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Report Highlights:

In the first half of 2023, the Vietnam livestock and aquaculture industry faced numerous challenges which reduced feed demand including escalating input costs, African Swine Fever (ASF), market price volatility, weak demand, and intense competition from imported products. However, the livestock sector is anticipated to recover in the latter part of 2023, driven by the resurgence of the tourism industry and a gradual reduction in animal feed prices. Post revised Vietnam's feed consumption estimate in 2023 to 26.6 million tons (MMT) with a significant decline in aquafeed consumption. With corn prices lower than those of wheat and rice, leading to higher consumption and higher import of corn, Post revised MY 2022/23 corn consumption at 13.9 MMT and the MY 2022/23 import at 9.8 MMT. Post revised its estimate of MY 2022/23 wheat consumption down to 4.08 MMT, and its MY 2022/23 imports down to 4.11 MMT. Post revised MY 2022/2023 rice exports to 8 MMT due to the impact of India's rice export ban.

Vietnam Feed Industry Summary

The Vietnamese livestock industry encountered several challenges in the initial half of the calendar year (CY) 2023. These challenges included weak demand, elevated input costs, persistent disease threats, instability in market prices, and intense competition from imported products.

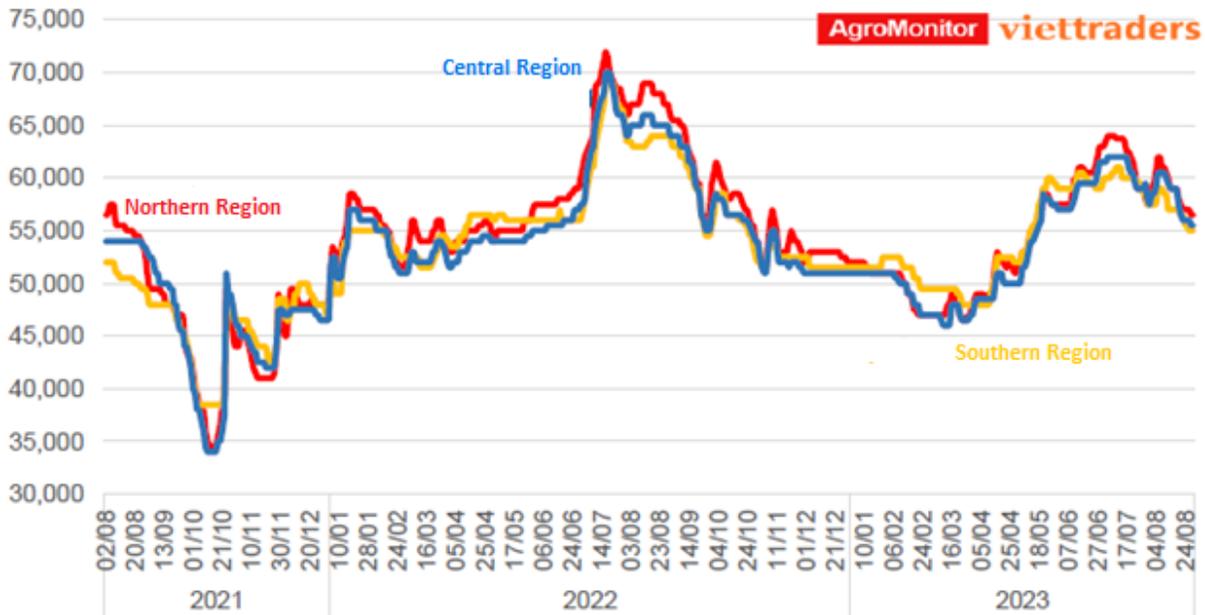
According to the General Statistics Office (GSO), the total swine population witnessed a 2.5 percent increase, reaching 26 million heads, while live-weight production rose by 6.5 percent, reaching 2.3 million tons by the end of June 2023. However, industry experts expressed skepticism about these numbers, estimating the actual swine population at 23 million heads, significantly lower than the GSO's data. Due to sluggish market demand, the selling prices of hogs between January and May fluctuated between VND 49,000 and VND 55,000 per kilogram, falling below the production cost of approximately VND 55,000 per kilogram. As a result, many small-scale farmers either reduced or abandoned their herds. Consequently, Vietnam is undergoing a transition towards large-scale, industrialized commercial farming with a fully integrated 3F model (Feed-Farm-Food). This model now occupies over 60 percent of the market share.

From June to August, hog prices rebounded to a range of VND 56,000 to VND 63,000 per kilogram due to a reduction in supply (as shown in Figure 1). The improved pork prices encouraged efforts to rebuild their swine populations in the latter half of 2023, in preparation for the Lunar New Year holiday season. Industry experts anticipate that selling prices for the remaining months of the year will fluctuate around VND 53,000 to VND 60,000 per kilogram. Nevertheless, the livestock industry in CY 2023 continues to grapple with challenges, including:

- i. Inflation in Vietnam, which began to rise in the middle of the second quarter. By August 2023, Vietnam's Consumer Price Index (CPI) increased by 0.88 percent month-on-month and 2.96 percent year-on-year, potentially constraining consumer demand in the coming months.
- ii. The influx of smuggled pork from Thailand and Cambodia, which comes at lower prices, creating additional competitive pressures.
- iii. Efforts to push pigs into the market ahead of potential outbreaks of African Swine Fever (ASF).

Vietnam's imports of pork and pork offal during the first eight months of CY2023 surged by 34 percent compared to the same period in the previous year (source: Agromonitor), intensifying competition within the local swine production sector. It is estimated that the swine population will increase by 2 percent by the end of CY 2023.

Figure 1: Domestic Pork and Broiler Prices

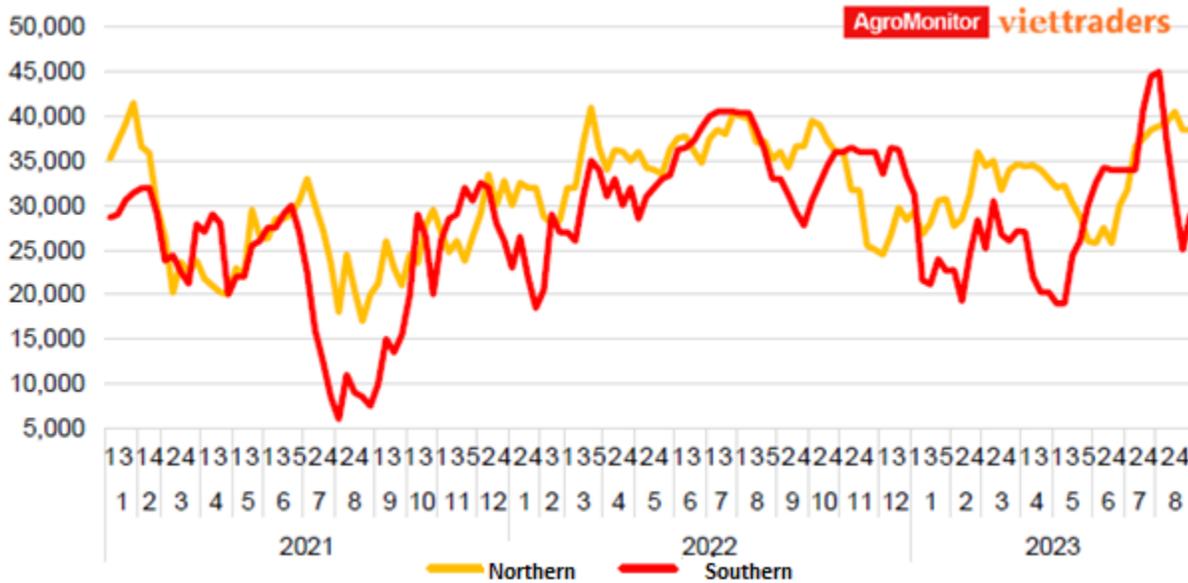


Source: Agromonitor

As reported by the GSO, the poultry sector increased its population by 0.9 percent and 4.8 percent in live-weight production in the first six months of CY 2023 compared to the same period last year. Chicken prices in the Southern region experienced fluctuations within the range of VND 20,000 to VND 30,000 per kilogram, primarily due to oversupply. These selling prices were notably lower than the production cost, which stood at VND 32,000 to VND 35,000 per kilogram, resulting in financial losses for poultry farmers.

Furthermore, in the first eight months of 2023, Vietnam imported more than 140 thousand tons of chicken meat, marking a 6 percent increase compared to the same period in the previous year, largely due to lower-priced imports. With an ample domestic supply and high competition from international markets, the poultry population is anticipated to remain flat in the concluding months of 2023.

