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Vietnam

Grain and Feed Update

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Approved By:

Dwight Wilder

Prepared By:

Quan Tran

Report Highlights:

Vietnam's MY 2011/2012 total wheat consumption was reported at 2.66 million tons. The overall wheat demand is expected to grow through MY 2012/2013 for both feed and milling wheat. However, the use of feed wheat is based on its price competitiveness, and its availability in the market. Post estimates Vietnam's wheat imports for MY 2012/2013 at 2.6 million tons. The use of feed wheat for the local animal feed industry will likely drop to about 1.1 million tons due to limited supply in the market.

Corn has competition from other feed ingredient sources. Cassava, feed grade wheat, and broken rice are among the main alternatives to corn. In recent years, rice and cassava have been more focused on export markets and fell short of supplying the domestic animal feed industry. Post estimates the Vietnam CY 2012 and 2013 corn imports to be, on average, 1.4 million tons.

Post revises upward its estimate of Vietnam's total rice production for MY 2011/2012 to 42.99 million tons of paddy, mainly due to higher estimated production of the Spring and Autumn crops in the Mekong River Delta (MRD) region, and despite slightly lower Winter crop production. Vietnam's MY2011/2012 total rice export is estimated at 7.2 million tons due to very strong recent demand from China and continued demand from its traditional markets -- although slightly smaller from those buyers, such as the Philippines, Indonesia, Malaysia, Cuba and African countries.

Post:
Hanoi

Commodities:
Wheat

Corn

Rice, Milled

Author Defined:
WHEAT

STATISTICAL TABLES

Vietnam's Production, Supply and Demand for Wheat

Wheat Vietnam	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		Market Year Begin: Jul 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	309	309	519	525	430	339
Production	0	0	0	0	0	0
MY Imports	2,460	2,460	2,711	2,664	2,500	2,600
TY Imports	2,460	2,460	2,711	2,664	2,500	2,600
TY Imp. from U.S.	222	162	86	109	0	150
Total Supply	2,769	2,769	3,230	3,189	2,930	2,939
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	1,000	831	1,450	1,350	1,100	1,100
FSI Consumption	1,250	1,413	1,350	1,500	1,450	1,500
Total Consumption	2,250	2,244	2,800	2,850	2,550	2,600
Ending Stocks	519	525	430	339	380	339
Total Distribution	2,769	2,769	3,230	3,189	2,930	2,939
Yield	0.	0.	0.	0.	0.	0.
TS=TD		0		0		0

Vietnam's wheat Import

Import Trade Matrix			
Country	Vietnam		
Commodity	Wheat		
	Units: Metric Tons		
Time Period	Jul-Jun		July-Jun
Imports for:	2010/2011		2011/2012
U.S.	162,000	U.S.	109,000
Others		Others	
Australia	1,734,000	Australia	2,496,000

Black Sea	131,000	Black Sea	34,000
Canada	13,000	Canada	5,000
		India	17,000
Total for Others	1,878,000		2,552,000
Others not Listed	420,000		3,000
Grand Total	2,460,000		2,664,000

Source: Vietnam Custom

PRODUCTION

Vietnam does not produce wheat.

CONSUMPTION

The MY 2011/2012 total wheat consumption was reported at 2.66 million tons. Of that, milling wheat was 1.44 million tons and feed wheat was 1.23 million tons. Post's last estimate in April, covering MY 2011/2012 consumption for milling wheat was 1.45 million tons, while feed wheat was estimated at 0.9 million. This shows a larger use of feed wheat than expected. The overall wheat demand is expected to grow through MY 2012/2013, for both feed and milling wheat.

Wheat-based foods are increasingly consumed in Vietnam. The lifestyle change includes consuming fast, convenient foods, and gradually eating more wheat-based foods in place of the rice-based diet that still dominates Vietnamese cuisine. The use of wheat flour in food is also driven by the influence of culinary cultures from other countries. As Vietnamese lifestyles shift increasingly to the Western style, fast food chains and Western style restaurants and bars will introduce more wheat-based foods into the Vietnamese diet.

Feed wheat has recently been an alternative source for other animal feeds, in lieu of corn, cassava, and broken rice. However, the use of feed wheat is based on its price competitiveness, and its availability in the market.

