



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Required Report - public distribution

Date: 1/29/2001

GAIN Report #VM1001

## **Vietnam**

### **Grain and Feed**

### **January Rice Update**

**2001**

Approved by : **Henry Schmick**  
**U.S. Embassy**

Prepared by : **Truong Minh Dao/Bui Thi Huong**

---

**Report Highlights:** This reports reviews Vietnam's CY-2000 rice export and forecast for 2001. Production, supply and distribution estimates are slightly revised. Policies on 2001 rice export mechanism are also briefly discussed.

---

Includes PSD changes: Yes  
Includes Trade Matrix: No  
Annual Report  
Hanoi [VM1], VM

## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY</b> .....	<a href="#">Page 2 of 8</a>
<b>RICE PRODUCTION</b> .....	<a href="#">Page 2 of 8</a>
VN nearly completing harvest of 2000/01 Luamua crop, the yield slightly improving. ....	<a href="#">Page 2 of 8</a>
The 2000/01's Winter-Spring ( W-S) rice crop planted under favorable weather. ....	<a href="#">Page 2 of 8</a>
The 2001 Summer -Autumn (S-A) crop is revised under MARD 's target. .	<a href="#">Page 3 of 8</a>
<b>Table 1:</b> vietnam: rough rice areas, yield and Production .....	<a href="#">Page 3 of 8</a>
Actual paddy and rice stock is lower than expected. ....	<a href="#">Page 3 of 8</a>
<b>PRICES</b> .....	<a href="#">Page 4 of 8</a>
Domestic paddy and rice prices are slightly down due to Tet Lunar New Year. ....	<a href="#">Page 4 of 8</a>
<b>Table 2:</b> Price of Paddy (16% Moisture) & Raw White Rice (15% moisture) in MRD. ....	<a href="#">Page 4 of 8</a>
Export price. ....	<a href="#">Page 4 of 8</a>
<b>TRADE</b> .....	<a href="#">Page 4 of 8</a>
Vietnam's 2000 rice export was 3.37 MMT, well below Government target. ....	<a href="#">Page 4 of 8</a>
Quality of Vietnam 's 2000 rice exports .....	<a href="#">Page 4 of 8</a>
<b>Table 3:</b> ESTIMATED VIETNAM RICE EXPORTS IN NOV 2000 .....	<a href="#">Page 5 of 8</a>
<b>Table 4:</b> ESTIMATED VIETNAM RICE EXPORTS IN DEC 2000 .....	<a href="#">Page 5 of 8</a>
<b>Table 5:</b> VIETNAM's 2000 RICE EXPORT BY DESTINATION & GRADES .....	<a href="#">Page 6 of 8</a>
Low rice exports in the first quarter of 2001 .....	<a href="#">Page 7 of 8</a>
Vietnam export campaign 2001 set at 4.0MMT. ....	<a href="#">Page 7 of 8</a>
<b>Table 6:</b> VIETNAM RICE PS&D (REVISED) .....	<a href="#">Page 7 of 8</a>
<b>POLICY</b> .....	<a href="#">Page 8 of 8</a>
The floor price for paddy will be setting up again? .....	<a href="#">Page 8 of 8</a>
Rice growing area possibly to be reduced. ....	<a href="#">Page 8 of 8</a>
Vietnam sets agricultural development goals for 2001. ....	<a href="#">Page 8 of 8</a>
Vietnam Rice Export Mechanism for 2001 unclear . ....	<a href="#">Page 8 of 8</a>

## EXECUTIVE SUMMARY

Despite severe floods in the Mekong River Delta (MRD), Vietnam's rice production in 2000 increased by 3.1% compared with 1999's level due to expanded areas and crop yield of 2000's Winter-Spring (W-S) rice and Lua Mua crops.