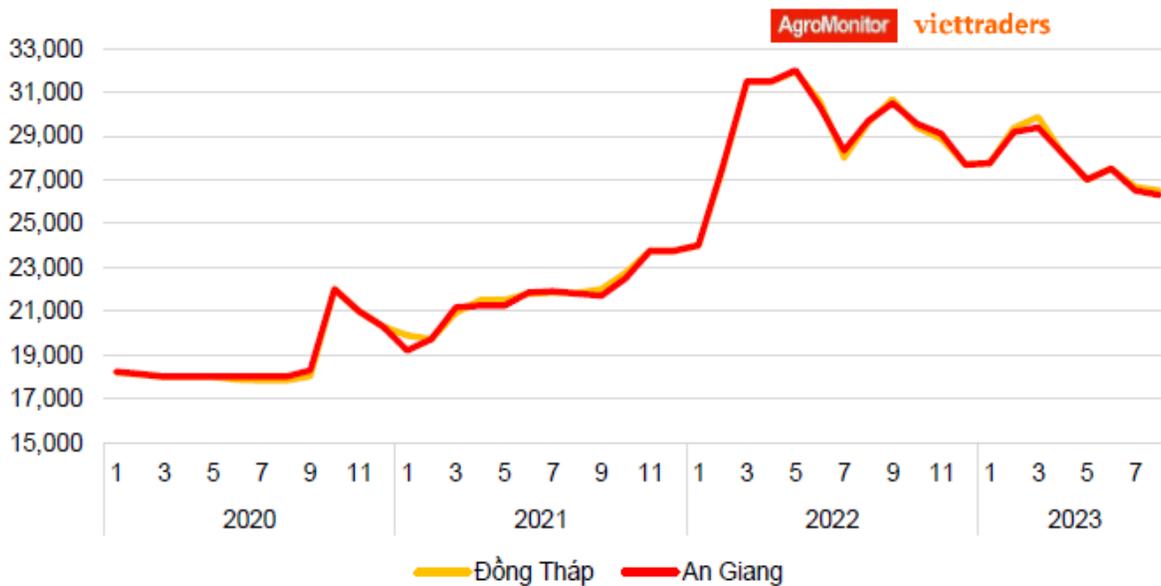
Figure 2: Domestic Poultry Prices



Source: Agromonitor

Aquaculture witnessed a notable decline, due to a sharp decrease in demand from key export destinations like the United States (U.S.) and the European Union (EU). According to GSO, total aquaculture production during the first eight months of 2023 saw a 1.9 percent increase, but the export value declined significantly by 25 percent, in comparison to the same period in the previous year. Notably, the export revenues for catfish and shrimp reached \$1.2 billion and \$2.2 billion, marking a substantial decline of 34 percent and 28 percent, respectively. This decline was primarily caused by weakened demand, which was driven by high inflation levels in major importing markets such as the U.S., EU and China, as well as the presence of high and lingering inventories from 2022 in these major import markets. The Vietnam Association of Seafood Exporters (VASEP) expected that exports will witness a resurgence, surpassing a total export value of USD 9 billion for the year. This recovery is expected to be driven by increased demand from alternative markets like Germany, Finland, and Sweden, as well as positive signs of economic recovery in some of the key markets, including the U.S., Japan, Korea, and China.

Figure 3: Domestic Catfish Prices in Key Provinces



Source: Agromonitor

Despite the persistent challenges faced by the livestock industry, there are positive indicators pointing toward economic recovery leading to livestock recovery. In September, the Asian Development Bank released a forecast predicting Vietnam's Gross Domestic Product (GDP) to grow at a rate of 5.8 percent in 2023 and further accelerate to 6.0 percent in 2024. Additionally, the international tourism sector is anticipated to rebound, with the surge of international arrival of 375 percent to 8.9 million in the first nine months of 2023, driving robust growth in the entertainment, accommodation, and food services industries.

To combat the outbreak of African swine fever (ASF), the Ministry of Agriculture and Rural Development (MARD) approved the commercial application of two registered ASF vaccines on July 27, 2023. With the expansion of industrialized large commercial farming adopting a fully integrated 3F model (Feed-Farm-Food), Vietnam is capitalizing on export opportunities to stringent markets that require traceability of origin and food safety regulations. In the second half of 2023, it is anticipated that feed costs will gradually decrease due to declining prices of feed ingredients.

Pigs, aquaculture, and poultry collectively account for 97 percent of the total feed consumption in Vietnam. In light of stagnant animal feed production and a significant decline in aquaculture feed, our revised estimate for feed demand in CY 2023 stands at 26.6 million metric tons (MMT), of which imported sources accounted for 75 percent of market share (Table 1 and Table 2)

Table 1: Vietnam Feed Demand CY2022-2024 (Unit: MT)

	CY 2022	CY 2023	CY 2024
Animal Feed	20,400,000	20,680,000	21,445,000
Aquaculture Feed	6,150,000	5,939,400	6,260,000
Total	26,550,000	26,619,400	27,705,000

Regarding feed mills capacity, Vietnam has 269 facilities engaged in the production of complete mixed industrial animal feed with a total designed capacity of up to 43.2 million tons, of which 33 percent of total factories are foreign direct investment (FDI) enterprises and over 80 percent applied quality management system such as ISO, GMP, HACCP or equivalent.

With corn prices standing lower than those of wheat and rice, the import demand for corn is projected to reach approximately 8.8 million metric tons in CY 2023. Conversely, import demand for feed wheat and feed-grade rice has experienced a decline, as detailed in Table 2. It's worth noting that the drop in demand for feed-grade rice can be attributed to the Indian Government's ban on rice bran extract exports from July 28 to November 30, 2023, along with the imposition of a 20 percent export duty on parboiled rice.

Table 2: Vietnam Feed Ingredients Demand CY 2022-2024 (Unit: MT)

Year	CY 2022	CY 2023	CY 2024
Imports (*)	19,855,000	20,329,100	20,968,000
Soybean Meal	5,950,000	5,879,700	6,136,100
Corn	7,480,000	8,800,000	8,215,000
Distillers dried grains solubles (DDGS)	1,020,000	1,100,000	1,072,250
Feed wheat	1,998,000	1,400,000	1,900,000
Rice bran, broken rice	717,000	450,000	700,000
Plant-based meal/bran	1,891,000	1,900,000	2,051,800
Other protein meals	799,000	799,400	892,850
Local Supply	6,695,000	6,290,300	6,737,000
Corn	2,200,000	2,000,000	2,000,000
Rice bran, broken rice	4,002,000	3,800,000	4,228,000
Cassava	493,000	490,300	509,000
Total	26,550,000	26,619,400	27,705,000

Source: Post's estimate

CORN

Production, Supply, and Distribution

Corn Market Year Begins Vietnam	2021/2022		2022/2023		2023/2024	
	May 2021		May 2022		May 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	903	820	887	770	830	750
Beginning Stocks (1000 MT)	2544	2544	940	1604	836	1024
Production (1000 MT)	4446	3960	4423	3770	4100	3760
MY Imports (1000 MT)	9200	9200	9823	9800	10500	10200
TY Imports (1000 MT)	9100	9100	9400	9100	11200	10900
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	16190	15704	15186	15174	15436	14984
MY Exports (1000 MT)	500	300	500	250	500	200
TY Exports (1000 MT)	500	300	500	250	500	200
Feed and Residual (1000 MT)	13300	12300	12400	12400	12700	12500
FSI Consumption (1000 MT)	1450	1500	1450	1500	1450	1500
Total Consumption (1000 MT)	14750	13800	13850	13900	14150	14000
Ending Stocks (1000 MT)	940	1604	836	1024	786	784
Total Distribution (1000 MT)	16190	15704	15186	15174	15436	14984
Yield (MT/HA)	4.9236	4.8293	4.9865	4.8961	4.9398	5.0133

(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 2023/2024 = October 2023 - September 2024

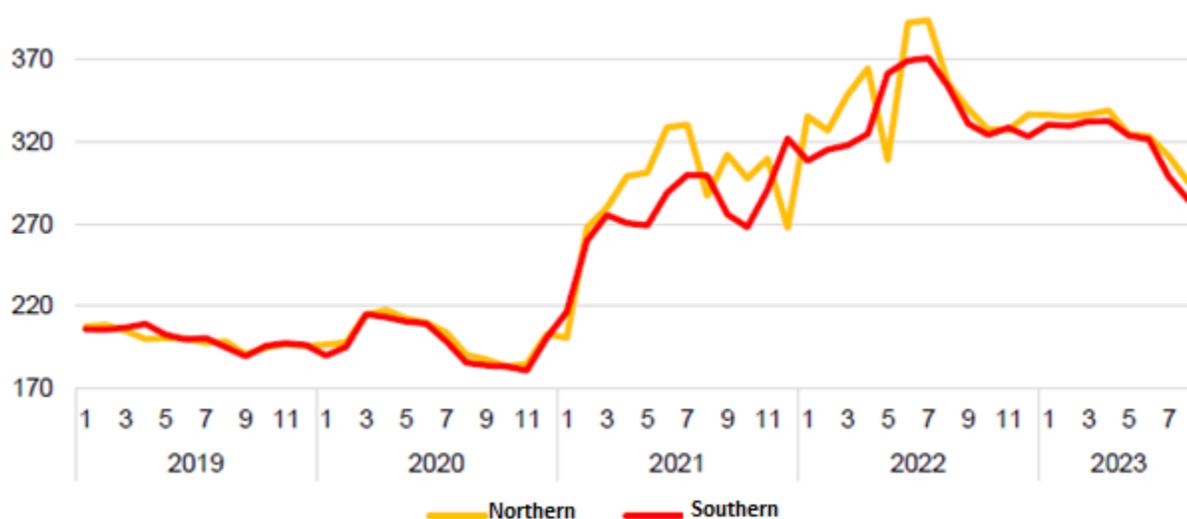
CONSUMPTION

Post has updated its consumption estimate for MY 2022/23 to 13.9 million metric tons (MMT) and its MY 2023/24 forecast to 14 MMT.

