Due to the uncompetitive price of white rice, its share of total exports continued to decrease alongside the increase of fragrant rice exports in the past three years. Exports of all types of white rice in the first ten months of CY2021 accounted for 43 percent (6 percent points lower than last year), and exports for jasmine and glutinous rice were 36 percent (6 percent points higher) and 17 percent (6 percent points higher) respectively (Figure 6).

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



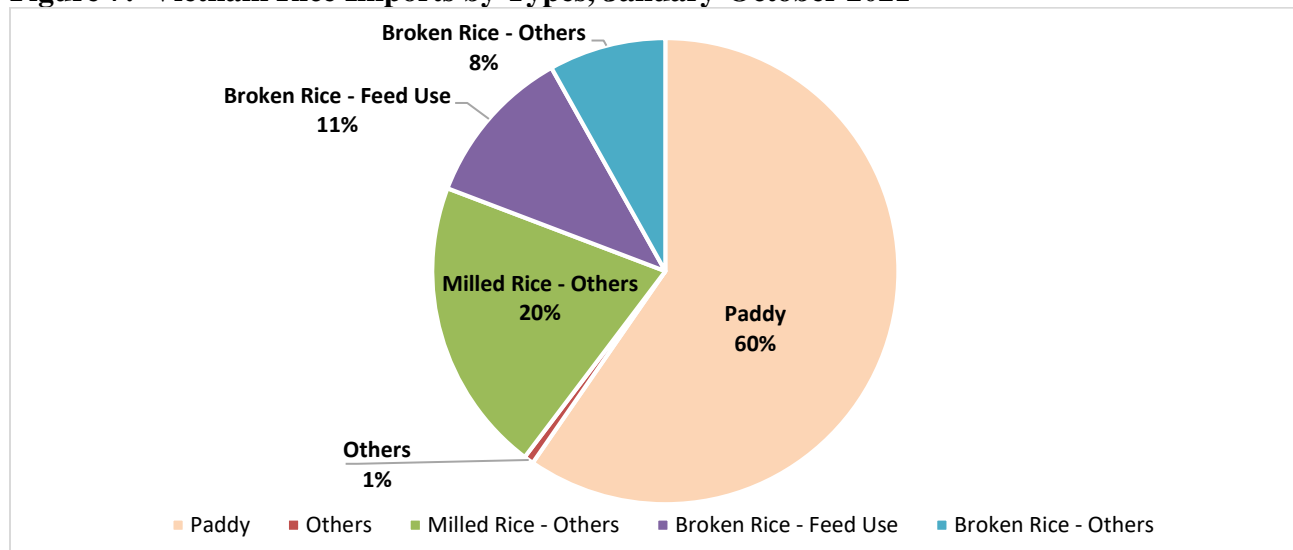
Source: Vietnam Customs, Trade contacts, Post’s calculation

Note: WR – White rice

## Imports

Based on preliminary Vietnam Customs data, Vietnam’s imports of rice in the first ten months of CY2021 increased significantly from the previous year. Imports from Cambodia and India accounted for 98 percent of the total imports. Vietnam mainly imported paddy from Cambodia and milled rice and broken rice for feed use, food processing, and beer brewing from India. Post revised its estimate for MY20/21 imports up to 1.6 MMT, slightly lower than the USDA official number.

**Figure 7: Vietnam Rice Imports by Types, January-October 2021**



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

## Stocks

Post revised MY20/21 stocks up to 2.38 MMT on higher production and imports. Higher carry-over will lead to higher stocks in MY21/22 at 2.47 MMT.

## Policy

In line with the Government’s climate commitments, Vietnam has implemented measures to reduce greenhouse gas (GHG) emissions in different sectors, including in agriculture, according to its updated Nationally Determined Contribution (NDC). At COP26, Vietnam announced its goal of achieving net-zero carbon emissions by 2050. Vietnam also signed onto the Global Methane Pledge, which aims to reduce global methane emissions by at least 30 percent from the 2020 levels by 2030. As rice cultivation is identified as a major source of GHG emissions, particularly methane emissions, Vietnam is looking into solutions for emission reduction in this sector. On December 9, MARD’s National Agricultural Extension Center (NAEC) and the International Rice Research Institute (IRRI) organized a consultation workshop on the Modernization and Low Carbon Rice Production Transformation project (ModelRice). The project will be piloted in three major rice growing provinces of An Giang, Dong Thap and Can Tho in the Mekong Delta to increase low carbon rice production models using climate smart technology.

