

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Vietnam

Grain and Feed Update Quarterly

December 2017 Update

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Report Highlights:

FAS Vietnam concurs with USDA official wheat imports for marketing year (MY) 2017/2018 at 4.0 million tons, down from the previous year due to expected lower wheat feed demand. Production for MY 2017/2018 corn crop is forecasted down to 4.88 million tons due mainly to unfavorable weather; MY 2017/2018 corn import is forecasted up to 9.0 million tons to fill the high demand gap of the feed industry. Vietnam's total rice production for MY 2016/2017 is revised down to 43.85 million tons of paddy, due to adverse weather conditions; total export for MY 2016/2017 is also revised down to 6.4 million tons.

Post:

Hanoi

Vietnam Feed Industry Summary

In calendar year (CY) 2017, FAS Vietnam estimates the total feed demand at 29.1 million tons, which is down about 15 percent compared to CY 2016. However, total feed demand for CY 2018 is revised up from last September's estimate from 29.6 million tons to 30.0 million tons due to expected higher growth in aquaculture industry.

Vietnam Total feed demand from calendar year 2016-2018			
	2016	2017	2018
Animal Feed	28,694,075	23,350,000	23,800,000
Aqua feed	5,475,000	5,750,000	6,200,000
Total Feed	34,169,075	29,100,000	30,000,000
Manufactured	19,623,000	20,520,000	21,900,000
<i>Animal Feed</i>	16,623,000	17,220,000	18,000,000
<i>Aqua feed</i>	3,000,000	3,300,000	3,900,000
Home made	14,553,775	8,580,000	8,100,000
<i>Animal Feed</i>	12,078,775	6,080,000	5,600,000
<i>Aqua feed</i>	2,475,000	2,500,000	2,500,000
Total Feed	34,169,075	29,100,000	30,000,000

Source: Post's estimate

Units: MT

Source of feed ingredients supplied for Vietnam feed industry calendar year 2016-2018			
	CY 2016	CY 2017	CY 2018
Import(1)	17,370,000	16,300,000	17,300,000
Soybean Meal	5,600,000	5,800,000	6,000,000
Corn	5,700,000	5,700,000	7,000,000
DDGS	1,200,000	800,000	1,000,000
Feed wheat	1,100,000	2,600,000	1,800,000
Other meal/bran	2,000,000	700,000	500,000
Others (MBM, FM, ...)	1,770,000	700,000	1,000,000
Local supply (2)	15,300,000	11,300,000	11,200,000
Corn	5,800,000	5,000,000	5,000,000
Rice bran	6,000,000	5,000,000	5,000,000
Broken rice	1,500,000	500,000	500,000
Cassava	2,000,000	800,000	700,000
Imported feed (3)	1,500,000	1,500,000	1,500,000
Grand Total (4)	34,170,000	29,100,000	30,000,000
Manufactured feed (5)	19,620,000	20,520,000	21,900,000
Home-made feed (6)*	14,550,000	8,580,000	8,100,000

