



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 3/03/2000

GAIN Report #VM0001

## **Vietnam**

## **Grain and Feed**

## **March Rice Update**

## **2000**

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**Report Highlights:** This report offers several updated tables of calendar 1999 export trade by destination and quality, as well as tables on production, by crop, for 1999/00 crop year. A review of 2000 trade prospects is also presented. Minor revisions are recommended in the PS&D.

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

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## EXECUTIVE SUMMARY

After a phenomenal record-setting export campaign in 1999, VN faces lackluster export performance in the first quarter of 2000, far below its goal of 1.0 million metric tons (MMT). Although prospects for ample production and export availability are again solid this year, demand for VN rice is not as robust, as production in key markets such as Indonesia and the Philippines has recovered. Low offer prices from China and Pakistan have also added to the gloom in Mekong Delta (MRD) markets. VN will be hard-pressed to reach its export target of 4.3MMT for campaign 2000, and without unexpected increases in demand, will likely hit 4.0MMT. VN's trade regime for 2000 offers exporters the opportunity to plan ahead, as the entire quota for the whole year was announced for the first time. Further reform in 2001 will provide greater scope for private participation in rice exporting.

## RICE PRODUCTION

**VN completes harvest of 1999/00 LuaMua crop.** By early February, 2000, farmers in MRD had completed harvest of the 99/00 LuaMua crop. Official statistical data for the 99/00 LuaMua crop for the whole country are not available. However, agronomists note that production increases in the North resulting from expansion of planted area and increased yields not only offset the reduction of paddy production in the South, but also led to an increase in total LuaMua paddy production of more than five percent compared with the previous crop. In MRD, LuaMua growing areas continued to drop from 597THa to 580Ha, leading to a decline in outturn of about three percent (see Table 1).

**Table 1: Vietnam LuaMua Crop Production By Regions (98/99 & 99/00 crops)**

	Areas (THa)		Yield (MT/Ha)		Prod. (TMT)	
	98/99	99/00	98/99	99/00	98/99	99/00
North Viet Nam	1,253	1,279	3.76	4.08	4,715	5,220
North mountain	514	530	3.59	3.41	1,844	1,808
RRD	528	529	4.40	5.60	2,322	2,781
North central coast	211	219	2.60	2.88	549	632
South Viet Nam	1,134	1,115	2.75	2.75	3,122	3,073
South central coast	196	199	2.70	2.70	530	538
Central highland	124	121	2.50	2.60	310	314
North East south	217	216	2.48	2.50	539	539
MRD	597	580	2.92	2.90	1,743	1,682
TOTAL VIETNAM	2,387	2,394	3.28	3.46	7,837	8,293

Source: MARD & FAS/VN

### ***Sowing of 00's W-S rice delayed due to cold weather in the North and slow drainage of flood waters in the South***

**South:** According to MARD experts, sowing of the 99/00 W-S rice crop was behind the usual agricultural schedule by at least two weeks due to slow drainage of flood waters in the MRD. By early February, farmers in the MRD had already sown a 99/00 W-S crop area of about 1,515THa, a rise of 4 percent compared with the previous crop. Due to the delay in sowing, harvest of the W-S crop at the start of March covered about 400THa in the region.

**North:** Persistent cold weather in Dec. and Jan. burned some early-seeded areas (about 2THa/90THa). However, farmers have responded to the challenge and switched to late season W-S rice varieties on about 70 percent of area planted. Weather through the start of March has been favorable for transplanting W-S rice throughout the North. By end of Feb., farmers in the North Central provinces had already completed transplanting W-S rice, while farmers in RRD and North mountain provinces had completed about 75 percent of the total planned W-S area. Both area and production in North Mountain provinces and RRD will likely achieve the same level as the previous crop. In the North Central provinces, both area and yield will be lower than the previous crop due to the impact of the torrential flooding in Thua Thien Hue and Quang Tri provinces.