TRADE / COMPETITION

Vietnam is a net importer of wheat. Post estimates Vietnam's wheat imports for MY 2012/2013 at 2.6 million tons. The use of feed wheat for the local animal feed industry will drop to about 1.1 million tons due to limited supply on the market. Current import duties are 5 percent for wheat.

The growth of baked wheat-based products and noodles requires high quality wheat, which potentially favors increased consumption of U.S. wheat. U.S. wheat is also used by Vietnamese mills that blend it in order to cost-effectively improve the quality of their flour products. Vietnam uses around 100,000 – 150,000 tons of U.S. wheat annually in recent years. Due to the impact of unfavorable weather conditions on production in the U.S., which made U.S. wheat prices become uncompetitive, Post revises the forecast for MY 2012/2013 down to 150,000 tons. The last Post forecast of U.S. wheat exported into Vietnam was 200,000 tons in MY 2011/2012, and 250,000 tons in MY 2012/2013.

Australian wheat still dominates the wheat import market in Vietnam. It accounted for over 90 percent of Vietnam's total wheat import volume in MY 2011/2012. And Australian milling wheat took more than 95 percent of Vietnam's total feed wheat import in MY 2011/2012. However, according to Vietnamese wheat buyers, Australian feed wheat exportable volume (or low quality wheat) will be likely less in the coming harvest.

A majority of Indian wheat volume imported into Vietnam was used as feed. Both Australian and Indian feed wheat prices were almost the same as corn prices during the first five months of calendar year 2012. This enticed Vietnamese local feed ingredient buyers to buy wheat instead of corn. According to traders, when feed wheat prices are no more than \$10 higher than corn prices, buyers will choose to buy wheat due to its nutritional value. Buyers have been less interested in feed wheat since its prices have been going up since June 2012. Currently, feed wheat prices are \$30-40 higher than corn prices. For the time being, buyers are closely watching the Australian wheat production situation for deciding whether to buy wheat in the coming months.

CORN

STATISTICAL TABLES

Vietnam's Production, Supply and Demand for Corn

Corn Vietnam	2010/2011		2011/2012		2012/2013	
	Market Year Begin: May 2010		Market Year Begin: May 2011		Market Year Begin: May 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,081	1,081	1,100	1,100	1,150	1,150
Beginning Stocks	449	449	497	497	497	218
Production	4,648	4,648	4,950	4,950	5,300	5,300
MY Imports	1,300	1,300	750	971	1,000	1,400
TY Imports	1,000	1,000	1,200	1,400	1,000	1,400
TY Imp. from U.S.	12	12	0	0	0	0
Total Supply	6,397	6,397	6,197	6,418	6,797	6,918
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	4,800	4,800	4,500	5,000	5,100	5,200
FSI Consumption	1,100	1,100	1,200	1,200	1,200	1,200
Total Consumption	5,900	5,900	5,700	6,200	6,300	6,400
Ending Stocks	497	497	497	218	497	518
Total Distribution	6,397	6,397	6,197	6,418	6,797	6,918

1000 HA, 1000 MT, MT/HA

Vietnam's Corn Import

Import Trade Matrix			
Country	Vietnam		
Commodity	Corn		
Time Period	Jan – Dec	Units:	Metric Tons
Imports for:	2011		2012 (Jan-Sept.)
U.S.	2,350	U.S.	338
Others		Others	

India	560,000	India	967,621
Brazil	130,000	Brazil	
Thailand	132,000	Thailand	9,548
Argentina	128	Argentina	238,527
Laos	21,000	Laos	7,560
Cambodia	40,000	Cambodia	26,593
Total for Others	883,000		1,249,849
Others not Listed	65,000		0
Grand Total	951,000		1,250,187

PRODUCTION

As of October 15, 2012, the Vietnam total corn planted area was reported at 1.1 million hectares. There are still on-going planting areas in Northern provinces. Vietnam produces annually less than 5 million tons of corn with the planting area of 1.1-1.2 million hectares. Corn is Vietnam's second largest annual crop, after rice, in terms of production area. Corn has a lower profitability compared to rice, legumes, soybeans, and tobacco. Corn is not seen as an attractive cash crop for farmers in Vietnam. In the corn production plan for 2011-2015, MARD maintains the production area at 1.2 million hectares, with the main focus being to increase crop yield gradually. The target planted area, however, is the highest level that it has ever reached. Planted area for corn is highly correlated to the profit margins of corn compared to other cash crops.

