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Report Highlights: Vietnam's CY-2003 paddy production is expected to be 31.93 million metric tons - about the same as CY-2002. Due to higher export prices, Vietnam's CY-2002 rice exports increased in value but decreased in volume compared with 2001's level. Post revised Vietnam's 2002 rice export estimate up to 3.23 mmt from previous estimate of 3.1 mmt. Vietnam's 2002 rice trade data; export prices, and a revised PS&D table are also provided.

Includes PSD changes: Yes
Includes Trade Matrix: No
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PRODUCTION

Vietnam's 2002/03 Lua Mua (10th month crop) rice crop

In the North, the Lua Mua crop harvest has been completed. According to statistics of Ministry of Agricultural and Rural Development (MARD), the harvested crop area in the Northern provinces was 1,270 thousand hectare (tha) of which 600 tha was in the Red River Delta (RRD) region. Average crop yields in the North was 4.4 mt/ha. The crop yield was highest (5.3 mt/ha) in RRD and lowest (2.7 mt/ha) in the mountainous North-West region. The Northern Lua Mua crop production was estimated at 5,540 thousand metric ton (tmt).

In Southern provinces, the crop is being harvested now. As of January 15, 2003, about 571 tha of Lua Mua rice was harvested of which 176 tha in the Mekong River Delta (MRD) region. Post estimates the crop planted area in the Southern provinces at 915 tha of which 400 tha was in MRD. The crop yield in some Southern areas (especially in the Southern Coastal region) is running lower than last crop due to dryness and salinity.

Post revises Vietnam's 2002/03 Lua Mua total production to 8,116 tmt (see table 1) from previous estimate of 7,920 tmt due to better crop yields in the North. The Lua Mua crop production in Northern provinces accounts more than 60% of the country's Lua Mua production. Post also revises the crop area down to 2,170 tha because of shrinking area in the MRD where farmers switched some rice land to other economic activities (shrimp, vegetables, sesame, etc.).

Vietnam's 2003 Winter-Spring (W-S) rice crop

In Northern provinces, farmers are preparing rice seedling nurseries for transplanting into the fields after Tet -- the Lunar holidays in early February 2003.

In Southern provinces, the crop (direct sowing) is almost completed. The crop is reportedly growing well.

In some MRD areas, farmers have started to harvest the (very) early W-S crop. The MRD early W-S crop area is very small compared to the main W-S growing area.

Post keeps the previous area and production estimates of the 2003 W-S crop unchanged.

Table 1: Vietnam Rough Rice Areas, Yield and Production (Revised-Jan.2003)

		2001	2002		2003	
Harvested Area (THa)	old	New	Old	New	Old	New
10th Month	2,341	2,341	2,243	2,243	2,200	2,170
Winter-Spring	3,010	3,010	3,004	3,004	3,000	3,000
Summer-Autumn	2,154	2,142	2,092	2,224	2,220	2,220
TOTAL	7,505	7,493	7,339	7,471	7,420	7,390
Yield (MT/Ha)						
10th Month	3.50	3.50	3.58	3.58	3.60	3.74

Winter-Spring	5.00	5.00	5.19	5.19	5.20	5.20
Summer-Autumn	3.65	3.63	3.68	3.71	3.70	3.70
TOTAL	4.14	4.14	4.27	4.27	4.28	4.32
Production (TMT)						
10th Month	8,194	8,194	8,030	8,030	7,920	8,116
Winter-Spring	15,050	15,050	15,591	15,591	15,600	15,600
Summer-Autumn	7,862	7,775	7,699	8,251	8,214	8,214
TOTAL	31,106	31,019	31,319	31,872	31,734	31,930

Post revises the estimate of Vietnam's CY-2003 rice production up to 31,930 tmt due to higher Lua Mua yields (hence production) in Northern provinces (see table 1).

PRICE Exchange rate: VND 15,420 equal to \$1 as of Jan. 27, 2003

Domestic prices

In the North, paddy prices are stable at VND 2,200-2,300/kg. Ordinary (polished, ready to eat) rice is about VND 3,300-3,600/kg. Speciality rice (especially long-grain varieties for Tet) are VND 7,000-8,000/kg.

In the South, there was no major changes in paddy prices as export demand has stayed at a low level. In late January, average MRD paddy prices were between VND 1,700-1,750/kg. The price of export-quality unpolished rice was slightly down by 3% to VND 2,120/kg for 25% broken rice, VND 2,200/kg for 10% br. rice and VND 2,310/kg for 5% br. rice.