**North Central provinces:** This area was heavily damaged by the 100-year flood of Nov. 1999. Farmers in the Central provinces of Thua Thien Hue, Quang Nam, Da Nang, Quang Ngai, Binh Dinh and Phu Yen faced continued flooding in the new year, causing enormous losses for the populace. Flooding damaged some newly transplanted W-S rice in these provinces. According to official estimates, about 1.6TMT of rice seed and some newly transplanted W-S rice areas were swept away, and, more worrisome, irrigation systems in the region were heavily damaged. Thus, not only the coming W-S rice crop but also the following Summer-Autumn (S-A) crop in this region will be affected by the recent flood.

**The Bottom Line on W-S 2000:** Table 2, below, provides an overview of projected W-S production, and shows that anticipated higher outturn in the MRD will offset reductions in the other regions. Therefore, VN will probably harvest a W-S rice crop as good as the previous crop.

**Table 2: Vietnam Winter-Spring Rice Production by Regions (1999 & 2000, forecast)**

	Harvested Area (THa)		Yield (MT/Ha)		Production (TMT)	
	98/99	99/00est.	98/99	99/00est.	98/99	99/00for.
North Viet Nam	1,117	1,098	4.70	4.68	5,236	5,134
North mountain	283	283	3.53	3.50	999	990
RRD	515	515	5.60	5.60	2,884	2,884
North central coast	319	300	4.24	4.20	1,353	1,260
South Viet Nam	1,771	1,827	4.85	4.85	8,588	8,855
South central coast	193	190	4.30	3.90	830	741
Central highland	43	40	4.16	4.00	179	160
North East south	84	82	3.86	3.70	324	303
MRD	1,451	1,515	5.00	5.05	7,255	7,651

TOTAL VIETNAM	2,888	2,925	4.79	4.78	13,824	13,989
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Source: MARD & FAS/VN

**Despite weather-related delays, total VN production in 1999/00 will reach last year's record:** The S-A rice area in the MRD is forecast slightly lower than the previous crop by about 30THa due to delays in the W-S rice crop. Similarly, S-A rice area and yields in South Central provinces will be lower than the previous crop because of the delayed W-S crop. Table 3, below, presents our FAS/VN revised forecast of VN rice production for the entire 1999/00 crop year. Total VN rice production will be likely reach the same level of the 1998/99 crop. Therefore, we are adjusting VN harvested area upward to 7,600THa, with total paddy production at 30.5MMT (see PS & D Table).

**Table 3: Vietnam: Rough Rice Areas, Yield and Production (Revised)**

	96/97	97/98		98/99		99/00
Harvested Area (THa)		OLD	New	OLD	New	Forecast
10th Month	2,558	2,542	2,542	2,387	2,387	2,394
Winter-Spring	2,682	2,744	2,717	2,888	2,888	2,925
Summer-Autumn	1,800	2,118	2,118	2,261	2,300	2,270
TOTAL	7,040	7,404	7,377	7,536	7,575	7,589
Yield (MT/Ha)						
10th Month	3.00	3.06	3.06	3.28	3.28	3.46
Winter-Spring	4.96	4.98	5.01	4.86	4.86	4.78
Summer-Autumn	3.50	3.49	3.56	3.71	3.74	3.65
TOTAL	3.82	3.89	3.92	4.01	4.02	4.03
Production (TMT)						
10th Month	7,674	7,779	7,779	7,829	7,829	8,283
Winter-Spring	13,303	13,665	13,612	14,036	14,036	13,982
Summer-Autumn	6,300	7,392	7,540	8,388	8,602	8,286
TOTAL	27,277	28,835	28,931	30,253	30,467	30,550

Source: MARD & FAS/VN

## PRICES

**Central region flooding sends prices higher, but slow export shipments through February weighs them down again.** After severe flooding in the Central provinces rice prices soared, lending strength in markets both in the north and in the south. However, by early Feb., paddy prices in northern provinces had stabilized at VND1,850-1,900/kg, in large part due to lifting adequate stocks from the MRD to the affected central provinces.

**At the start of March, domestic paddy and rice prices are steady but signals of a slump are inevitable.** Following the Tet Lunar New Year (Feb. 4-9), prices of paddy and rice in the MRD were steady at VND1,700-1,800/kg and VND 2450 - 2,500/kg, as farmers began harvesting the W-S crop (see Table 4). Mid-February offers for VN long grain white

rice 5% ; 10% and 25% broken are at \$200, \$195 and \$178, respectively (US\$/MT, FOB, HCMC basis), about US\$10-12/MT lower than prices before Tet. Prices have sagged because of abundant exportable supplies and a lack of import demand from markets. Unless increased export sales are registered soon, prices will sag further as the peak of the W-S harvest in March fast approaches. Indeed, early March export prices for Viet rice have dropped to \$190-192/MT for 5% broken rice, and \$166-170/MT for 25% broken rice.