In the first eight months of 2023, there has been a consistent downward trend in corn prices, facilitated by declining global corn prices, favorable weather conditions and high corn yield in the United States; an uptick in corn supply from South America, partly due to Argentina's adoption of the corn dollar policy, and Brazil's peak harvesting season; and sluggish demand for future shipments.

As the corn price was lower than wheat and rice prices, it led to higher consumption of corn in some feed formulations.

Figure 4: Prices of South America (SAM) Corn



Source: Agromonitor

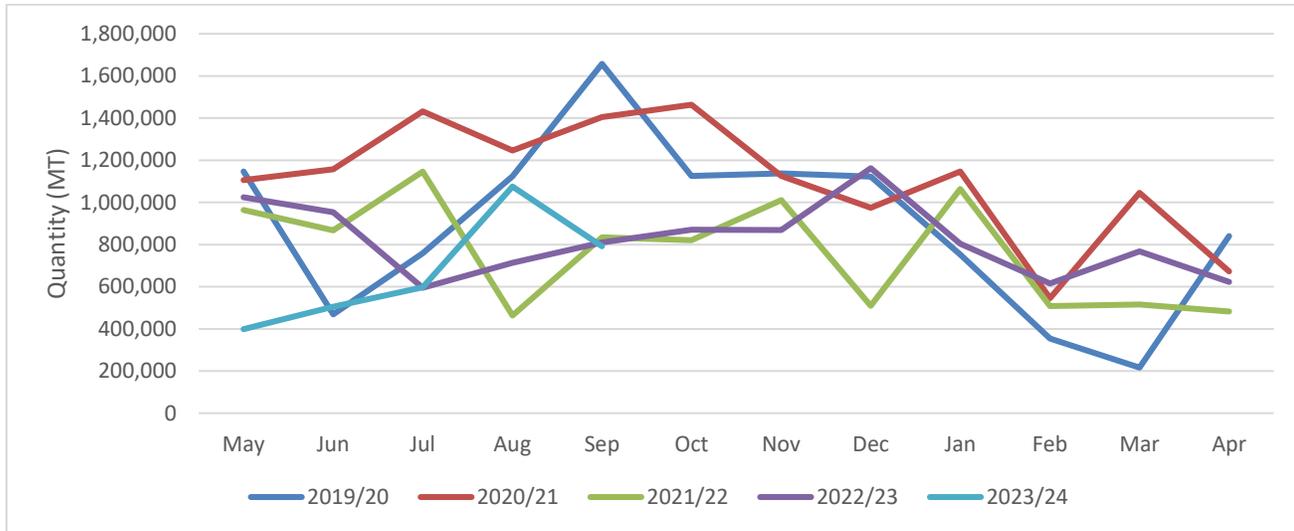
Feed mills have already procured 70-80 percent of their inventory for the fourth quarter, and a few have even secured shipments for the first quarter of 2024. This has led to a decreased demand in the market. Some feed mills have observed a decline in their animal feed production volumes due to the sluggish growth in livestock production and a gradual drop in domestic animal feed prices due to declining prices of feed ingredients.

Nonetheless, there is optimism for a recovery in the Vietnamese animal farming industry in early 2024, followed by rapid growth in the coming years. This optimism is supported by recent developments, including the inauguration of Cargill's state-of-the-art Provimi Premix plant with a capacity of 40,000 tons and the opening of De Heus's aqua feed mill, boasting a capacity of 240,000 tons, in September.

TRADE/COMPETITION

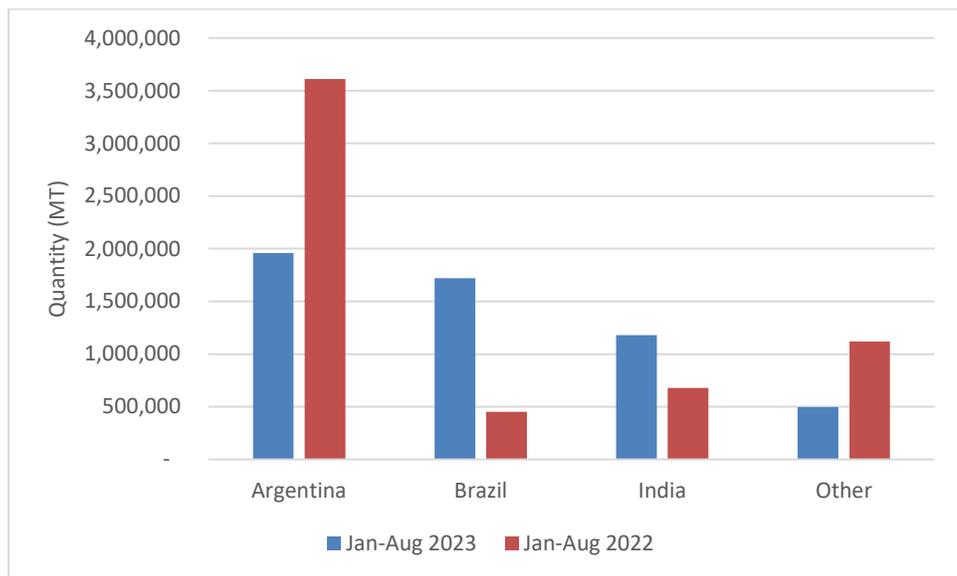
Due to low market demand in both domestic and overseas markets and challenges facing the livestock industry in MY 2022/23, Post revised Vietnam MY 2022/23 corn imports down to 9.80 MMT. Post also revised MY 2023/24 forecast up to 10.2 MMT based on the recovery of the economy by the end of CY 2023 and early CY 2024 and current importing pace. (Figure 6)

Figure 6: Corn Imports Volume



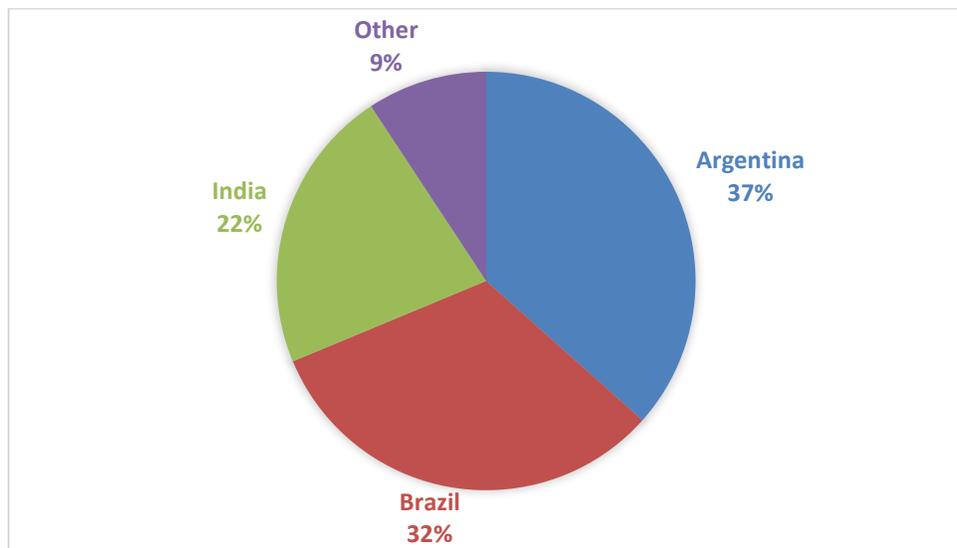
In the first 8 months of calendar year (CY) 2023, Vietnam imported 5.35 million tons of corn and it is projected to reach 8.8 MMT by the end of CY 2023. Argentina stood out as the largest supplier of corn to Vietnam, constituting 37 percent of the total import volume. However, Argentina's corn exports to Vietnam experienced a significant 46 percent decline in volume compared to the same period in 2022 due to shrinking supply. Brazil emerged as the second-largest supplier with 1.72 MMT, commanding a 32 percent market share and registering an impressive 281 percent increase in volume. Meanwhile, the Indian market increased by 75 percent to 1.2 MMT, representing 22 percent of the market share. South American corn prices have plummeted, making it challenging for other sources of origin to compete in the market. (Figure 7 and Figure 8)

Figure 7: Vietnam Major Corn Suppliers



Source: Vietnam Customs, Post’s calculation

Figure 8: Market Share of Vietnam’s Corn Import



Source: Vietnam Customs, Post’s calculation

STOCKS

Post revised its estimate for MY 2022/23 stocks down to 1.02 MMT, lower than the previous year due to higher consumption and lower production. Post forecasts MY 2023/24 stocks at 0.78 MMT on estimated higher demands.