Source: Post's estimate

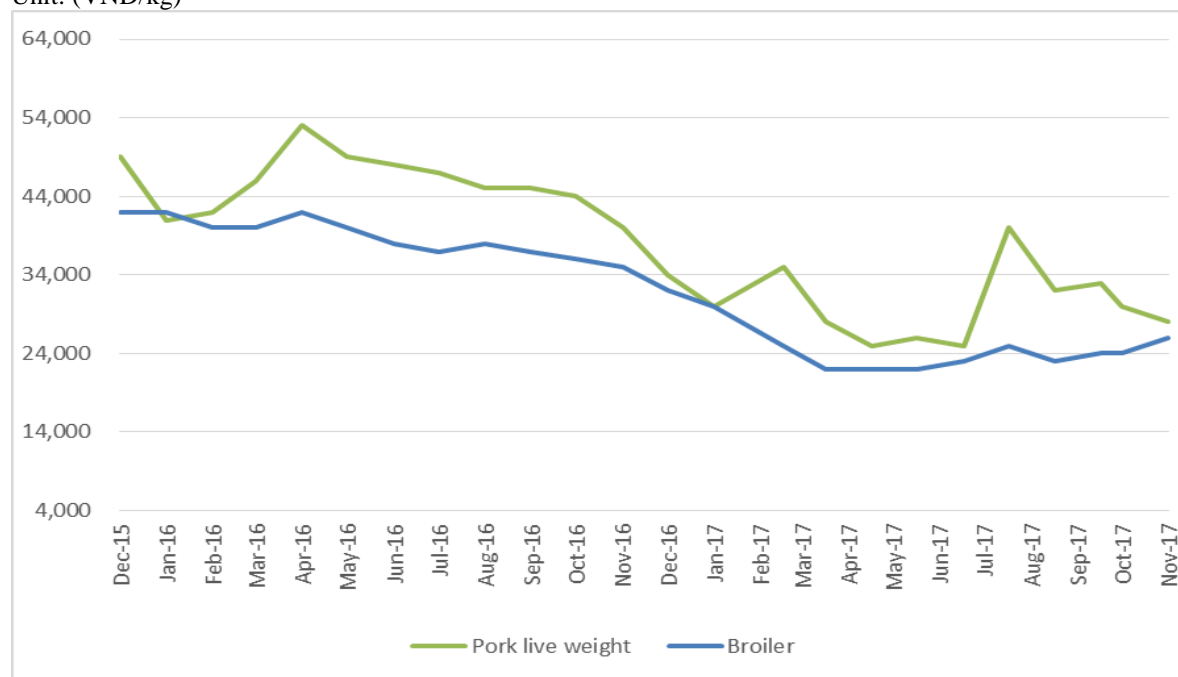
Units: MT

FAS Vietnam estimates the use of feed wheat in CY 2018 at 1.8 million tons, down from 2.6 million tons in CY 2017 due to the economically uncompetitive price of wheat compared to corn by the second half of CY 2017. However, the forecast for feed wheat use in CY 2018 is revised up from the previous forecast of 1.4 million tons due the expected higher growth of the aquaculture industry which uses a high ratio of feed wheat to other feed ingredients.

Prices for pork and poultry meat, the two main locally consumed proteins, are still very low. Pork prices are still below the production cost of about VND 45,000/kg. The CY 2018 animal feed demand is expected to be almost the same as CY 2017, with a 2 percent increase from 23.35 to 23.80 million.

Local Prices of Pork and Broiler from December 2015 - November 2017

Unit: (VND/kg)



1. WHEAT

STATISTICAL TABLES

Vietnam's Production, Supply and Demand for Wheat

Wheat Market Begin Year Vietnam	2015/2016		2016/2017		2017/2018	
	Jul 2015		Jul 2016		Jul 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	284	284	628	628	1035	1035
Production	0	0	0	0	0	0
MY Imports	3070	3070	5548	5548	4000	4000
TY Imports	3070	3070	5548	5548	4000	4000
TY Imp. from U.S.	221	221	187	187	0	0
Total Supply	3354	3354	6176	6176	5035	5035
MY Exports	251	251	241	241	300	300
TY Exports	251	251	241	241	300	300
Feed and Residual	900	900	3100	3100	1800	1800
FSI Consumption	1575	1575	1800	1800	1900	1900
Total Consumption	2475	2475	4900	4900	3700	3700
Ending Stocks	628	628	1035	1035	1035	1035
Total Distribution	3354	3354	6176	6176	5035	5035
Yield	0	0	0	0	0	0
(1000 HA) ,(1000 MT) ,(MT/HA)						

CONSUMPTION

The MY 2017/2018 wheat consumption forecast remains high, although down compared to MY 2016/2017 due to a sharp increase in feed wheat prices, making wheat much higher than corn in the first half of MY 2017/2018. As a result, feed wheat prices became uncompetitive compared with corn prices. Milling wheat use continues to grow, while feed wheat volume is expected to go down to 1.8 million tons in MY 2017/2018.

IMPORTS

Vietnam's wheat import volume in MY 2016/2017 stands at 5.55 million tons. In MY 2017/2018, FAS Vietnam keeps the import volume at 4.0 million tons, due to uncompetitive wheat prices as compared to corn prices and the current pace of trade. According to traders, with milling wheat prices increasing in the first half of MY 2017/2018, traders plan to use wheat that is currently in storage and will likely slow their imports of wheat in the coming year as a result. The stored wheat is available for both feed and milling purposes. Feed wheat demand in MY 2017/2018 is forecast at 1.8 million tons, and milling wheat demand is forecasted at 1.9 million tons.