**The pricing situation could become worse when the W-S crop harvest reaches its peak of 500-600THa in mid-March to mid-April.** This harvested area implies an additional 2,525TMT-3,030TMT of paddy). If export prices from competitors such as China and Pakistan remain low, i.e., at the level that won the Feb 2000 BULOG tender (about US\$195-\$196/MT, C&F basis for 15% broken), then VN rice export prices will slump dramatically in order to remain competitive. This is equivalent to paddy prices of about VND 1,500 /kg, a level much lower than the recommended floor price of VND1,650/kg. Farmers would clearly suffer from this situation. Contingencies are being discussed by the government.

**Table 4: February Price of Paddy (16% Moisture) & Raw White Rice (15% moisture) in MRD**

Provinces	Paddy price (VND/kg)	Raw material white rice (VND/kg)
Cantho/Angiang	1,700- 1,800	2,500 - 2,600
Tiengiang	1,700 - 1,800	2,500 - 2,600
Vinhlong	1,750- 1,850	2,500 - 2,550
Dongthap	1,700 - 1,750	2,450- 2,550
Longan	1,700 - 1,800	2,500 - 2,550
Travinh	1,700 - 1,750	2,450 - 2,550
Soctrang	1,700 - 1,750	2,450 - 2,550
Kien Giang	1,700 - 1,800	2,450 - 2,550
Baclieu / Camau	1,650 - 1,750	2,400 - 2,500
Bentre	1,750 - 1,900	2,600 - 2,700

Source: Trade

## TRADE

**VN sets another record for rice exports in 1999.** VN exported more than 4.5MMT of rice in 1999, about 0.6MMT over the target set by the GVN (3.9MMT) at the start of the year. The main destinations for VN rice are Asian and African countries. Indonesia was the leading importer of VN rice, with a total of 1.5MMT. The Philippines, Iraq, and African countries are other major markets for VN rice. Tables 5, 6 & 7 present Vietnam's 1999 rice exports by grades and destinations. VN's export of quality rice (i.e., =>15% broken) as percentage of total shipments fell slightly to 55 percent, as most deliveries to high-volume Indonesia were of 25% broken.

**Table 5 : VIETNAM 1999 MONTHLY RICE EXPORT BY GRADES**

Units: TMT

MONTH	2%	5%	10%	15%	25%	35%	100%	Parboiled	Unknown	Total
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JAN	0	23	44	119	25	0	0	0	3	215
FEB	0	20	56	152	2	0	12	0	18	259
MAR	9	72	95	150	22	0	25	0	28	401
APR	0	62	75	119	92	0	61	0	23	432
MAY	0	30	56	50	220	0	45	0	83	484
JUN	4	44	52	41	182	4	12	0	85	425
JUL	0	102	54	61	345	2	1	2	0	567
AUG	0	88	79	116	351	6	0	2	0	642
SEP	0	60	36	45	142	0	14	0	33	329
OCT	0	110	14	68	30	0	25	2	13	262
NOV	0	97	83	50	55	0	9	0	0	295
DEC	0	78	58	36	42	0	9	0	22	245
TOTAL	13	786	703	1,006	1,508	12	213	6	308	4,555