Corn is one of several local crops such as cassava and rice (broken rice, rice bran), which are used to supply the quickly growing feed industry. As such, corn producers are under pressure to quickly increase their productivity in order to satisfy the increasing demand. Significantly improving average yields by using high-yielding varieties seems the most likely way to achieve the government's objectives of increasing corn production for supplying the feed sector.

The use of genetically modified (GM) corn varieties is expected to bring higher output and profits to farmers, not only due to higher yields, but also due to reduced input costs for pesticides, herbicides, and labor costs. MARD is now conducting large scale field trials of GM corn varieties in both the northern and southern parts of Vietnam. According to MARD officials, the final approval for commercial GM corn production is expected to be announced between 2012 and 2013.

Domestic corn supply is typically falling short of the demand. Corn demand in Vietnam mainly comes from the animal feed industry -- both commercial feed manufacturers and home-made feed users.

CONSUMPTION

In Vietnam, corn is used as the main source of protein and energy for the animal feed industry, for food use as corn starch and for limited use by other industries like beer, textiles, and the pharmaceutical industry.

Corn use is expected to increase to satisfy the industry growth. It predominantly comes from imported sources, at least for the time being and the near future, because local corn production is still not able to keep up with the fast-growing animal feed industry demand. The level of increase in corn imported volume depends highly on its price competitiveness with other alternative feed materials such as feed wheat, broken rice, cassava, and others.

TRADE / COMPETITION

Total Vietnamese corn production is not able to satisfy the demand of the local feed industry. Within the industry, there is competition of demand between home-made feed and manufactured feed. Commercial feed manufacturers usually can purchase only 40 to 50 percent of all corn produced locally.

Corn growers, on the other hand, do not have appropriate storage facilities. Farmers must sell their product quickly after the harvest, which will continue to make the local corn prices prone to seasonal fluctuations. Insufficient storage and grain handling facilities are also constraints to the future growth of corn imports into Vietnam.

Corn has competition from other feed ingredient sources. Cassava, feed grade wheat, and broken rice are among the main alternatives to corn. In recent years, rice and cassava have been more focused on export markets and fell short of supplying the domestic animal feed industry. Feed wheat was a very good alternative in CY 2011 and CY 2012 due to the availability of abundant, low-grade wheat from Australia. And it was price competitive with imported corn. (See the wheat section)

In CY 2011, total corn imported volume dropped dramatically -- by about one half -- down to 950,000 tons, compared to 1.8 million tons in CY 2010. The drop was mainly due to the competitiveness of feed grade wheat prices compared to corn prices, which enticed feed manufacturers to switch from corn to wheat in order to cut production costs. The imported corn was back up a bit in CY 2012. For the first nine months of CY 2012, imports totaled 1.25 million tons, of which Indian corn accounted for more than 77 percent of the total. The Indian corn import volume increased strongly starting in June 2012 when corn and wheat crop production from key producing countries such as Russia and the U.S. appeared tight; and when the wheat prices became less competitive compared to corn prices, especially Indian corn. Post estimates the Vietnam CY 2012 and 2013 corn import to be , on average, 1.4 million tons.

Imports of U.S. corn dropped in CY 2012 due to competition from other corn exporting countries and from feed wheat. India is still one of the top corn suppliers for Vietnam.

DDGS have also been used by the Vietnamese feed industry to minimize manufacturing costs, and are a strong competitor of locally grown corn. Vietnam's feed industry uses DDGS that are mainly imported from the United States. Vietnam became the top importer of U.S. DDGS in Southeast Asia in CY 2010-2011.

The local Vietnamese livestock industry has contracted significantly in the last quarter of calendar year 2012. As a result, imported feed ingredient volumes will also go down during this time. Post revised its forecast of imports of U.S. DDGS in 2012 to reach 350,000 tons.

US Corn and Corn By-products Exports into Vietnam 2006-2011 and Jan-Aug 2012

Product	UO M	2010		2011		Jan - Aug 2011		Jan - Aug 2012	
		Value	Qty	Value	Qty	Value	Qty	Value	Qty
Feeds & Fodders									
BRWR,DTLR,GR	MT	80.64	430,236.	125,33	494,599.	73,94	302,554.	72,76	263,889.