Vietnam's 2000 rice exports reached 3.37 million metric tons (MMT), far below the target of 4.3 MMT set by the Government due to lower demand from key rice importing countries like Indonesia and Malaysia. Competitive prices from low cost suppliers, like China and Pakistan, have also put pressure on the market for Vietnam's rice. Low exports will cause a big carry over stock in 2001. The Government of Vietnam (GVN) is seriously looking at plans to maximize the effectiveness of rice production. Further reform in 2001 will provide the private sector with a greater role in rice exporting.

## RICE PRODUCTION

### **VN nearly completing harvest of 2000/01 Lua Mua crop, the yield slightly improving.**

In the North of Vietnam: According Ministry of Agriculture and Rural Development (MARD) statistics, by the end of Nov. 2000, farmers in the North completed the harvest of 2000/01's Lua Mua crop on an areas of 1,278 thousand hectares (Tha). The estimated crop yield is about 4 MT/ha.

In the South, the total 2000/01's Lua Mua planted was about 981 Tha of which 478 Tha in MRD. As of Jan. 10, 2001, over 900 Tha of the Lua Mua has been harvested. Our recent trip to MRD showed that the crop is in good condition owing to a low incidence of pests and diseases. MARD estimates the average crop yield in the Southern region is 2.85 MT/ha.

Post revises Lua Mua area up to 2,259 Tha from previous estimation of 2,255 Tha due to an increase in MRD. The production revised up to 7.9 MMT at the projected average crop yield of 3.5 MT/ha (see Table 1).

### **The 2000/01's Winter-Spring ( W-S) rice crop planted under favorable weather.**

In the North: By early Jan. 2001, farmers in the North (mainly in the North Coastal province) transplanted about 65 Tha of W-S rice.

In the South: According to MARD, sowing of the 00/01 W-S rice crop has been well ahead of the normal schedule. Current planted area is about 1,530 THA, faster than the same period of last year by 16% mainly due to quicker planting implementation in MRD.

By Jan. 10, 2001, farmers in MRD has planted 1,315 Tha of W-S rice, an increase of 18% from the same period of 2000. The target for this region, Vietnam's biggest rice bowl, is set at 8 MMT on 1,560 Tha, a small increase of 1% compared with 2000's crop. This could be considered as a success story of MRD's farmers as they have just finish coping with severe floods.

Post's projection for this W-S crop remains unchanged.

**The 2001 Summer -Autumn (S-A) crop is revised under MARD's target.**

According to the MARD's proposal for rice production in 2001, smaller 2001 S-A crop is targeted as some coastal areas of late S-A rice crop will be used for more economic farming activities like shrimp raising.

Post revises the area for S-A crop down to 2,265 Tha, the same level of last year crop (see table 1).

**Table 1:Vietnam: Rough Rice Areas, Yield and Production (Revised)**

	97/98	CY-1999	CY-2000		CY-2001	
Harvested Area (Tha)			Old	New	Old	New
10th Month/Lua Mua	2,542	2,387	2,394	2,394	2,225	2,259
Winter-Spring	2,717	2,888	3,001	3,001	3,040	3,040
Summer-Autumn	2,118	2,300	2,220	2,265	2,300	2,265
TOTAL	7,377	7,575	7,615	7,660	7,565	7,564
Yield (MT/Ha)						
10th Month/Lua Mua	3.06	3.28	3.46	3.46	3.50	3.50
Winter-Spring	5.01	4.86	4.96	4.96	4.96	4.96
Summer-Autumn	3.56	3.74	3.65	3.65	3.70	3.70
TOTAL	3.92	4.02	4.11	4.10	4.15	4.15
Production (TMT)						
10th Month/Lua Mua	7,779	7,829	8,283	8,283	7,788	7,906
Winter-Spring	13,612	14,036	14,885	14,885	15,078	15,078
Summer-Autumn	7,540	8,602	8,103	8,267	8,510	8,380
TOTAL	28,931	30,467	31,271	31,435	31,376	31,365