WHEAT

Production, Supply, and Distribution

Wheat Market Year Begins	2021/2022		2022/2023		2023/2024	
	Jul 2021		Jul 2022		Jul 2023	
Vietnam	USDA	New Post	USDA	New Post	USDA	New Post
Area Harvested (1000 HA)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	717	717	753	767	334	497
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	4527	4600	4321	4110	4300	4330
TY Imports (1000 MT)	4527	4600	4321	4110	4300	4330
TY Imp. from U.S. (1000 MT)	161	155	336	260	0	300
Total Supply (1000 MT)	5244	5317	5074	4877	4634	4827
MY Exports (1000 MT)	341	300	440	300	300	300
TY Exports (1000 MT)	341	300	440	300	300	300
Feed and Residual (1000 MT)	2100	2200	2200	1480	1800	1550
FSI Consumption (1000 MT)	2050	2050	2100	2600	2200	2650
Total Consumption (1000 MT)	4150	4250	4300	4080	4000	4205
Ending Stocks (1000 MT)	753	767	334	497	334	322
Total Distribution (1000 MT)	5244	5317	5074	4877	4634	4807
Yield (MT/HA)	0	0	0	0	0	0
(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 Wheat begins in July for all countries. TY 2023/2024 = July 2023 - June 2024						

CONSUMPTION

Food, Seed and Industrial (FSI) Consumption

Post revised its estimate of FSI consumption in MY 2022/23 at 2.6 MMT, with a projected increase to 2.65 MMT in MY 2023/24. This increase is attributed to the robust recovery observed in the tourism and food service sectors. According to the General Statistics Office (GSO), the first eight months of CY 2023 witnessed a 15 percent growth in the total revenue of Vietnam's food and beverage and lodging services, along with a 1 percent increase in retail and services revenue, compared to the same period in the previous year. The international tourist arrivals are expected to recover 84 percent in the second quarter and fully recover in the fourth quarter of CY 2023.

Wheat is an important staple food in Vietnam, being consumed mainly as bread, noodles and sweet biscuits. Within the wheat noodle category, instant noodles dominate, accounting for approximately 90-95 percent of the market share. On a per capita basis, Vietnam ranks as the fourth-largest consumer of instant noodles globally, with an average consumption rate of 85 servings per person in CY 2022. This

figure represents the highest frequency of instant noodle consumption worldwide, surpassing South Korea and Thailand.

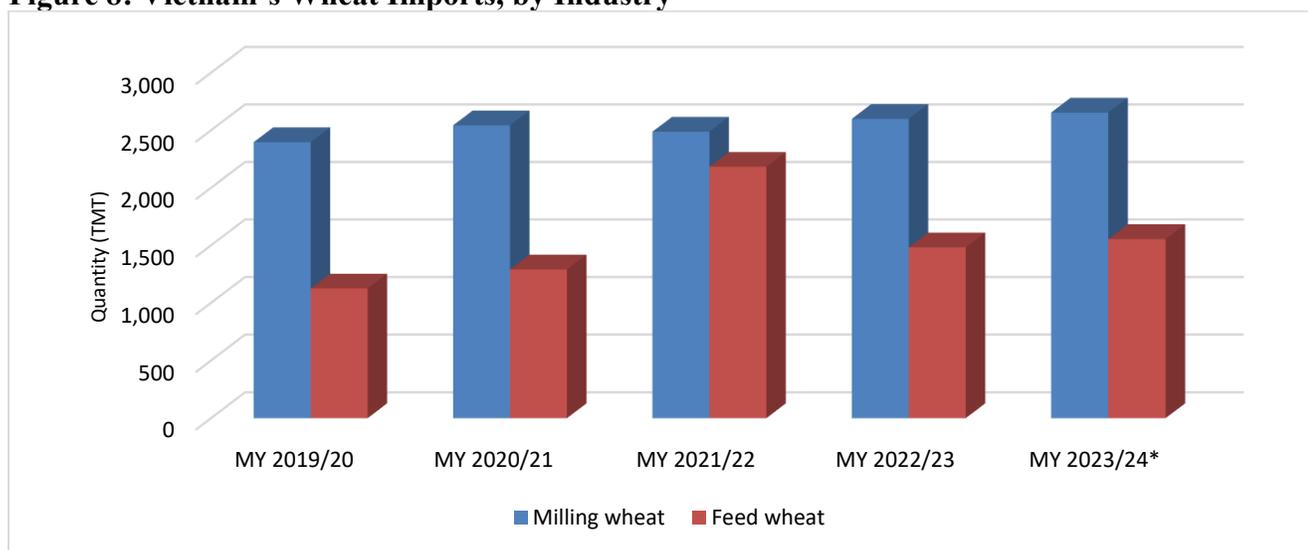
Feed and Residual Consumption

Wheat primarily serves as an energy source in the formulation of pig, poultry, and other livestock feeds. The proportion of wheat used in these livestock feeds exhibits greater variability compared to its use in aquafeeds, which hinges on the price of wheat relative to other feed sources. While aquafeeds typically contain more than 30 percent wheat, the generally accepted inclusion rates for wheat flour range from 10 to 20 percent.

The aquaculture sector faced a significant decline in volume and revenue during MY 2022/23. In addition, due to the lower price of corn in comparison to wheat, it resulted in a reduced utilization of feed wheat in feed formulations. Given the decreased demand for aquaculture feed and the favorable pricing of corn, Post adjusted feed wheat consumption in MY 2022/23 to 1.5 MMT and its MY 2023/24 forecast to 1.55 MMT in accordance with the expected recovery of the livestock and aquafeed sector.

Post revised its estimate of Vietnam’s wheat consumption in MY 2022/23 up to 4.1 MMT, mainly due to higher consumption of milling wheat, and its MY 2023/24 forecast at 4.2 MMT.

Figure 8: Vietnam’s Wheat Imports, by Industry



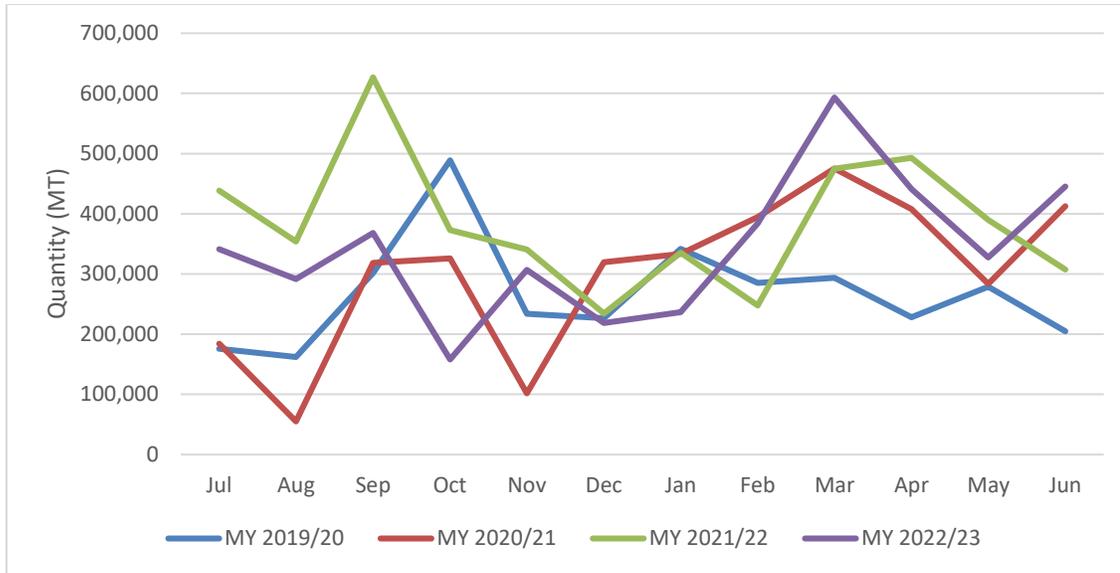
Source: Vietnam Customs, Traders, Post’s estimate

TRADE/COMPETITION

Imports

With an approximately 7 percent decrease in wheat prices, wheat imports experienced a 7 percent increase during the first eight months of CY 2023, totaling 3.1 MMT. This rise was primarily attributed to higher imports of milling wheat, which surpassed the reduced imports of feed wheat (Figure 9).