2. CORN

STATISTICAL TABLES

Vietnam's Production, Supply and Demand for Corn

Corn Market Begin Year Vietnam	2015/2016 May 2015		2016/2017 May 2016		2017/2018 May 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1150	1150	1100	1100	1150	1050
Beginning Stocks	818	818	1298	1298	1054	1054
Production	5230	5230	5056	5056	5350	4883
MY Imports	7950	7950	8100	8100	8500	9000
TY Imports	8600	8600	8500	8480	9500	9500
TY Imp. from U.S.	507	507	111	111	0	0
Total Supply	13998	13998	14454	14454	14904	14937
MY Exports	500	500	500	500	500	500
TY Exports	500	500	500	500	500	500
Feed and Residual	10800	10800	11500	11500	12000	12000
FSI Consumption	1400	1400	1400	1400	1400	1400
Total Consumption	12200	12200	12900	12900	13400	13400
Ending Stocks	1298	1298	1054	1054	1004	1037
Total Distribution	13998	13998	14454	14454	14904	14937
Yield	4.5478	4.5478	4.5964	4.5964	4.6522	4.6505
(1000 HA) ,(1000 MT) ,(MT/HA)						

PRODUCTION

Due to continuously heavy rains caused by several typhoons at the end of calendar year 2017, and continuing low imported corn prices, the forecasted plantings for the new corn crop in November-December for MY 2017/2018 production are revised down from 5.35 million tons to 4.88 million tons. This assumes the same forecasted yield with the September 2017 report.

Corn production area in the southern provinces increased about 1,500 ha; corn production area in the central provinces decreased to 24,000 ha, and corn area in the northern provinces decreased to 27,500 ha. Overall, the MY 2017/2018 corn area is about 50,000 ha less compared to MY 2016/2017.

Vietnam Corn Production in MY 2015/2016, 2016/2017 and forecast 2017/2018

	Unit	MY 2015/2016		MY 2016/2017		2017/2018 Forecast	
		Old	New	Estimate	Revised	Old	New
Harvested	1,000 ha	1,150	1,150	1,200	1,100	1,150	1,050
Yield	MT/ha	4.55	4.55	4.64	4.60	4.65	4.65
Production	1,000 MT	5,230	5,230	5,568	5,060	5,347	4,883

Source: MARD / FAS Vietnam Estimate

IMPORTS / EXPORTS

Due to the short in local production, Post revised the MY 2017/2018 corn import forecast up from 8.5 million tons to 9.0 million tons to fill the gap from the high demand from Vietnam's animal feed industry, in tandem with low imported corn prices.

U.S. corn prices became competitive while, at the same time, corn from South America sources was becoming more expensive. The opportunity for increased U.S. corn exports to Vietnam is high during the end of CY2017, early CY 2018.

According to trade sources, of about 8.4 million tons of corn imported in TY 2016/2017 (October 2016-September 2017), there were about 780,000 tons imported from Eastern European countries, including Russia, Ukraine, Bulgaria, and Romania). Eastern Europe has become one of major corn sources supplying Vietnam, due to competitive prices and favorable import duties.

RICE

STATISTICAL TABLES

Vietnam's Production, Supply and Demand for Rice

Rice, Milled Market Begin Year	2015/2016		2016/2017		2017/2018	
	Jan 2016		Jan 2017		Jan 2018	
Vietnam	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7704	7704	7694	7714	7730	7730
Beginning Stocks	1259	1259	1555	1555	1005	911
Milled Production	27584	27584	27550	27406	28450	28461
Rough Production	44134	44134	44080	43850	45520	45538
Milling Rate (.9999)	6250	6250	6250	6250	6250	6250
MY Imports	300	300	300	550	300	550
TY Imports	300	300	300	550	300	550
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	29143	29143	29405	29511	29755	29922
MY Exports	5088	5088	6600	6400	6500	6500
TY Exports	5088	5088	6600	6400	6500	6500
Consumption and Residual	22500	22500	21800	22200	22100	22500
Ending Stocks	1555	1555	1005	911	1155	922
Total Distribution	29143	29143	29405	29511	29755	29922
Yield (Rough)	5.7287	5.7287	5.7291	5.6845	5.8887	5.8911
(1000 HA) ,(1000 MT) ,(MT/HA)						