Source: Trade

**Table 6: VIETNAM 1999 MONTHLY RICE EXPORT BY DESTINATION***Unit: TMT*

DESTINATION	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC	TOTAL
AMERICA	13	0	0	13	68	35	23	0	44	0	0	0	195
USA	0	0	0	0	0	0	0	0	0	0	0	0	0
Cuba	13	0	0	13	68	35	22	0	44	0	0	0	195
EUROPE	1	6	20	1	8	5	21	19	26	25	28	12	171
Russia	0	0	0	0	0	0	0	1	3	4	0	4	11
Latvia	0	0	0	0	0	0	0	0	14	4	21	0	39
Poland	0	5	0	0	0	0	6	15	4	10	6	8	53
Ukraine	1	0	1	1	8	5	1	4	1	1	0	0	23
Unknown	0	0	19	0	0	0	14	0	4	6	1	1	45
MIDDLE EAST	52	40	99	103	63	27	50	56	21	36	47	47	641
Iran	0	0	0	30	0	0	40	24	2	16	0	0	111
Iraq	44	33	83	73	55	27	11	26	15	0	40	47	453
Syria	0	0	13	0	0	0	0	0	0	0	0	0	13
UAE	0	0	0	0	0	0	0	1	2	0	0	0	3
Yemen	7	7	3	0	8	0	0	5	3	21	8	0	62
AFRICA	23	65	102	146	173	153	78	78	78	118	102	49	1164

Algeria	0	0	0	9	0	7	0	7	0	0	12	0	35
Angola	0	0	0	0	0	0	3	8	0	16	0	0	27
Gabon	0	0	5	0	0	0	0	0	0	0	0	0	5
Ghana	0	0	13	0	0	7	0	5	4	0	0	0	29
Nigeria	0	0	0	0	0	0	0	0	0	0	0	0	0
Mauritius	0	0	0	0	3	3	0	0	0	0	0	0	7
Mozambique	0	0	0	0	0	0	0	13	0	0	13	0	25
Tanzania	9	13	0	13	11	0	5	17	0	25	14	23	130
West Africa	6	33	76	52	113	61	0	0	45	28	37	0	451
Unknown	8	20	9	73	45	74	69	28	29	49	26	26	456
<b>ASIA</b>	<b>125</b>	<b>131</b>	<b>163</b>	<b>160</b>	<b>142</b>	<b>175</b>	<b>377</b>	<b>489</b>	<b>137</b>	<b>67</b>	<b>118</b>	<b>115</b>	<b>2200</b>
Bangladesh	0	0	0	18	5	0	0	0	0	0	0	0	23
Indonesia	9	0	6	33	94	123	343	437	92	45	103	95	1379
Japan	0	5	0	0	0	0	0	0	0	0	5	5	15
Hongkong	0	0	0	4	0	5	10	8	7	0	0	0	34
Malaysia	20	0	21	19	11	6	3	2	26	18	5	10	142
Papua New Guinea	0	0	0	0	3	4	3	0	0	0	0	0	10
Philippines	95	126	130	84	29	24	7	5	0	0	2	0	502
Singapore	1	0	6	2	0	13	10	37	2	4	4	5	84
S. Korea	0	0	0	0	0	0	0	0	10	0	0	0	10
<b>UNKNOWN</b>	<b>2</b>	<b>18</b>	<b>16</b>	<b>9</b>	<b>31</b>	<b>30</b>	<b>19</b>	<b>0</b>	<b>22</b>	<b>16</b>	<b>0</b>	<b>22</b>	<b>184</b>
<b>TOTAL</b>	<b>215</b>	<b>259</b>	<b>401</b>	<b>432</b>	<b>484</b>	<b>425</b>	<b>567</b>	<b>642</b>	<b>329</b>	<b>262</b>	<b>295</b>	<b>245</b>	<b>4555</b>

Table 7: VIETNAM 1999 RICE EXPORT BY DESTINATION &amp; GRADES

Unit: TMT

DESTINATION	2%	5%	10%	15%	25%	35%	100%	Par-boiled	Un-known	TOTAL
<b>AMERICA</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>195</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>195</b>
USA	0	0	0	0	0	0	0	0	0	0
Cuba	0	0	0	0	195	0	0	0	0	195
<b>EUROPEAN COMMUNITY</b>	<b>0</b>	<b>28</b>	<b>71</b>	<b>44</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>171</b>
Russia	0	4	5	1	0	0	0	0	1	11
Latvia	0	0	27	7	5	0	0	0	0	39
Poland	0	11	21	15	6	0	0	0	0	53
Ukraine	0	10	0	5	0	0	0	0	7	23