Figure 9: Vietnam Wheat Imports

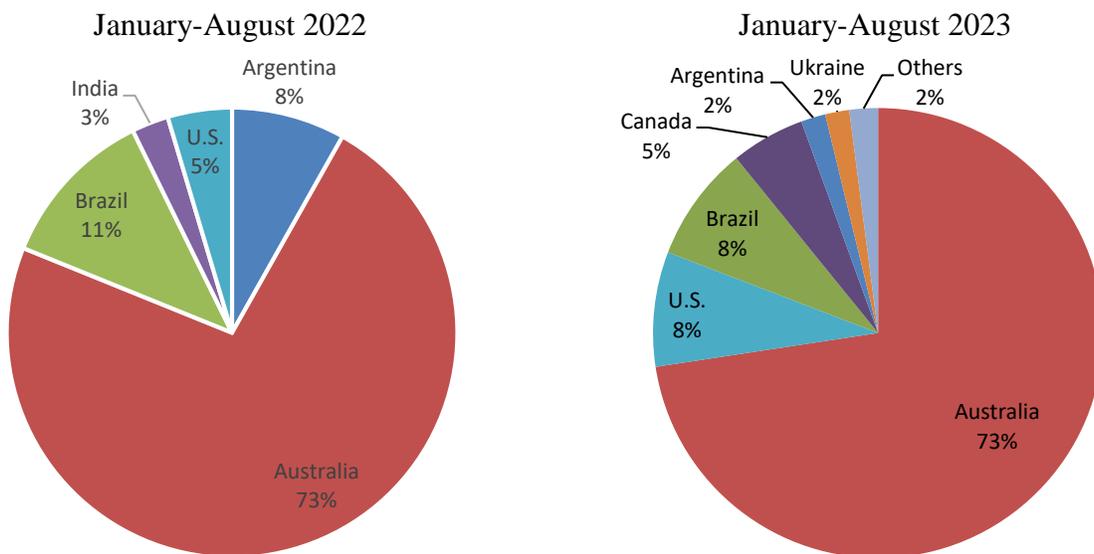


Source: Trade Data Monitor LLC, Traders, Vietnam Customs, Post's estimate

Australia remained the primary wheat supplier to Vietnam, increasing by 12 percent in volume and securing a 73 percent market share, resulting in a total of 2.3 MMT. Wheat prices from Australia averaged USD 347 per ton, marking a 9 percent decrease from the previous year. In the second position, imports from Brazil, constituting 8 percent of the market share, experienced a 20 percent decrease and a subsequent 6 percent decline. On the other hand, with an enhanced supply of the new U.S. crop and recent price reductions, wheat imports from the United States surged by a remarkable 100 percent. These U.S. wheat imports are exclusively for milling purposes. Meanwhile, imports from Argentina witnessed a significant 76 percent drop, primarily due to unfavorable weather conditions resulting in reduced production in Argentina. Taking advantage of the lower production in Argentina, Canada's wheat exports to Vietnam surged by a 30-fold increase. (Figure 10)

Post revised its wheat imports estimates in MY 2022/23 at 4.10 MMT and its forecast in MY 2023/24 imports at 4.2 MMT.

Figure 10: Vietnam's Wheat Imports Market Share



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

Exports

According to Trade Data Monitor, LLC, exports of Vietnam's wheat flour in the first seven months of CY 2023 saw an increase of 30 percent to 300 tons compared to the same period of last year. This increase was due to heightened demand from key export markets including Thailand, which accounted for 43 percent of the market share, Philippines, China and Hong Kong. Post revised its estimate for MY 2022/23 exports of wheat flour up to 300 thousand metric tons (TMT) (wheat equivalent).

STOCKS

Post revised MY 2022/23 ending stocks at 497 TMT, lower than the previous year, due to lower imports. Post forecasts that MY 2023/24 ending stocks at 322 TMT due to estimated high consumption.

POLICY

On August 15, the Ministry of Agriculture and Rural Development (MARD) in Vietnam issued Circular No.04/2023/TT-BNNPTNT promulgating the list of living things subject to plant quarantine in Vietnam which an ed phytosanitary restrictions on field thistle seeds (*Cirsium arvense*) in imported agricultural products, effective from September 29, 2023. This policy could have implications for wheat importers in Vietnam, potentially allowing bulk wheat shipments to Vietnam.

RICE

Production, Supply, and Distribution

Rice, Milled Market Year Begins Vietnam	2021/2022		2022/2023		2023/2024	
	Jan 2022		Jan 2023		Jan 2023	
	USDA	New	USDA	New	USDA	New
Area Harvested (1000 HA)	7100	7100	7160	7100	7160	7145
Beginning Stocks (1000 MT)	2639	2639	2455	2402	1555	1942
Milled Production (1000 MT)	26670	26670	27000	26940	27000	27000
Rough Production (1000 MT)	42672	42672	43200	43104	43200	43200
Milling Rate (.9999) (1000 MT)	6250	6250	6250	6250	6250	6250
MY Imports (1000 MT)	1700	1834	1500	1800	1400	1700
TY Imports (1000 MT)	1700	1834	1500	1800	1400	1700
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	31009	31143	30955	31142	29955	30642
MY Exports (1000 MT)	7054	7091	8000	8000	7500	7500
TY Exports (1000 MT)	7054	7091	8000	8000	7500	7500
Consumption and	21500	21650	21400	21200	21300	21300
Ending Stocks (1000 MT)	2455	2402	1555	1942	1155	1842
Total Distribution (1000 MT)	31009	31143	30955	31142	29955	30642
Yield (Rough) (MT/HA)	6.0101	6.0101	6.0335	6.071	6.0335	6.0462

(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 2023/2024 = January 2024 - December 2024

Production

Table 1: Vietnam's Area, Yield, and Production for Paddy

Marketing Year	MY 2021/22		MY 2022/23 Estimate		MY 2023/24 Forecast	
	Old	New	Old	New	Old	New
Harvested Area (THA)						
Spring ¹	3,000	2,980	3,000	2,950	3,000	3,000
Autumn ²	2,620	2,565	2,650	2,610	2,620	2,580
Winter ³	1,565	1,555	1,570	1,540	1,565	1,565
TOTAL	7,185	7,100	7,220	7,100	7,185	7,145
Yield (MT/HA)						
Spring	6.67	6.70	6.77	6.85	6.73	6.77
Autumn	5.57	5.65	5.58	5.75	5.63	5.74
Winter	5.26	5.28	5.16	5.13	5.18	5.18
AVERAGE	5.96	6.01	5.98	6.07	5.99	6.05
Production (TMT)						
Spring	20,000	19,980	20,300	20,200	20,190	20,300
Autumn	14,600	14,480	14,800	15,000	14,750	14,800
Winter	8,230	8,212	8,100	7,900	8,100	8,100
TOTAL	42,830	42,672	43,200	43,100	43,040	43,200

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

Source: Ministry of Agriculture and Rural Development (MARD), General Statistics Office (GSO), Post estimates

By mid-August, the main autumn crop has been 95 percent harvested with high yield at 5.75 tons per hectare (MT/HA), increasing 1 MT/HA compared to last year. This high yield was thanks to the application of high-tech rice farming technical practices including “1 must, 5 reductions”, or “3 reductions, 3 gains” and adoption of machinery in land preparation, seasonal planting, intensive crop cultivation, high tech irrigation methods. According to MARD, The MY 2022/23 late autumn crop, which is grown mainly in the Mekong Delta Region, has been sown in 50 percent of the cultivation area, with faster planting progress than the same period last year thanks to favorable weather condition, water sources, and increased domestic paddy prices, making farmers profitable. The cultivation area for the late autumn crop increased by 50 thousand hectares. Industry contacts mentioned that the cultivation of the late autumn crop has developed quite well with pests and diseases under control. The cultivation area of the winter crop declined by 15 thousand hectares compared to the same period last year due to the conversion of land use for construction or planting other perennial crops or impact of droughts in the central region.

According to MARD, MY 2022/23 yield can rise to 6.07 tons per hectare (T/HA), resulting in higher production output with favorable weather conditions, the application of high-tech rice farming models,

and the selection of right cultivars. Moreover, the adoption of intercropping with other plants (such as fruits, vegetables, and perennial crops) or rotating the cultivation of rice and shrimp has enriched fields, increased yield and product values and supported the adaption to the impacts of climate change.

Fertilizer cost accounted for 20-25 percent of production cost. The price of fertilizer price is estimated to reduce 30-40 percent in 2023 which will help to increase crop yields.

For concerns about the impact of the El Nino phenomenon, Vietnam has implemented numerous solutions regarding seasonal planning, crop structure, farming practices, as well as irrigation systems to minimize the impact of El Nino to the lowest possible extent, based on the previous experiences that Vietnam encountered in 2015-2016 and 2019-2020 seasons.

MARD is planning a proposal to develop one million hectares (2.47 million acres) of sustainable high quality and low emission rice production in the Mekong Delta. The project aims to plant at least 500,000 hectares of high-quality rice by 2025 and one million hectares by 2030.

Post revised the overall MY 2022/23 paddy harvest area and production estimate to 7.1 THA and 43.1 MMT based on recent GSO's estimate. (Table 1).