Vietnam's Area, Yield, and Production for Rough Rice (as of December 2017)

Marketing Year	2015/2016 Revised		2016/2017 Estimate		2017/2018 Forecast	
	Old	New	Old	New	Old	New
Harvested Area (t. ha)						
Winter ¹	1,705	1,705	1,700	1,700	1,700	1,700
Spring ²	3,034	3,034	3,074	3,074	3,070	3,070
Autumn ³	2,964	2,964	2,940	2,940	2,960	2,960
TOTAL	7,704	7,704	7,714	7,714	7,730	7,730
Yield (MT/ha)						
Winter	4.94	4.94	4.90	4.76	4.95	4.95
Spring	6.40	6.40	6.27	6.27	6.50	6.50
Autumn	5.49	5.49	5.60	5.60	5.80	5.80
AVERAGE	5.73	5.73	5.71	5.68	5.89	5.89
Production (TMT)						
Winter	8,423	8,423	8,330	8,100	8,415	8,415
Spring	19,430	19,430	19,286	19,286	19,955	19,955
Autumn	16,281	16,281	16,464	16,464	17,168	17,168
TOTAL	44,134	44,134	44,080	43,850	45,538	45,538

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

Source: MARD, Post estimates

PRODUCTION

FAS Vietnam revised the estimate for Vietnam's total rice production for MY 2016/2017 to 43.85 million tons of paddy rice, down from 44.08 million tons. Low yields and lower winter crop production (the last crop of the marketing year) were caused by excessive rain and adverse weather conditions, especially the occurrence of several typhoons during the end CY 2017

Specifically, according to MARD's report, the northern provinces harvested about 450,000 tons less of paddy compared to MY 2015/2016. In the southern provinces, the winter crop harvest was reported at 130,000 tons higher. Overall, Vietnam's MY 2016/2017 winter rice production decreased about 320,000 tons.

EXPORTS

Post revised total exports for MY 2016/2017 to 6.4 million tons, which is down from USDA's estimate of 6.6 million tons, due to short supply during the end of the calendar year.

Vietnam Rice Export By Grade and Destination October 2017

	5%	10%	15%	25%	100%	Glutinous	Jasmine	Unknown	Total
ASIA	1,093,746	53,816	495,481	320,874	211,431	1,282,794	727,832	242,863	4,428,837
In which: Indonesia	883	-	250	-	15,050	-	130	-	16,313
Philippines	295,758	33,648	20,095	252,300	3,756	20,871	8,717	3,220	638,365
Malaysia	317,207	1,546	128,710	100	2,600	24,389	68,552	9,445	552,549
Singapore	34,794	-	2,047	2,005	4,541	9,893	57,141	8,805	119,226
East Timor	13,350	-	97,355	250	-	-	3,783	800	115,538
Iraq	10,459	-	-	-	-	-	120,296	96	130,851
Iran	138	-	-	-	-	-	-	25	163
Syria	2,350	-	-	-	-	-	-	-	2,350
Yemen	250	-	-	125	-	-	-	-	375
South/North Korea	3,062	-	-	1,800	-	512	260	79,447	85,081
Japan	316	-	-	-	100	-	177	70	663
Cambodia	-	-	-	-	-	-	-	107	107
Hongkong	6,108	-	-	16,468	145	1,235	30,459	1,862	56,277
UAE	44,311	-	208	-	-	55	31,187	77,827	153,588
Taiwan	13,481	1,792	-	149	1,000	12,664	808	-	29,894
Bahrain	23	-	-	-	-	23	932	47	1,025
Bangladesh	26,077	-	200,700	-	-	3	96	8,959	235,835
Saudi Arabia	5,313	-	-	-	-	92	24,784	22,262	52,451
China	295,307	7,905	39,239	46,944	183,717	1,206,735	361,166	8,731	2,149,744
Brunei	2,600	8,925	6,775	-	-	1,495	4,231	49	24,075
others*	21,959	-	102	733	522	4,827	15,113	21,111	64,367