N 2303300000		4	0	6	0	3	0	3	0
CORN GLUTEN MEAL 2303100020	MT	6,711	10,487.0	13,531	26,120.0	8,349	17,569.0	8,892	15,078.0

Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

Vietnam's import tariff on corn is 5 percent. The import tariff on DDGS is zero percent for countries with Most-Favored-Nation status.

RICE

STATISTICAL TABLES

Vietnam's Production, Supply and Demand for Rice

Rice, Milled Vietnam	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: May 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7,607	7,067	7,635	7,670	7,615	7,660
Beginning Stocks	1,470	1,470	1,941	1,941	2,326	1,761
Milled Production	26,371	26,371	26,735	26,870	26,875	27,059
Rough Production	42,194	42,194	42,776	42,992	43,000	43,294
Milling Rate (.9999)	6,250	6,250	6,250	6,250	6,250	6,250
MY Imports	500	500	400	0	400	400
TY Imports	500	500	400	0	400	400
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	28,341	28,341	29,076	28,811	29,601	29,220
MY Exports	7,000	7,000	7,000	7,200	7,000	7,000
TY Exports	7,000	7,000	7,000	7,200	7,000	7,000
Consumption and Residual	19,400	19,400	19,750	19,850	20,100	20,100
Ending Stocks	1,941	1,941	2,326	1,761	2,501	2,120
Total Distribution	28,341	28,341	29,076	28,811	29,601	29,220

1000 HA, 1000 MT, MT/HA

PRODUCTION

Vietnam's Area, Yield, and Production for Rough Rice (as of October 2012)

Marketing Year	2010/2011 Revised		2011/2012 Estimate		2012/2013 Forecast	
	Old	New	Old	New	Old	New
Harvested Area (tha)						
Winter ¹	1,776	1,776	1,775	1,720	1,765	1,720
Spring ²	3,095	3,095	3,120	3,120	3,100	3,120
Autumn ³	2,740	2,740	2,740	2,830	2,750	2,820
TOTAL	7,607	7,607	7,635	7,670	7,615	7,660
Yield (mt/ha)						
Winter	4.67	4.67	4.67	4.69	4.70	4.70
Spring	6.29	6.29	6.39	6.39	6.45	6.45
Autumn	5.27	5.27	5.30	5.29	5.35	5.35
AVERAGE	5.54	5.54	5.60	5.60	5.65	5.65

Production (tmt)						
Winter	8,294	8,294	8,289	8,065	8,295	8,084
Spring	19,466	19,466	19,960	19,960	19,995	20,124
Autumn	14,434	14,434	14,522	14,967	14,712	15,087
TOTAL	42,194	42,194	42,771	42,992	43,002	43,294

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

Source: MARD, Post estimates

Estimate for MY 2011/2012 (began January 2012)

Post revises upward its estimate of Vietnam's total rice production for MY 2011/2012 to 42.99 million tons of paddy, about 800,000 tons higher than that of MY 2010/2011, mainly due to the higher estimated production of the Spring and Autumn crops in the Mekong River Delta (MRD) region, despite slightly lower Winter crop production.

The newly revised number has an increase of 200,000 tons of paddy rice compared to [Post's last estimate in June 2012](#).

Forecast for MY 2012/2013 (begins January 2013)

Based on the estimate for MY 2011/2012, Post accordingly revises its forecast numbers for MY 2012/2013 Spring and Autumn crop harvested areas for the Spring and Autumn crops. This increases the forecast for Vietnam's total paddy rice production for MY 2012/2013 from 43.00 million tons to 43.29 million tons. (See production table)

Vietnam Seasonal crop update for MY 2011/2012

Autumn Crop

The Mekong River Delta (MRD) typically accounts for more than 80 percent of the total Autumn crop planting area. The Autumn crop in the MRD comprises of main Autumn crop and late Autumn crop.

As of October 15, 2012, the Vietnam's MY 2011/2012 total Autumn crop planted/harvested area is about 2.83 million hectares, according to MARD numbers, provincial numbers and Post's estimate. This includes completed harvest of 1.67 million hectares of main Autumn crop in the MRD, completed harvest of 0.44 million hectares in the other provinces, and on-going harvest of 0.72 million hectares of late Autumn crop in the MRD.

Post revises harvested area for the MY 2011/2012 Autumn rice crop from 2.740 million hectares to 2.830 million hectares, due to the increase of late Autumn crop area in the MRD. Its total production is consequently gone up by from 14.52 million tons to 14.97 million tons.