Mekong River Delta

Table 2: Rice Production in the Mekong Delta, MY 2021/22-2023/24

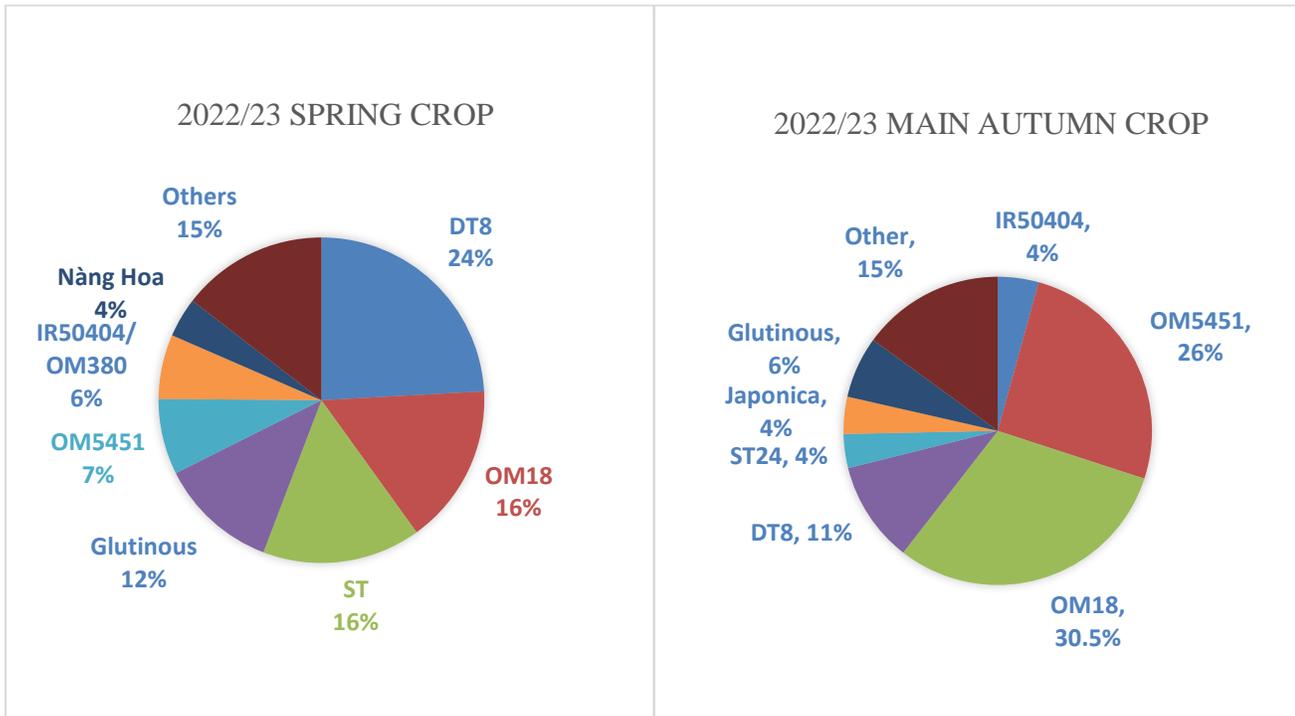
Crop	MY 2021/22			MY 2022/23 (Estimate)			MY 2023/24 (Forecast)		
	Area	Yield	Prod.	Area	Yield	Prod.	Area	Yield	Prod.
Spring	1,510	7.08	10,692	1,480	7.23	10,700	1,470	7.21	10,600
Autumn (in which)	2,126	5.75	12,220	2,180	5.68	12,380	2,200	5.73	12,600
<i>Main Autumn</i>	<i>1,476</i>	<i>5.83</i>	<i>8,610</i>	<i>1,480</i>	<i>5.75</i>	<i>8,510</i>	<i>1,500</i>	<i>5.83</i>	<i>8,750</i>
<i>Late Autumn</i>	<i>650</i>	<i>5.55</i>	<i>3,610</i>	<i>700</i>	<i>5.53</i>	<i>3,870</i>	<i>700</i>	<i>5.50</i>	<i>3,850</i>
Winter	174	4.82	838	170	5.06	860	170	5.00	850
Total	3,810	6.23	23,750	3,830	6.25	23,940	3,840	6.26	24,050

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

Source: MARD, GSO, Post's estimate

The Mekong Delta is a major rice growing region in Vietnam. With about 24 million tons of paddy, occupying over 50 percent of total production, the Mekong Delta supplied 90 percent of total rice export volume. To meet export demand, paddy variety structure shifts to high-quality varieties in production which high quality varieties increased to 50-60 percent and fragrant varieties to 15-30 percent while medium quality varieties decreased to 7-15 percent. Fragrant rice varieties (DT8, OM18 and ST) are the main varieties for the 2022/23 spring crop while white rice (OM5451), and fragrant rice (OM18 and DT8) are main varieties for main autumn crop. (Figure 1)

Figure 1: Rice Varieties in the Mekong Delta



CONSUMPTION

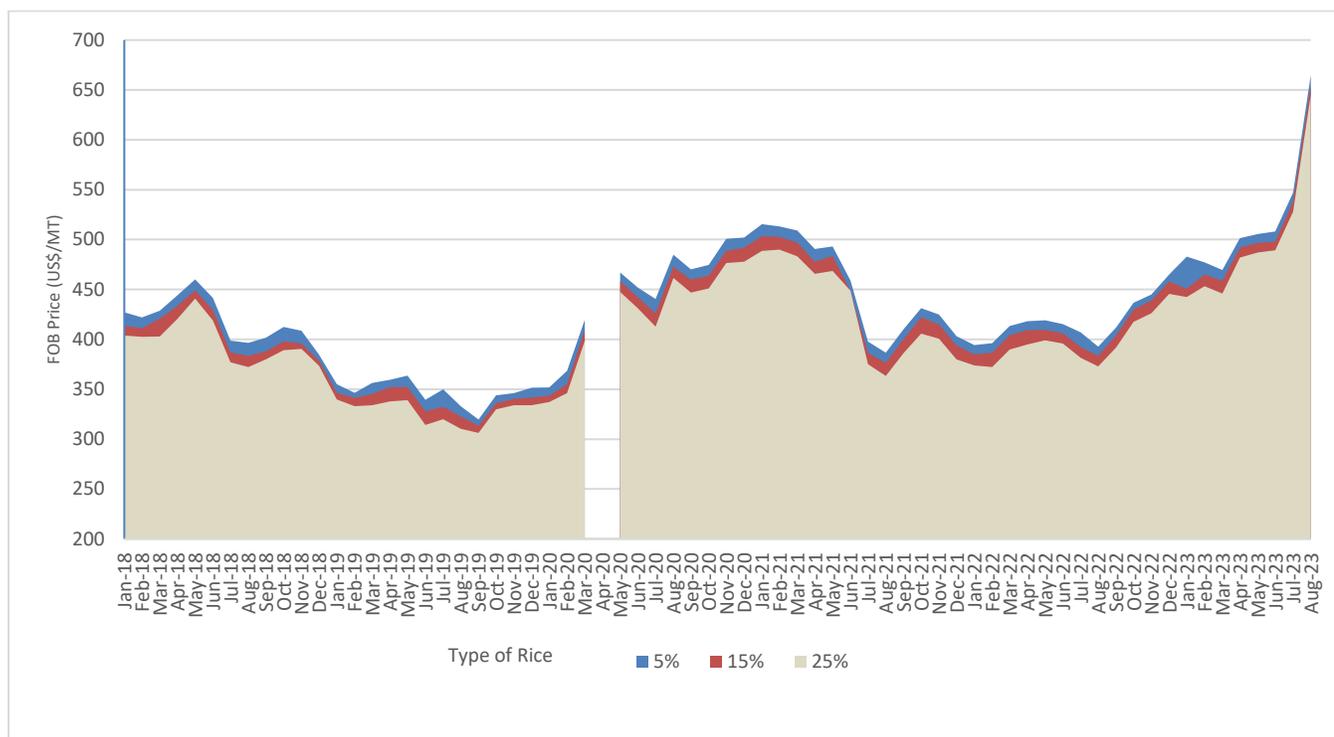
Post retained its MY 2022/23 consumption estimate at 21.2 MMT.

TRADE

Export Prices

Vietnam white rice export prices experienced a constant growth. Prices in August recorded the highest level in the last five years, reaching USD 654 per ton, increased by 20 percent compared to the previous month (Figure 2).

Figure 2: Vietnam White Rice Export Prices



Source: Trade contacts, Agromonitor, Post’s calculations

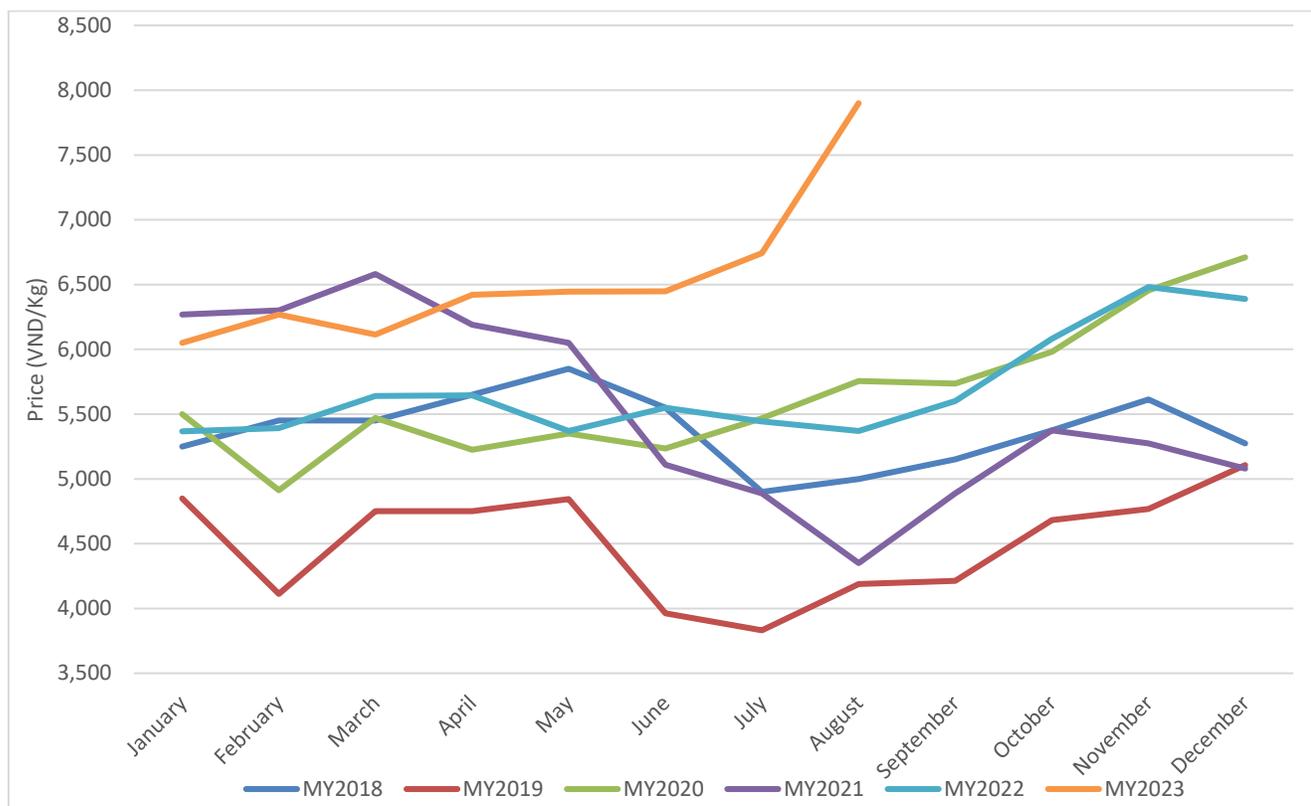
Post note: April 2020 prices were not available due to the Vietnam Government (GVN)’s rice export ban at that time.