**Table 2: Vietnam Rice Export By Grade and Destination January-October 2021**

Destination	5%	10%	15%	25%	100%	Glutinous	Jasmine	Unknown	Total
<b>ASIA</b>	<b>1,388,516</b>	<b>6,989</b>	<b>256,576</b>	<b>92,463</b>	<b>78,314</b>	<b>894,984</b>	<b>993,385</b>	<b>110,903</b>	<b>3,822,131</b>
Indonesia	3,279	-	2,825	-	700	30,451	12,055	5,072	54,381
Philippines	1,073,582	1,800	241,134	84,183	35,984	67,082	589,481	4,395	2,097,641
Malaysia	132,967	1,794	8,155	626	761	35,516	63,723	9,179	252,721
Singapore	12,467	325	475	5	1,824	5,096	70,645	6,769	97,607
East Timor	-	-	2,700	2,950	-	-	5,341	-	10,991
Iraq	-	-	-	-	-	-	-	19	19
Iran	-	-	-	-	-	-	70	39	108
Syria	67,854	-	-	-	-	-	-	-	67,854
Yemen	-	-	-	-	-	-	-	-	-
South Korea	186	-	-	-	11,500	10	1,400	41,900	54,997
Japan	35	-	-	-	-	6	168	539	747
Cambodia	861	170	-	23	940	7,698	-	8,868	18,561
Hong Kong	4,861	24	-	210	22	723	59,790	2,363	67,994
UAE	3,468	-	-	-	-	303	25,805	5,276	34,852
Taiwan	98	-	-	-	-	9,833	4,066	48	14,046
Bahrain	91	-	-	-	-	1	1,372	42	1,506
Bangladesh	52,500	-	-	-	-	5	13	694	53,212
Saudi Arabia	5,609	-	-	-	-	80	9,884	5,890	21,463
China	23,448	221	-	-	23,070	729,361	137,332	10,797	924,230
Brunei	-	-	-	-	-	-	-	-	-
Others	7,207	2,655	1,287	4,466	3,513	8,819	12,240	9,013	49,200
<b>AFRICA</b>	<b>145,311</b>	<b>-</b>	<b>-</b>	<b>27</b>	<b>4,552</b>	<b>61</b>	<b>779,276</b>	<b>26,113</b>	<b>955,341</b>
Tanzania	-	-	-	-	-	-	7,259	-	7,259
Senegal	-	-	-	-	-	-	516	-	516
Angola	1,069	-	-	-	-	4	492	181	1,747
Rwanda	-	-	-	-	-	-	-	-	-
Ghana	102,741	-	-	-	500	2	412,027	18	515,288
Uganda	-	-	-	-	-	-	-	-	-
Ivory Coast	26,926	-	-	-	4,026	-	275,687	23,983	330,622
Reunion	375	-	-	-	-	-	4,539	-	4,914
Mozambique	2,974	-	-	-	-	-	47,339	-	50,313
Kenya	-	-	-	-	-	-	108	54	162
Congo	-	-	-	-	-	-	492	49	541
Libya	-	-	-	-	-	-	-	-	-
Algeria	-	-	-	-	-	-	-	-	-
Benin	126	-	-	-	-	-	2,413	-	2,539
Burkina Faso	-	-	-	-	-	-	-	-	-

Cameroon	1,026	-	-	-	-	-	7,009	28	8,063
The Gambia	-	-	-	-	-	-	75	-	75
Guinea	104	-	-	-	-	-	536	26	666
Guinea Bissau	-	-	-	-	-	-	-	-	-
Madagascar	-	-	-	-	-	8	57	5	69
Mali	-	-	-	-	-	-	-	-	-
Mauritania	-	-	-	-	-	-	-	-	-
Nigeria	-	-	-	27	-	-	725	-	752
Sierra Leone	104	-	-	-	-	-	104	-	208
Somali	-	-	-	-	-	-	-	-	-
South Africa	81	-	-	-	-	40	3,261	1,653	5,035
Togo	-	-	-	-	26	-	3,496	-	3,522
Zambia	-	-	-	-	-	-	-	-	-
Others*	9,786	-	-	-	-	8	13,140	117	23,051
<b>EUROPE</b>	<b>25,365</b>	<b>249</b>	<b>-</b>	<b>78</b>	<b>-</b>	<b>3,066</b>	<b>38,435</b>	<b>7,401</b>	<b>74,594</b>
Russia	156	-	-	46	-	89	1,233	277	1,801
France	1,075	-	-	-	-	273	1,330	22	2,700
Ukraine	-	24	-	-	-	35	108	906	1,074
Poland	466	225	-	-	-	64	4,113	1,201	6,069
Others*	23,669	-	-	32	-	2,604	31,651	4,995	62,951
<b>AMERICAS</b>	<b>227,975</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>758</b>	<b>17,608</b>	<b>3,564</b>	<b>249,984</b>
Cuba	225,840	-	-	-	-	-	2	-	225,842
Brazil	45	-	-	-	-	58	212	120	434
Haiti	-	-	-	-	-	-	44	-	44
Mexico	-	-	-	-	-	-	-	-	-
Chile	-	-	-	-	-	13	13	1,095	1,121
Puerto Rico	-	-	-	-	-	-	-	-	-
Others*	2,090	80	-	-	-	687	17,337	2,348	22,542
<b>OCEANIA</b>	<b>12,101</b>	<b>785</b>	<b>11,068</b>	<b>2,649</b>	<b>3,504</b>	<b>1,176</b>	<b>60,743</b>	<b>35,775</b>	<b>127,802</b>
Australia	2,957	394	100	94	337	99	18,306	6,046	28,333
New Caledonia	29	-	-	-	-	2	167	2,703	2,902
New Zealand	1,455	-	-	166	92	21	4,798	4,967	11,499
Others*	7,661	391	10,968	2,389	3,075	1,053	37,472	22,058	85,067
<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>1,799,618</b>	<b>8,103</b>	<b>267,924</b>	<b>96,449</b>	<b>86,373</b>	<b>900,289</b>	<b>1,890,953</b>	<b>184,312</b>	<b>5,234,022</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 contacts, Post's calculation

## Attachments:

No Attachments