Unknown	0	2	18	16	5	0	0	0	4	45
<b>MIDDLE EAST</b>	<b>0</b>	<b>171</b>	<b>454</b>	<b>8</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>1</b>	<b>641</b>
Iran	0	106	0	2	3	0	0	0	0	111
Iraq	0	0	453	0	0	0	0	0	0	453
Syria	0	13	0	0	0	0	0	0	0	13
UAE	0	3	0	0	0	0	0	0	0	3
Yemen	0	50	1	6	0	0	0	4	1	62
<b>AFRICA</b>	<b>13</b>	<b>204</b>	<b>58</b>	<b>329</b>	<b>332</b>	<b>5</b>	<b>209</b>	<b>2</b>	<b>13</b>	<b>1,164</b>
Algeria	0	35	0	0	0	0	0	0	0	35
Angola	0	19	0	8	0	0	0	0	0	27
Gabon	0	5	0	0	0	0	0	0	0	5
Ghana	0	29	0	0	0	0	0	0	0	29
Mauritius	0	0	0	0	7	0	0	0	0	7
Mozambique	0	1	0	11	12	0	0	0	0	25
Tanzania	0	12	13	100	3	0	0	2	0	130
'West Africa (others)	4	51	4	100	144	4	131	0	13	451
Unknown	9	53	41	109	165	1	78	0	0	456
<b>ASIA</b>	<b>0</b>	<b>377</b>	<b>119</b>	<b>626</b>	<b>945</b>	<b>6</b>	<b>4</b>	<b>0</b>	<b>123</b>	<b>2,200</b>
Bangladesh	0	0	0	16	5	0	0	0	2	23
Indonesia	0	200	74	134	876	5	0	0	90	1,379
Japan	0	0	15	0	0	0	0	0	0	15
Hongkong	0	17	0	0	7	0	0	0	9	34
Malaysia	0	118	13	5	2	2	0	0	2	142
Papua New Guinea	0	3	1	1	2	0	0	0	4	10
Philippines	0	21	11	441	29	0	0	0	0	502
Singapore	0	9	5	29	23	0	3	0	16	84
S. Korea	0	10	0	0	0	0	0	0	0	10
<b>UNKNOWN</b>	<b>0</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>159</b>	<b>184</b>
<b>TOTAL</b>	<b>13</b>	<b>786</b>	<b>703</b>	<b>1,006</b>	<b>1,508</b>	<b>12</b>	<b>213</b>	<b>6</b>	<b>308</b>	<b>4,555</b>

Source: Trade

***Rice for export is tight in the first quarter of 2000.*** Due to the delay of transplanting of W-S, only about 360THa of W-S rice was harvested in MRD by early February. Lower availabilities coincided with slack demand from export markets. As March begins, the supply situation is changing. According to MARD, the peak harvest time for W-S rice harvest will be mid-March to mid-April, assuring an adequate supply for export markets. Without an uptick in exports, March could see the increase in supplies overhanging the market.

***Rice exports in the doldrums in the first quarter of 2000; VN will not achieve Q1 target of 1MMT.*** Low demand from importers made for a slow first two months of 2000. VN shipped about 80TMT of rice in January, only about 38%

of the amount shipped in year earlier period. Shipments were mainly to Iraq, Indonesia and Malaysia (see Table 8). Trade in February remained quite at an estimated 85TMT, which could be the lowest monthly export in the last four years. The Iraqi deal for 200TMT with Vinafood 1 (Northern Food Corporation) for shipments in May-Aug was buoyed Vietnam. Also warming the market was the Philippine tender of 131TMT of Thai/Viet rice.

Indonesia's BULOG's tender of 100TMT did not attract VN suppliers due to non at-sight payment terms and very competitive pricing levels of Chinese and Pakistani rice. VN traders are now working towards the Philippine tender because Viet rice could compete with Thai rice on price based on abundant exportable supply from the W-S crop. The tender has been postponed until the mid-March, reportedly due to high offer prices from exporters. According some key rice traders, VN rice exports in March will probably recover, with more shipments to Africa and East Europe, but are not expected to exceed 250TMT. This means VN cannot achieve its export target of 1MMT of rice in the first quarter of 2000.