For the first eight months of MY 2022/23, the average export prices increased by 30 percent compared to same period of last year. The prices escalated to the highest levels observed in the last 15 years. Several factors have contributed to this price escalation, including robust demand from importing countries for food reserves, concerns surrounding economic and political instability, as well as the potential impact of El Nino weather patterns on production. Furthermore, the sharp price increases witnessed by the end of July and August were bolstered by India’s ban on non-basmati white rice exports which entered into force on July 20, followed by the United Arab Emirates and Russia’s bans just a week later. Despite this price surge, rice exporters reported reduced profits or even incurred losses. This is primarily because the signed export selling prices, which are typically fixed one to three months in advance, lag significantly behind the rising domestic rice prices and the high lending rates.

Domestic Prices

In the first eight months of MY 2023, paddy prices increased by 20 percent over the same period of last year. Paddy prices in August reached their highest level in the last five years, and increased 17 percent compared to previous month due to high demand from export markets while limited supply (Figure 3). Furthermore, the escalation in transportation and production costs, attributed to the rising fuel and electricity prices since May 2023, contributed to the overall increase in paddy prices.

Figure 3: Vietnam White Rice Paddy Prices

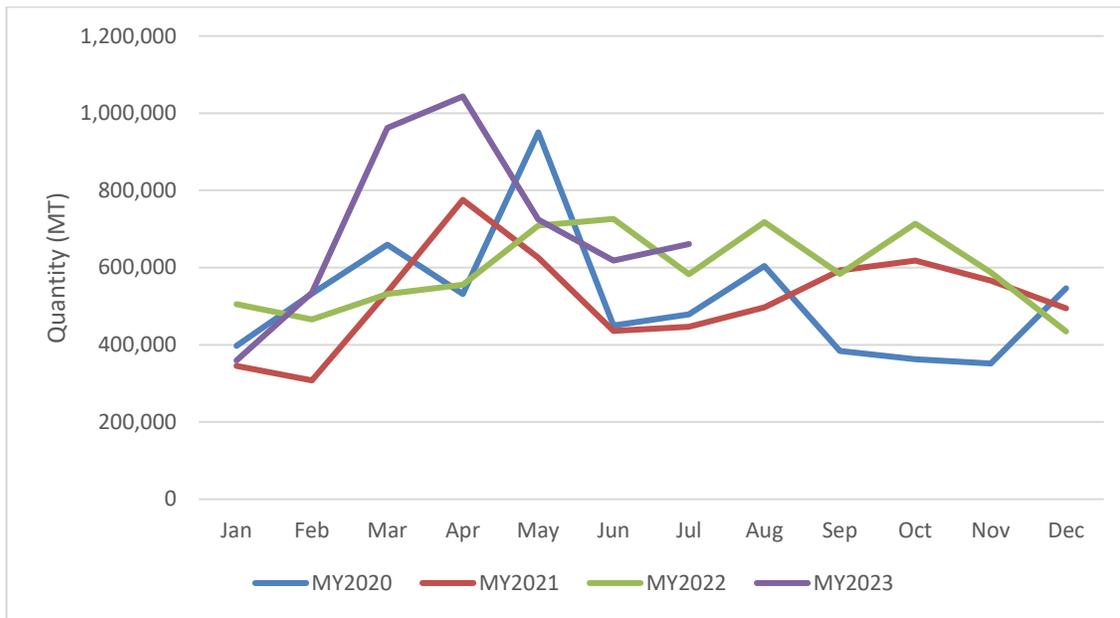


Source: Trade contacts, Agromonitor, Post’s calculation

Exports

According to Vietnam Customs’ data, rice exports for the first seven months of 2023 reached 5 MMT in volume and 2.6 billion in value, an increase of 20 percent and 30 percent respectively over the same period of last year. The export volume increased significantly from March to May due to the strong demand from importing countries(Figure 4).

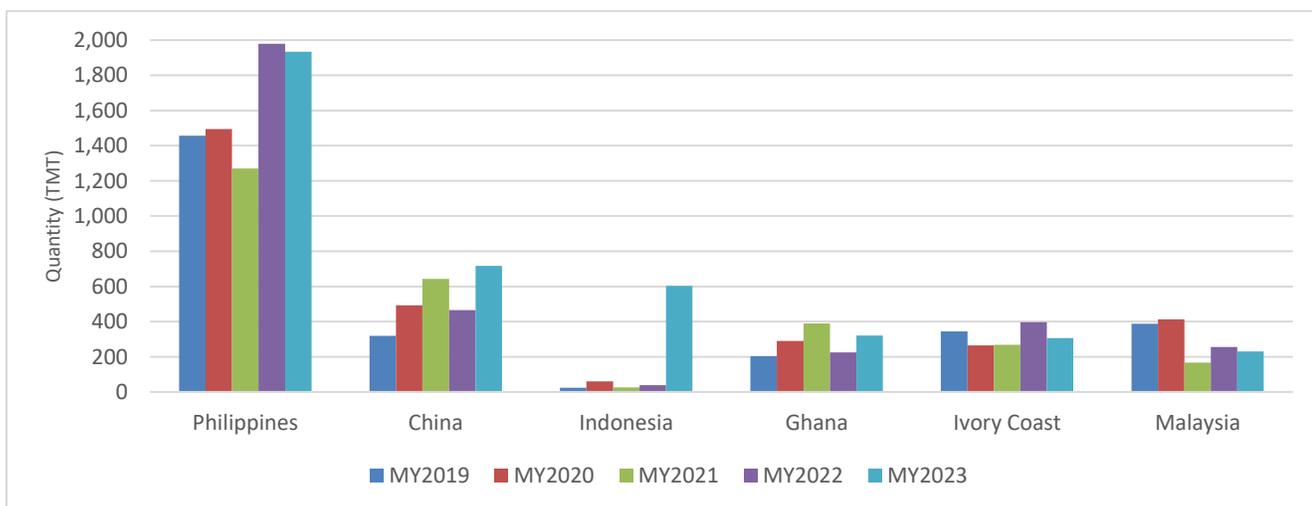
Figure 4: Vietnam Rice Exports Volume



Source: Vietnam Customs

The Philippines, China, and Indonesia are the three key markets for Vietnam rice. The Philippines remained the biggest importer, buying 1.94 MMT, a decrease of 2 percent over the same period in 2022, and accounting for about 40 percent of the total export market share. China ranked second with 717 TMT in export volume, up 54 percent, and accounting for 14 percent. Although ranked third, Indonesia, saw the strongest growth with a volume of 600 TMT, up 16 times over the same period last year, and accounting for 12 percent. Export to the European market faced difficulties due to pesticide residues and substandard rice quality, which are the main reasons limiting the volume of rice exported to this region. The Ivory Coast saw a major decline in its imports, down by 25 percent (Figure 5).