Winter Crop

As of October 15, 2012, the Vietnam's MY 2011/2012 total Winter crop planted area is 1.72 million hectares. This is down by 55,000 hectares including 12,000 hectares in the MRD and 43,000 in the Northern provinces compared with MY 2010/2011.

The production for Winter crop is expected to drop about 0.2 million tons due to the cut of planted area.

Mekong River Delta (MRD) Rice Production

Autumn Crop

The Autumn crop in the MRD comprises of main Autumn crop and late Autumn crop.

The MRD completed its main Autumn by the end of September 2012. The total harvested area was estimated about 1.67 million hectares; the production was about 9.19 million tons.

The planted area of late Autumn crop in the MRD hits the record of 0.72 million in MY 2011/2012 or about 80,000 hectares larger than MY 2010/2011 late Autumn crop, due to the good selling price on the market and favorable weather conditions. The expansion of the late Autumn area is due to the CY 2012 flooding water level is low and some small area was taken up from Winter crop. This makes the expected production increase by 0.45 million compared to Post's June estimate.

Winter Crop

The planted area for Winter crop is 12,000 hectares less than planting projection due to farmers switched their crop to late Autumn crop, which has higher yield, and short planting circle.

Rice Production in the Mekong Delta by Marketing Year (000 ha; mt/ha; 000 mt)

	2010/2011 (Revised)			2011/2012 (Estimate) (old)			2011/2012 (Estimate) (new)		
	Area	Yield	Prod.	Area	Yield	Prod.	Area	Yield	Prod.
Winter	212	4.06	861	212	4.10	869	200	4.30	860
Spring	1,616	6.56	10,600	1,579	6.86	10,832	1,579	6.86	10,832
Autumn	1,646	5.40	8,888	1,670	5.50	9,185	1,670	5.50	9,185
Late Autumn	640	4.84	3,098	630	4.85	3,055	720	4.86	3,500
Total	4,114		23,447	4,091		23,941	4,169		24,377

Source: MARD, Post estimate

CONSUMPTION

Vietnam's decline in per-capita rice consumption is consistent with other countries in Asia. As the economy develops, consumers have greater purchasing power and more access to other foods, with per-capita consumption of rice tending to decline as income increases.

Even though per-capita consumption is declining, total consumption continues to grow. The yearly population growth of about one million people is the main driver of the increase in total consumption. Other factors in Vietnam's increased rice consumption include higher use of rice in home-made animal- and aquaculture-feeds, and growth in industrial scale food processing, especially in the beer industry.

In the animal feed industry, commercial feed only satisfies around 50 percent of the total demand; the remaining 50 percent is drawn from local sources for home-made feed. Rice is one of the main sources of home-made feed for swine, fish, and poultry, especially in the MRD. Rice seems to be more a ready source for animal feed this year when other sources like corn, DDGS, wheat which have to be imported are limited in the MY 2011/2012.

Post maintains its estimate of 19.85 million tons of rice (100,000 tons more than USDA Official number) for Vietnam MY 2011/2012 consumption and residual.

TRADE / COMPETITION

Export

Post estimates Vietnam's MY2011/2012 total rice exports to be at 7.2 million tons due to new massive demand from China and continuing demand from its traditional markets, though slightly smaller, such as the Philippines, Indonesia, Malaysia, Cuba and African countries. There are tough competitions from Pakistan and India which has been back into the export market by end of calendar year 2011.

Imports

Vietnam imports rice mostly from Cambodia, with a small volume of sticky rice coming from Laos. Most of Cambodia's shipments occur around the beginning of the calendar year, immediately after its main crop is harvested. In Vietnam, imported paddy is used for local consumption after processing, since most of the rice grown in the Mekong River Delta is purely for export. No official data exists regarding the exact imported quantity, since paddy from Cambodia is transferred into Vietnam unofficially via small boats, thereby making tracking very difficult. Vietnamese farmers also have paddy rice investments in Cambodia for additional rice production, which is used mostly for local consumption in Vietnam.

Vietnam often imports from Cambodia approximately 400,000-500,000 tons on milled rice basis annually. Paddy was brought and milled in Vietnam due to uncompetitive milling cost in Cambodia. Paddy was brought into Vietnam this year, however, bounced back into Cambodia for diverting to other channels which had very attractive buying prices.

(See also [Grain and Feed Annual 2012](#))