Source: MARD & FAS/VIETNAM

**Actual paddy and rice stock in 2000 was lower than expected.**

In our recent trip to MRD, we found that rice supply available for export is not as big as reported. Rice processors and exporters claimed that it was not easy for them to purchase paddy and rice after MRD flooded. They approximated the buffer stocks at low level of 200 TMT. We understood that holding stock from farmers is a "phenomenon" for the year 2000 but that stock is not as big as MARD's estimation of 1 MMT. Moreover, the development of catfish raising and livestock husbandry consumed more rice products like rice bran, rice broken etc. Cheaper cost of rice encouraged farmers in utilizing more rice for their home - mixed feed. Therefore, Post revises the total domestic consumption to 16,617 TMT in 2000 from the previous number of 16,459 TMT. Consequently, the rice ending stock carried to 2001 is revised to 780 TMT from the previous number of 958 TMT (see PS&D table).

**PRICES (Exchange Rate USED 1=VND14,520)**

**Domestic paddy and rice prices are slightly down due to Tet Lunar New Year.**

To celebrate the Tet Lunar New Year (Jan 22-27), farmers need more money so they have to release some of their holding stocks to the market. As a result of better supply, prices of paddy and raw white rice in the MRD were soften slightly i.e. VND1,350-1,450/kg and VND 2,000-2,100/kg, respectively (see Table 2).

**Table 2: Price of Paddy (16% Moisture) & Raw White Rice (15% moisture) in MRD.  
Dated Jan 22, 2001**

Provinces	Paddy price (VND/kg)	Raw material white rice (VND/kg)
Canto /Ingoing	1,350- 1,400	1,950 - 2,060
Tinging	1,350- 1,450	1,970 - 2,070
Vinhlong	1,350- 1,450	1,950 - 2,070
Dongthap	1,350- 1,450	1,980 - 2,070
Longan	1,400- 1,450	2,000 - 2,080
Travinh	1,300- 1,350	1,960 - 2,050
Soctrang	1,350- 1,400	1,960 - 2,050
Kien Giang	1,350- 1,400	1,980 - 2,070
Baclieu / Camau	1,350- 1,400	2,000 - 2,050
Bentre	1,450- 1,500	2,050 - 2,100

Source: Trade

**Export price.**

Offers for Vietnam long grain white rice 5%; 10% and 25% broken are at \$166, \$161 and \$147, respectively (US\$/MT, FOB, HCMC basis), about US \$2-3/MT lower than prices of the last two weeks. Lack of import demand also makes prices down.

Unless increase in export sales are registered soon, prices will slump further as the W-S crop harvest in March fast approaches.

**TRADE****Vietnam's 2000 rice export was 3.37 MMT, well below Government target.**

According to Ministry of Trade, Vietnam's 2000 rice exports reached only 3.37 MMT, down 26% from 4.55 MMT of 1999. The main destinations for Vietnamese rice were still Asian and African countries. Iraq was the leading importer of Vietnam rice with a total of 685 TMT. The Philippines emerged to be the second biggest buyer taking 606 TMT. Vietnam rice exported to Indonesia in 2000 was only 50% of 1999's level. Tables 3, 4 & 5 present Vietnam's 2000 rice exports in November; December and for the whole year 2000 by grades and destinations.

**Quality of Vietnam's 2000 rice exports.**

Forty two percent of Vietnam's rice exports was classified on the high grades (2%; 5% and 10% broken rice) while the rice exports on medium (15% broken rice) and low (25%, 35% and 100% broken rice) grades accounting 28 % of each respectively.

**Table 3: ESTIMATED VIETNAM RICE EXPORTS IN NOV 2000**

Unit: MT

By destination	5%	10%	15%	25%	35%	100% br.	Gluti.	Parboiled	Unknown	Total
Iraq		66,280								66,280
Indonesia	5,300	3,200	24,600	4,600		250			2,500	40,450
Malaysia	26,780		1,500	5,010						33,290
Cuba				25,000						25,000
Africa	4,015				11,030					15,045
Philippines	1,200		7,500	2,500					2,000	13,200
Singapore	3,200	4,000	1,500			250				8,950
Russia	3,800	2,600								6,400
Yemen			5,015							5,015
New Guinea	110		500	1,250						1,860
Palau	1,000			500						1,500
Ukraine	650									650
Australia	21									21
Unknown	370			1,500					29,500	31,370
<b>Total</b>	<b>46,446</b>	<b>76,080</b>	<b>40,615</b>	<b>40,360</b>	<b>11,030</b>	<b>500</b>	<b>0</b>	<b>0</b>	<b>34,000</b>	<b>249,031</b>