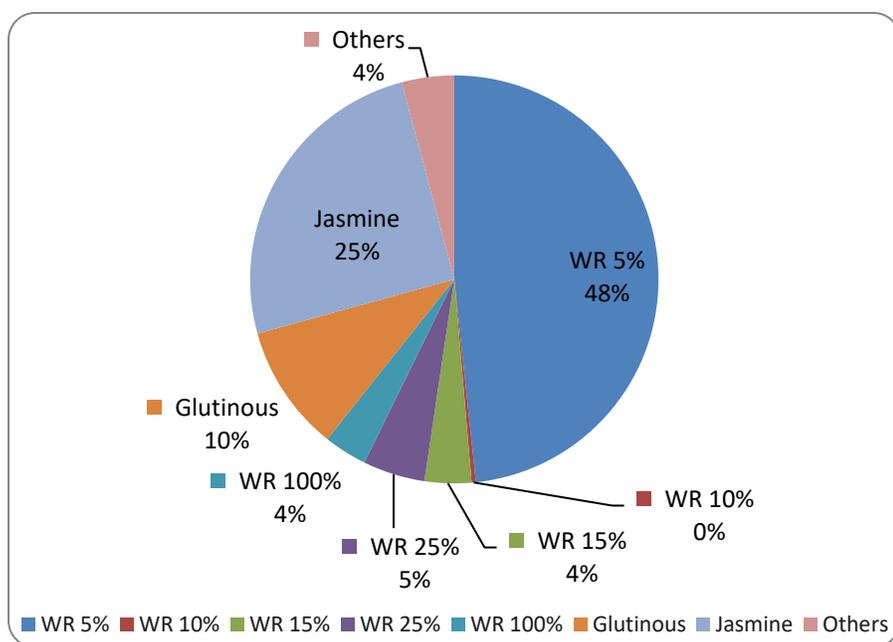
Figure 5: Vietnam Rice Exports to Major Markets



Source: Vietnam Customs

In the first seven months of 2023, white rice exports accounted for 60 percent of the total volume of exports, of which 80 percent consisted of white rice (5% broken), primarily driven by the increasing demand from countries such as the Philippines, Indonesia, and Malaysia. Additionally, jasmine rice exports accounted for 25 percent of the total, with significant demand coming from China, the Philippines, and various African nations. Glutinous rice exports comprised 10 percent of the total exports, with China being the primary destination. However, there exists an imbalance between the supply and export demand of these different rice varieties. While the supply of white rice in the Mekong Delta ranges from 30 to 40 percent, the export demand for white rice stands at a higher level of 60 percent. This disparity has presented challenges for rice exporters when it comes to procurement for export purposes. (Figure 6).

Figure 6: Vietnam Rice Exports by Grade, January-July 2023



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

Note: WR – White rice

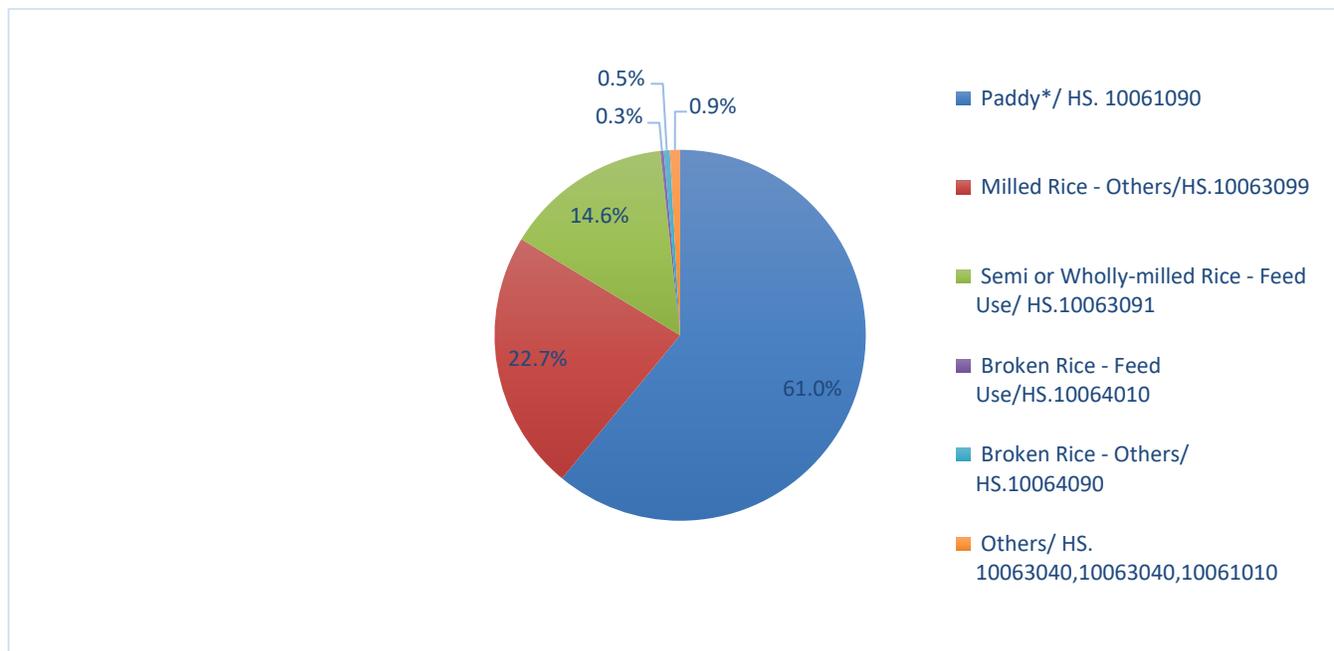
Rice traders continue to expect high export demand for remainder of 2023. India's actions, including the ban on non-basmati white rice exports on July 20 and the imposition of a 20 percent export duty on parboiled non-basmati rice on August 25, along with similar bans on rice exports by the United Arab Emirates and Russia, have heightened concerns about a potential shortage in the global rice supply. Meanwhile, import demand from Philippines, Indonesia and China remains strong due to concerns of El Nino’s and flooding impact on rice production by the end of 2023. The Philippines announced its intention to import an additional 1.1 million metric tons of rice before January 2024.

With strong demand from the global market and export restriction from India, Post revised its Vietnam MY 2022/23 rice export estimate up to 8 MMT based on the current export pace and potential export demands for the remainder of the year.

Imports

In the first seven months of 2023, Vietnam imported 1.3 MMT rice. Vietnam imported about 800 TMT paddy from Cambodia, accounting for 60 percent of total imports. Vietnam imported approximately 500 TMT white rice from India for food and feed use. Notably, 60 percent of this white rice were non-basmati rice while the remainder was parboiled rice. With export restrictions imposed by the Indian government such as the ban on non-basmati white rice exports starting from July 20, and the ban of de-oiled rice bran (DORB) exports on July 28, and the imposition of a 20 percent duty on exports of parboiled rice by August 25, imports from India are anticipated to decrease substantially in the coming months, and importers may explore alternative markets for their rice imports while potentially replacing rice bran with wheat meal for feed purposes (Figure 7).

Figure 7: Vietnam Rice Imports by Types, January-July 2023



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

STOCKS

Post revised MY 2022/23 stocks down to 1.94 MMT due to the surge of export volume.

POLICY

On May 25, 2023, the GVN issued [Decision 583/QĐ-TTg](#) approving a strategy to develop the Vietnam rice export market up to 2030. The strategy focuses on increasing the added value, improving the export value, and reducing the export volume by 2030 to 4 million tons with a turnover of about USD 2.62 billion.

					10,500		1,401		11,908
Cameroon	-	-	-	-	-	-	6,261	-	6,261
South Africa	110	-	-	-	-	24	3,679	1,573	5,386
Reunion	-	-	-	-	-	-	3,069	46	3,116
Benin	272	-	-	-	-	-	1,631	-	1,903
Kenya	770	-	-	-	-	-	82	99	952
Angola	572	-	-	-	-	-	252	-	824
Congo	-	-	-	-	257	-	518	-	775
Nigeria	-	-	-	-	-	-	355	-	355
Burkina Faso	-	-	-	-	-	-	345	-	345
Gambia	-	-	-	-	-	-	184	-	184
Madagascar	-	-	-	-	-	9	165	8	181
Sierra Leone	78	-	-	-	-	-	78	-	156
Guinea	8	-	-	-	-	-	96	7	111
Algeria		-	-	-	25	-	-	-	25
Americas	63,401	300	6,643	1,018	20	442	71,654	33,788	177,266
Others	22,395	300	400	1,018	20	407	71,600	32,497	128,638
Cuba	40,024	-	-	-	-	-	-	19	40,043
Chile	780	-	6,243	-	-	11	13	22	7,069
Brazil	35	-	-	-	-	25	27	935	1,021
Mexico	167	-	-	-	-	-	13	316	496
Oceania	33,871	5,655	-	3,359	732	280	29,562	40,852	114,311
Others	32,324	5,181	-	3,359	449	8	17,415	29,879	88,615
Australia	830	474	-	-	283	249	9,639	6,537	18,012
New Zealand	707	-	-	-	-	14	2,257	2,336	5,314

New Caledonia	11	-	-	-	-	8	251	2,100	2,370
Europe	7,147	3,765	-	350	247	4,549	33,417	31,188	80,663
Others	4,920	3,765	-	250	176	4,334	25,951	25,662	65,058
Poland	446	-	-	100	25	53	3,884	4,277	8,784
Russia	1,305	-	-	-	46	37	2,356	250	3,994
France	476	-	-	-	0	68	1,151	869	2,564
Ukraine	-	-	-	-	-	57	75	131	263
TOTAL	2,413,468	16,873	184,534	245,080	170,916	500,428	1,249,770	207,416	4,988,486

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

Destination	5%	10%	15%	25%	100%	Glutinous	Jasmine	Unknown	Total
Asia	2,060,492	7,153	177,891	238,853	112,706	495,120	637,187	97,859	3,827,261
Africa	248,557	-	-	1,500	57,211	38	477,950	3,728	788,984
Americas	63,401	300	6,643	1,018	20	442	71,654	33,788	177,266
Oceania	33,871	5,655	-	3,359	732	280	29,562	40,852	114,311
Europe	7,147	3,765	-	350	247	4,549	33,417	31,188	80,663
TOTAL	2,413,468	16,873	184,534	245,080	170,916	500,428	1,249,770	207,416	4,988,486

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

Attachments:

No Attachments