AFRICA	169,961	-	13,518	652	24,060	68	549,300	10,321	767,880
In which: Tanzania	3,983	-	-	-	-	-	6,728	-	10,711
Senegal	-	-	-	-	23,550	-	1,364	-	24,914
Angola	14,949	-	1,910	-	-	54	48	14	16,975
Rwanda	-	-	-	-	-	-	-	-	-
Ghana	28,571	-	25	-	-	-	374,411	343	403,350
Uganda	-	-	-	-	-	-	-	-	-
Ivory coast	56,000	-	-	-	260	-	107,745	-	164,005
Reunion	-	-	-	-	-	-	6,440	25	6,465
west africa	-	-	-	-	-	-	-	43	43
Mozambiq	4,688	-	3,750	-	250	-	39,087	-	47,775
Yemen	-	-	-	-	-	-	-	-	-
Kenya	2,467	-	-	-	-	-	-	-	2,467
Congo	-	-	-	-	-	-	109	-	109
Libya	475	-	-	-	-	-	-	-	475
Algeria	33,236	-	7,740	-	-	-	77	875	41,928
Benin	-	-	-	-	-	-	455	-	455
Burkina Faso	-	-	-	-	-	-	-	-	-
Cameroon	12,000	-	-	-	-	-	1,292	-	13,292
Gambia	-	-	-	-	-	-	-	-	-
Guinea	-	-	-	-	-	-	-	-	-
Guinea Bissau	-	-	-	-	-	-	-	-	-
Madagascar	-	-	-	-	-	-	-	-	-
Mali	-	-	-	-	-	-	-	-	-
Mauritania	-	-	-	-	-	-	-	-	-
Nigeria	78	-	-	-	-	-	234	-	312
Sierra Leone	-	-	-	50	-	-	52	520	622
Somali	25	-	-	-	-	-	-	-	25
South Africa	1,000	-	-	-	-	11	2,414	3,978	7,403
Togo	966	-	44	50	-	-	2,203	-	3,263
Zambia	-	-	-	-	-	-	-	-	-
others*	11,523	-	49	552	-	3	6,641	4,523	23,291

EUROPE and CIS	30,851	5,562	2,452	3,129	1,171	1,963	13,823	15,325	74,276
In which: Russia	8,184	2,425	1,624	2,500	-	77	-	7,434	22,244
Ukraine	4,423	152	298	-	-	-	480	192	5,545
Poland	724	-	-	-	-	-	739	71	1,534
others*	17,520	2,985	530	629	1,171	1,886	12,604	7,628	44,953
AMERICAS	324,565	1,551	8,750	16,400	-	1,453	16,531	4,287	373,537
In which: Cuba	291,071	1,400	8,750	-	-	-	-	40	301,261
Brasil	48	-	-	-	-	64	145	1,060	1,317
Haiti	18,050	-	-	-	-	-	19	-	18,069
Mexico	-	-	-	-	-	-	-	-	-
Chile	2,225	151	-	-	-	4	81	1,939	4,400
Puerto Rico	-	-	-	-	-	-	-	-	-
others*	13,171	-	-	16,400	-	1,385	16,286	1,248	48,490
AUSTRALIA	31,538	950	3,173	-	1,373	730	7,725	57,538	103,027
In which: Australia	1,969	310	-	-	752	41	2,322	5,876	
New Caledonia	-	-	-	-	-	2	36	22	
New Zealand	1,691	-	-	-	253	5	970	7,612	
others*	27,878	640	3,173	-	368	682	4,397	44,028	
UNKNOWN									-
TOTAL	1,650,661	61,879	523,374	341,055	238,035	1,287,008	1,315,211	330,334	5,747,557

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

Source: Trade/Custom Office/VFA

China is still identified as a "vital" market for Vietnam's rice exports in the near future. Currently, exports to China of glutinous rice, fragrant rice, and broken rice are selling well in the domestic Chinese market. The demand of the Chinese market is huge; the rice volume shipped to China was over 44 percent of total Vietnamese rice exports to Asia in the first 10 months of MY 2016/2017.

Asia is the closest and most important market for Vietnam, and accounts for 58 percent of Vietnam's total rice exports in the first 10 months of 2017. Recently, Bangladesh re-entered the market after an absence of several years. The country was not only a big buyer for Vietnam in MY 2016/2017, but also in MY 2017/2018.