Source: Trade

**Table 4: ESTIMATED VIETNAM RICE EXPORTS IN DEC 2000**

Unit: MT

By destination	5%	10%	15%	25%	35%	100% br.	Gluti.	Parboiled	Unknown	Total
Iraq	25,920	98,890								124,810
Philippines	9,850		14,440	4,650						28,940
Cuba				27,070						27,070
Indonesia	2,150	1,500	9,315	3,350		250				16,565
Africa	5,000		10,535							15,535
Malaysia	6,900			1,700						8,600
Singapore	3,000			1,200		250				4,450
Russia	2,000	1,200	500							3,700
Palau	250		1,500							1,750
Ukraine	1,000									1,000
Australia	21									21
Cambodia				4,000						4,000
EU	2,500									2,500
Unknown	4,000			3,500					15,000	22,500
<b>Total</b>	<b>62,591</b>	<b>101,590</b>	<b>36,290</b>	<b>45,470</b>	<b>0</b>	<b>500</b>	<b>0</b>	<b>0</b>	<b>15,000</b>	<b>261,441</b>

Source: Trade

**Table 5: VIETNAM's 2000 RICE EXPORT BY DESTINATION & GRADES**

Unit: MT

	5%	10%	15%	25%	35%	55%	100% br.	Parboiled	Gluti.	Unknown	Total
<b>ASIA</b>	<b>267,329</b>	<b>748,696</b>	<b>554,618</b>	<b>448,969</b>	<b>1,500</b>	<b>11,527</b>	<b>13,636</b>	<b>595</b>	<b>18,899</b>	<b>19,420</b>	<b>2,085,189</b>
of which: Iraq	25,920	659,488									685,408
Philippines	36,212	4,620	283,017	277,496			3,200			2,000	606,545
Indonesia	42,496	53,103	179,675	115,847		11,527	850		12,616	14,000	430,114
Malaysia	121,423	19,464	25,729	24,196	700				140		191,652
Singapore	11,306	8,009	22,482	4,700			8,336		5,943	220	60,996
Bangladesh	8,621		24,540	10,300							43,461
Palau	5,250		5,950	7,100	800		1,500				20,600
Yemen	5,500		5,015					550			11,065
Nepal		4,012	4,010								8,022
Cambodia			2,000	6,000							8,000
Japan	5,010										5,010
Hongkong	2,166			1,600							3,766
Marianas	1,100		1,000						200		2,300
<b>AFRICA</b>	<b>229,137</b>	<b>33,723</b>	<b>223,075</b>	<b>155,861</b>	<b>11,630</b>		<b>192,327</b>	<b>4,959</b>			<b>850,712</b>
In which: West Africa				900			38,593				38,593
Tanzania			28,342								28,342
Senegal				1,002			17,981				18,983
Algeria	31,964										31,964
Syria	12,756										12,756
Gabon	6,850										6,850
Angola	6,018										6,018
Ghana			5,015								5,015
<b>E.U.</b>	<b>58,169</b>	<b>33,106</b>	<b>31,266</b>	<b>2,500</b>			<b>250</b>	<b>150</b>		<b>20,930</b>	<b>146,371</b>
of which: Poland	23,879	23,768	27,350	2,500			250	150			77,897
Russia	18,115	5,800	2,000								25,915
Slovenia		3,007									3,007
Ukraine	11,733	131	1,436								13,300
Holland	322	110									432
<b>AMERICA</b>	<b>3,500</b>	<b>31,014</b>	<b>25,000</b>	<b>113,274</b>							<b>172,788</b>
of which: Cuba	3,500	25,000	25,000	113,274							166,774
Hawaii		6,014									6,014
<b>AUSTRALIA</b>	<b>466</b>									<b>1,100</b>	<b>1,566</b>
<b>Unknown</b>	<b>8,170</b>			<b>5,000</b>						<b>99,734</b>	<b>112,904</b>