Export prices

In January 2003, export (polished rice) prices declined slightly compared with prices quoted in December 2002 due to low export demand. The export price offered for 5% br. rice declined by \$3/mt to \$172/mt. Similarly, price of 25% br. rice was down to \$155/mt from \$159/mt.

Current export prices offered for 5% br. rice and 25% br. rice are \$170-175/mt and \$ 150-159/mt (FOB-HCMC) respectively.

According to local rice analysts, the current low export prices make Vietnam's rice more competitive than Thailand's rice. Vietnam's export prices are below Thai's prices by \$33-35/mt. Any increase in Pakistan's and India's rice prices may also make rice buyers turn to Vietnam's rice markets.

Vietnam's 2002 Rice Export Price Movement

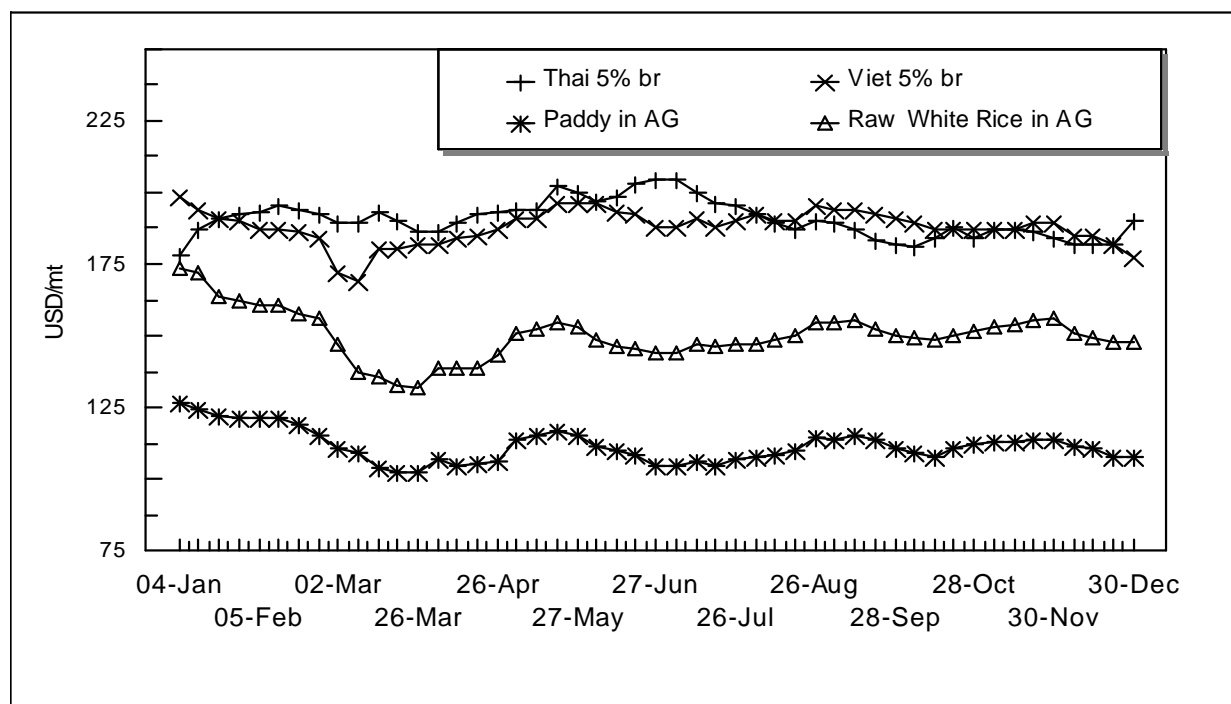
The figure below illustrates 2002's average monthly prices of paddy & unpolished white rice in

An Giang (AG) province (the biggest rice producing and exporting province in MRD) and price comparison between Vietnam's and Thailand's prices for 5% br. rice. The price levels are extracted from the weekly offers by the Vietnam Food Association (Vinafood).

Vietnam's 2002 Rice Export Price Movement

Source: Vietnam Food Association (Vinafood)

TRADE



Vietnam's 2002 Rice Exports

Vietnam's 2002 rice exports were lower in volume but increased in value compared with 2001's level. According to traders, Vietnam exported 3.23 mmt of rice (see table 2) in CY-2002, a decrease of 10% compared with 2001's level (3.56 mmt). Statistical data of Vietnam Food Association shows that rice export value increased by 18% to \$600 million from \$544 million earned in 2001 due to higher export prices. Average rice export prices was about \$186/mt, higher than 2001's average export price by \$30/mt due to a big ratio of rice was exported under Government to Government contracts.