**Table 8: Vietnam Rice Export in Jan.2000 by sellers and destinations**  
Units: MT

By seller	5%	10%	15%	25%	100% br.	Parboiled	Unknown	Total
Vinafood1		29,080						29,080
Song hau farm	501		2,760					3,261
Vinarice	5,010							5,010
LA Food					470		220	
Dagrimex	4,860							4,860
Tigitraco			2,210					2,210
Binhfafamco			2,210					2,210
Mekonimex	2,700		1,500	500				
Sofoodco			1,670	3,600				
Dotexim				1,100				
Mekongfood CT			660	2,200	190			
Foodcosa	4,100							4,100
Mihafood/Unimex LA			3,860					3,860
Tigifood				660				
JFT						550		550
Tigi- Unifood	12,732		1,604					14,336
Unknown								0
<b>Total</b>	<b>29,903</b>	<b>29,080</b>	<b>16,474</b>	<b>8,060</b>	<b>660</b>	<b>550</b>	<b>220</b>	<b>84,947</b>
<b>By destination</b>								
Iraq		29,080						29,080
Japan	5,010							5,010
Africa			11,040					11,040
Malaysia	12,732		1,604					14,336

Yemen	4,860					550		5,410
Poland	96							96
Indonesia	4,700		3,830	8,060				16,590
Singapore					660		220	880
Russia	2,505							2,505
<b>Total</b>	<b>29,903</b>	<b>29,080</b>	<b>16,474</b>	<b>8,060</b>	<b>660</b>	<b>550</b>	<b>220</b>	<b>84,947</b>

Source : Trader

**Can VN repeat its stellar 1999 export performance? Not likely given recovery of domestic production in export market.** Although VN achieved an export record in 1999 of about 4.55MMT, low demand from the world market and recover of rice production in some key markets like Indonesia and the Philippines make for a difficult 2000. VN will find it difficult to ship 4.3MMT in 2000, as planned by the government. FAS/VN keeps our previous forecast of VN rice exports in 2000 at 4MMT (see Table 9).

**Imports from Cambodia lower than reported.** After a review of barge traffic in the MRD, we revise downward reported movement of rice from Cambodia into VN. Although some movement of rice along the wide, watery and porous border is a part of life in the MRD, the levels reported by sources in Cambodia do not tally with those of state-owned food companies and private traders in the key MRD provinces. Accordingly, we advise lowering imports for 1999 and 2000 to 60TMT and 40TMT, respectively. For 1999, VN exports are again set at 4.55MMT.

**Table 9: VIETNAM RICE PS&D (REVISED)**

PSD Table						
Country	Vietnam			(1000 HA)(1000 MT)		
Commodity	Rice, Milled					
	1988		1999		Forecast 2000	
	Old	New	Old	New	Old	New
Market Year Begin		10/1997		10/1998		10/1999
Area Harvested	7,404	7,377	7,575	7,575	7,500	7,600
Beginning Stocks	0	0	0	0	0	0
Milled Production	19,031	19,094	20,108	20,108	20,100	20,130
Rough Production	28,835	28,931	30,467	30,467	30,455	30,500
MILLING RATE (.9999)	6,600	6,600	6,600	6,600	6,600	6,600
TOTAL Imports	0	0	100	60	100	40
Jan-Dec Imports	0	0	100	60	100	40
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	19,031	19,094	20,208	20,168	20,200	20,170
TOTAL Exports	3,750	3,750	4,638	4,555	4,000	4,000
Jan-Dec Exports	3,750	3,750	4,638	4,555	4,000	4,000
TOTAL Dom. Consumption	15,281	15,344	15,570	15,613	16,200	16,170
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	19,031	19,094	20,208	20,168	20,200	20,170

## POLICY

**GVN is considering a lower floor price for W-S rice to improve export competitiveness.** The floor price for this year's W-S paddy will probably be lowered by VND50-100/kg to VND1,600/kg from the current level of VND1,650/kg.

### ***VN sets agricultural development goals for 2000.***

- S** Agricultural growth rate: 3.5-4%, a reduction of the phenomenal 5% in 1999.
- S** National output of food production: 33.5-34MMT paddy-equivalent, of which paddy production is set at 32MMT.
- S** Agricultural export value: \$3.5 Billion
- S** Forest plantation: plant an additional 200THa, improve forests on another 400THa
- S** Budget spending of VND1,444 Billion on irrigation systems, and VND170 Billion on research of new plant varieties (US\$1.00=VND14,050, as of March 3, 2000).