The Philippines is another important market for Vietnamese rice exports in Asia. With the Philippines, white rice (15 percent broken and 25 percent broken) will continue to make up the majority of exports. Industry sources indicate that if the Philippines end its quantitative restrictions on rice imports, as is being currently discussed, ASEAN countries, specifically Vietnam and Thailand, will see exports increase.

In general, Africa imports about 0.8-1 million tons of rice from Vietnam market. The region consumes primarily jasmine rice.

According to the Ministry of Industry and Trade, by 2020, the proportion of white and low grade rice for export will not exceed 20 percent of Vietnam's total export rice volume. High grade white rice will account for about 25 percent, aromatic rice and Japonica will account for about 30 percent, sticky rice 20 percent, and products from rice about 5 percent. By 2030, the proportion of white rice will account for about 25 percent, of which, medium and low grade rice will not exceed 10 percent of total rice exports. Fragrant, specialty, and Japonica varieties will account for about 40 percent, sticky rice 25 percent; other rice types with nutritional value, such as micronutrients rice, will be increased to about 10 percent. The

Asian market, which offers a vital future for Vietnam's rice export, will account for 60 percent of total exports by 2020 and 50 percent by 2030.

IMPORTS

Each year, Vietnam imports, on average, 300,000 tons of milled rice equivalent, mainly from Cambodia. Paddy rice is bought in Cambodia then transferred to Vietnam for milling since the milling cost is much cheaper in Vietnam.

There are two main kinds of imported Cambodian rice. One is traditional high quality rice, and the other is 'IR' variety rice selected from the International Rice Research Institute. This kind of rice is of high yield and short duration, but the quality is only fairly good. Traditional high quality rice is preferred for Vietnamese local consumption. The 'IR' varietal rice is used for export purposes.

Since the winter crop was shortened in late MY 2016/2017 due to inclement weather conditions in northern Vietnam, more rice was imported from Cambodia during the last 3 months of MY 2016/2017, to cover the gap in the North. According to trade sources, more high quality rice was imported this year, mostly for local consumption. However, the exact volume for each kind of rice is not available. FAS Vietnam estimates that the rice volume imported from Cambodia in MY 2016/2017 increased up to 550,000 tons on milled rice basis, compared with 300,000 tons in MY 2015/2016.

POLICY

Draft of the new Decree replacing Decree 109/2010/NĐ-CP will be ready for public comment on January 1, 2018

The draft Decree replaces the Government's Decree No. 109/2010 / ND-CP on rice export business, which is being finalized by the Ministry of Industry and Trade and submitted to the Government for promulgation on January 1, 2018. The draft has been sent to agencies and enterprises for comments.

According to the Import-Export Department of the Ministry of Industry and Trade (MOIT), the draft Decree amending Decree 109 on rice export business was submitted by the MOIT to the Government with 10 basis points for rice export activities:

1. It is not mandatory for rice traders to own warehouses, mills, including rice and rice processing facilities. ;
2. To abolish the procedures for inspecting and certifying of depots, milling, and processing plants by the provincial Department of Industry and Trade. Traders will declare information themselves, take responsibility for meeting the business conditions and state management agencies will conduct post-inspections;
3. Only rice husking, milling, and processing factories and rice processing establishments must meet the standards and regulations promulgated by competent state agencies;
4. To formulate mechanisms to encourage and create favorable conditions for export of goods of high quality and value;
5. Organic products, rice, and antimicrobial rice products are free to export without any restrictions on the quantity and need no issuing certificates;

6. To abolish regulations requiring traders to register rice export contracts with the Vietnam Food Association (VFA), stipulating criteria for registration of rice export contracts;
7. Removing regulations that traders must have at least 50 percent of rice in stocks of the signed contract;
8. Deregulation of export floor price and compliance with export floor price in transaction and contract signing. Request administrative reform and simplify dossiers and procedures for grant, re-grant or adjustment of contents of certificates. ;
9. At the same time, the draft also reduced the regulation of rice reserves from 10 percent to 5percent of the volume of rice that traders exported in the previous 6 months;
10. Supplementing the regulations on encouraging and assisting traders to increase cooperation with producers, building raw material areas, ensuring the quality of export rice ...; adjusting and supplementing specific provisions on the reporting regime of traders, ministries, branches and customs offices to promptly have information and data in service of the export management in general.

The Vietnam Food Association is not allowed to allocate export quotas entrusted to traders without certificates of eligibility for exporting rice.