Iraq, Indonesia, the Philippines, Malaysia and Cuba were Vietnam's key rice importers. About 27% and 23% of total rice was exported to Iraq and Indonesia respectively. The Philippines imported 8.5%; Malaysia: 4% and Cuba bought 8.5% of total Vietnam rice exports.

Quality of export rice

About 36.6% and 31.5% of export rice were 5% and 15% broken rice respectively. High quality rice (5%; 10% broken rice) was mainly shipped to Asian and European markets. Iraq was the

biggest importer of 5% br. rice. African and Cuba were major markets for lower quality rice (15% and 25% br.).

For better export returns, Vietnam is keen on improving rice quality and expanding market to high quality rice market including Iran, and Saudi Arabia. In MRD, rice farmers are advised to grow high quality rice varieties.

Post revises Vietnam's 2002 rice export estimate to 3.23 mmt from previous estimate of 3.1 mmt (see PS&D table).

Table 2: Vietnam's CY-2002 Rice Exports by Grades and Destinations (Unit: mt)

Destinations	5%	10%	15%	25%	100%	Glutinous	Jasmine	Unknown	Total
ASIA	1,040,640	41,646	929,302	97,737	5,627	16,739	2,850	50,000	2,184,541
In which: Iraq	857,564	14,236							871,800
Philippines	43,262	9,820	211,246	4,250		940		16,000	285,518
Indonesia	1,100	6,830	679,153	31,600	1,200	6,050		15,000	740,933
Malaysia	112,521	2,200	17,815	10,787		240			143,563
Iran	14,543								14,543
Singapore	1,500	1,450	4,198	3,850	2,377	1,690			15,065
East Timor			8,110			593			8,703
Yemen	5,200								5,200
North Korea			0	5,000					5,000
Japan			4,700	0					4,700
Cambodia				1,500					1,500
Hongkong	1,500								1,500
AFRICA	115,354	7,030	56,855	15,675	109,145				304,059
In which Tanzania			21,020						21,020
Senegal	5,500				16,445				21,945
Ghana	2,004		2,500						4,504
EUROPE	5,990	100,863	31,407				232		138,492
In which: Russia	5,700	91,708	20,440				46		117,894
Ukraine		3,500	7,350						10,850
Poland		5,111	3,157						8,268
AMERICA	25,065			250,562		1,000			276,627
In which: Cuba	25,065			250,562					275,627
AUSTRALIA	110								110
Unknown				160,000	11,500			155,000	326,500
TOTAL	1,187,159	149,539	1,017,564	523,974	126,272	17,739	3,128	205,000	3,230,375

Source: Local Traders

In the first month of 2003, rice trade is mostly quiet due to the year-end long holidays. The export market will pick-up when the harvest of the W-S crop is at the peak (March-April) .

In 2003, Vietnam plans to export 3.5 mmt with a value of \$800 million. To reach those targets, Vietnam aims to focus on rice exports under Governmental agreements. The Ministry of Trade proposed rice exports under governmental contracts at 1.5-2.0 mmt.

Post keeps estimate of Vietnam's 2003 rice export at 3.5 mmt (see PS&D table).

Table 3: Vietnam Rice PS&D table

PSD Table						
Country	Vietnam					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Area Harvested	7,339	7,493	7,471	7,471	7,420	7,390
Beginning Stocks	885	978	843	843	1,169	1,169
Milled Production	20,670	20,473	21,036	21,036	20,944	21,074
Rough Production	31,318	31,020	31,872	31,872	31,734	31,930
MILLING RATE (.9999)	6,600	6,600	6,600	6,600	6,600	6,600
TOTAL Imports	40	20	20	20	0	0
Jan-Dec Imports	40	20	20	20	0	0
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	21,595	21,471	21,899	21,899	22,113	22,242
TOTAL Exports	2,800	3,600	3,100	3,230	3,500	3,500
Jan-Dec Exports	2,800	3,600	3,100	3,230	3,500	3,500
TOTAL Dom. Consumption	17,400	17,028	17,500	17,500	17,850	17,850
Ending Stocks	1,395	843	1,299	1,169	763	892
TOTAL DISTRIBUTION	21,595	21,471	21,899	21,899	22,113	22,242