TOTAL	566,771	846,539	833,959	725,604	13,130	11,527	206,213	5,704	18,899	141,184	3,369,530	

Source: Trade

### ***Low rice exports in the first quarter of 2001.***

In general, rice trade remains slow. The market for Vietnam rice continues to be quiet in the first quarter (Q1) of 2001 due to absence of major buyers. Low import demand from major importers i.e Indonesia, Philippines and African Countries has not supported export sales in the Q1 of 2001. Outstanding sales are only 220 TMT, mainly to Iraq and Cuba under Government to Government deals.

However, the pace of rice export in January 2001 is improving with estimated export volume of 150 TMT, a rise of 76% compared with the amount shipped on the same period of 2000 as a result of strong shipping to Iraq and Cuba.

### ***Vietnam export campaign 2001 set at 4.0MMT.***

The Post keeps our previous forecast for Vietnam rice export in 2001 at 4 MMT (see Table 6).

**Table 6: VIETNAM RICE PS&D (REVISED)**

PSD Table						
Country	Vietnam					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Harvested	7,575	7,575	7,660	7,660	7,565	7,564
Beginning Stocks	0	0	0	0	958	780
Milled Production	20,108	20,108	20,747	20,747	20,708	20,701
Rough Production	30,467	30,467	31,435	31,435	31,376	31,365
MILLING RATE (.9999)	6,600	6,600	6,600	6,600	6,600	6,600
TOTAL Imports	60	60	20	20	0	0
Jan-Dec Imports	60	60	20	20	0	0
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	20,168	20,168	20,767	20,767	21,666	21,481
TOTAL Exports	4,555	4,555	3,350	3,370	4,000	4,000
Jan-Dec Exports	4,555	4,555	3,350	3,370	4,000	4,000
TOTAL Dom. Consumption	15,613	15,613	16,459	16,617	16,900	16,900
Ending Stocks	0	0	958	780	766	581
TOTAL DISTRIBUTION	20,168	20,168	20,767	20,767	21,666	21,481

## **POLICY**



***The floor price for paddy will be set- up again?***

To protect rice farmers, MARD's authorities in MRD are submitting to the GVN a proposal to set up again the floor price for 2001's paddy. The floor price of paddy is proposed at VND 1,500/kg (that was VND 1,650/kg in 1999).

***Rice growing areas possibly to be reduced.***

According to the MARD's master plan for rice production (based on the Decree No. 9 of the Government), about 100 Tha of paddy land will be shifted to fish and shrimp farming. Fruit and other crops will replace paddy in some areas either near cities or under unfavorable irrigation system. The areas of the S-A will be reduced by about 200 Tha. Improving crop yield will be given priority for increasing paddy output.

***Vietnam sets agricultural development goals for 2001.***

- S** Agricultural growth rate: above 4%.
- S** National output of food production: paddy production is set at 31.0- 31.5 MMT.
- S** Agricultural export value: \$3.4 Billion (in which rice exports is set at 4.0 MMT.)
- S** Forest plantation: plant an additional 200 Tha, improve forests on another 525 Tha
- S** Budget spending of VND 1,444 Billion on irrigation systems, and VND 170 Billion on research of new plant varieties (US \$1.00=VND 14,050, as of March 3, 2000, when budget was prepared).

***Vietnam Rice Export Mechanism for 2001 still unclear .***

The rice export mechanism of 2000 is extended to the end of March 2001 and new mechanism for 2001 probably will be applied in April. In principle, export management mechanism for rice will likely be more liberalized in 2001 and the private sector will probably g