***Vietnam Import-Export Mechanism for 2000.*** Decree No.242/1999/QD-TTg regulates import-export activities in 2000. Effective from April 1, with the exception of those goods banned from trade, the importation of goods no longer requires permits. The GVN has decided that tariffs will regulate trade on most items. However, certain items still require import permission from the MoT. Import licenses are no longer required on agricultural goods, with the exception of refined vegetable oils, and refined and unrefined sugar. This will change in the near future, as the MoT, IMF & WB have announced elements of an agreement on trade policy reforms for the period of 1999-2002. According to the agreement, VN will eliminate quota and import licencing requirements on 19 items (including some agricultural items namely: vegetable oil, fertilizer, wine and sugar) by 2007. However, VN has right to increase import tariff on those items by 100% or 150%, and can restore the import quota or import licence for the abovementioned items in the event of serious problems of imbalance between supply and demand or balance of payments of the country.

Referring to the rice export quota, MoT accepted the proposal from IMF & WB on allowing greater participation of the private sector in rice exporting from Jan.1, 2001.

***Rice export quota allocation for 2000 (Decree No.237/1999/QD-TTg).*** The management decree on Rice Exports and Fertilizer Imports in 2000 offers further opening. Regarding rice exportation, GVN has approved a rice export quota of 4.3MMT (not including export of rice produced from the North and Central provinces) for 2000.

Rice export quota is allocated as follows:

- S** 2.9MMT of quota to direct rice exporters based in MRD & HCMC (including the members of VN Rice Exporters Association);
- S** 1.2MMT of quota to State Food Corporations and foreign-invested enterprises having licences in rice processing for export; and,
- S** 0.2MMT of quota to non-direct rice exporters, i.e., companies who sign export contracts.

**Table 10: RICE EXPORT QUOTA ALLOCATION FOR 2000**

Number	Provinces, agencies	Rice quota (TAT)
A	Provinces	2,900

1	An Giang	480
2	Can Tho	450
3	Dong Thap	300
4	Long An	240
5	Vinh Long	300
6	Kien Giang	200
7	Tien Giang	310
8	Tra Vinh	110
9	Soc Trang	250
10	Bac Lieu	60
11	Ca Mau	60
12	Ben Tre	30
13	Ho Chi Minh City	110
<b>B</b>	<b>State own food cooperation and foreign invested Co.</b>	<b>1,200</b>
<b>C</b>	<b>Non- direct rice exporters</b>	<b>200</b>
	<b>TOTAL</b>	<b>4,300</b>

**Rice quota distribution:** The chairman of People Committee of the 12 MRD provinces and HCMC will allocate their respective rice quotas to local direct rice exporters. MARD & MoT will coordinate on allocation of rice quota to the State Food Corporations and foreign-invested companies. Non-direct rice exporters can apply for quota after MoT approves the export contract signed with foreign buyers.

**GVN encourages exports of rice produced in North and Central provinces.** Rice may be exported from ports located in the North and Central Regions, subject to food security and rice prices in these areas.

**Management of rice market.** In order to stabilize important markets for VN rice, some direct rice exporters will be appointed to contact, negotiate and sign contracts with major rice importers. The contracted amount will be openly distributed to direct rice exporters for implementation by MoT, in coordination with Rice Export-Fertilizer Import Management Committee and Vietnam Food Association.

**Management of exporting rice for special programs.** In coordination with MoT, Ministry of Planning & Investment is authorized to enter into rice-for-debt arrangements, food aid and barter trade programs. Based on these programs, MoT will assign direct rice exporters to work with relevant countries in signing these contracts. The amount of rice signed in the contracts will be redistributed to direct rice exporters by Rice Management Board.

**Focus on investment in irrigation system enables VN to extend rice growing areas in MRD.** During the period

1996-1999, the total investment in irrigation systems in MRD was VND2,500 Billion, including investment capital from central and provincial budgets and from farmers. This investment has enabled an expansion of area planted of more than 500THa in the region.