

Required Report: Required - Public Distribution

Date: October 09,2019

Report Number: VM2019-0051

Report Name: Grain and Feed Update

Country: Vietnam

Post: Hanoi

Report Category: Grain and Feed

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Report Highlights:

For marketing year (MY) 2018/2019, Post revised total paddy production down compared to the USDA official number, from 44.68 million metric tons (MMT) to 44.43 MMT, or from 27.92 MMT to 27.77 MMT of milled rice, due to lower harvested area of the Autumn crop. Post forecasts that this drop in harvested area will continue into MY19/20. The export forecast for MY18/19 remains unchanged from the previous year, with decreasing demand from China and Indonesia being offset by increased demand from the Philippines and other countries.

STATISTICAL TABLES

Vietnam's Production, Supply, and Demand for Rice

Rice, Milled Market Begin Year Vietnam	2017/2018		2018/2019		2019/2020	
	Jan 2018		Jan 2019		Jan 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7645	7645	7665	7615	7665	7615
Beginning Stocks	967	967	1034	1034	1357	1301
Milled Production	27657	27657	27923	27767	28300	27781
Rough Production	44251	44251	44677	44427	45280	44450
Milling Rate (.9999)	6250	6250	6250	6250	6250	6250
MY Imports	500	500	400	500	400	500
TY Imports	500	500	400	500	400	500
TY Imp. from U.S.	0	0	0	12	0	0
Total Supply	29124	29124	29357	29301	30057	29582
MY Exports	6590	6590	6500	6500	6500	6500
TY Exports	6590	6590	6500	6500	6500	6500
Consumption and Residual	21500	21500	21500	21500	22000	22000
Ending Stocks	1034	1034	1357	1301	1557	1082
Total Distribution	29124	29124	29357	29301	30057	29582
Yield (Rough)	5.7882	5.7882	5.8287	5.8341	5.9074	5.8372
(1000 HA), (1000 MT), (MT/HA)						

PRODUCTION

Table 1: Vietnam's Area, Yield, and Production for Rough Rice

Marketing Year	2017/2018		2018/2019		2019/2020	
	Revised		Estimate		Forecast	
Harvested Area (THA)	Old	New	Old	New	Old	New
Winter ¹	1,700	1,700	1,650	1,650	1,650	1,650
Spring ²	3,100	3,100	3,115	3,115	3,115	3,115
Autumn ³	2,845	2,845	2,900	2,850	2,900	2,850
TOTAL	7,645	7,645	7,665	7,615	7,665	7,615
Yield (MT/HA)						
Winter	4.9	4.9	4.95	4.95	4.97	4.97
Spring	6.62	6.62	6.6	6.60	6.7	6.60
Autumn	5.41	5.41	5.50	5.51	5.60	5.51
AVERAGE	5.79	5.79	5.83	5.83	5.91	5.84
Production (TMT)						
Winter	8,330	8,330	8,168	8,168	8,200	8,200
Spring	20,522	20,522	20,559	20,559	20,870	20,550
Autumn	15,400	15,400	15,950	15,700	16,240	15,700
TOTAL	44,252	44,252	44,677	44,427	45,310	44,450

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

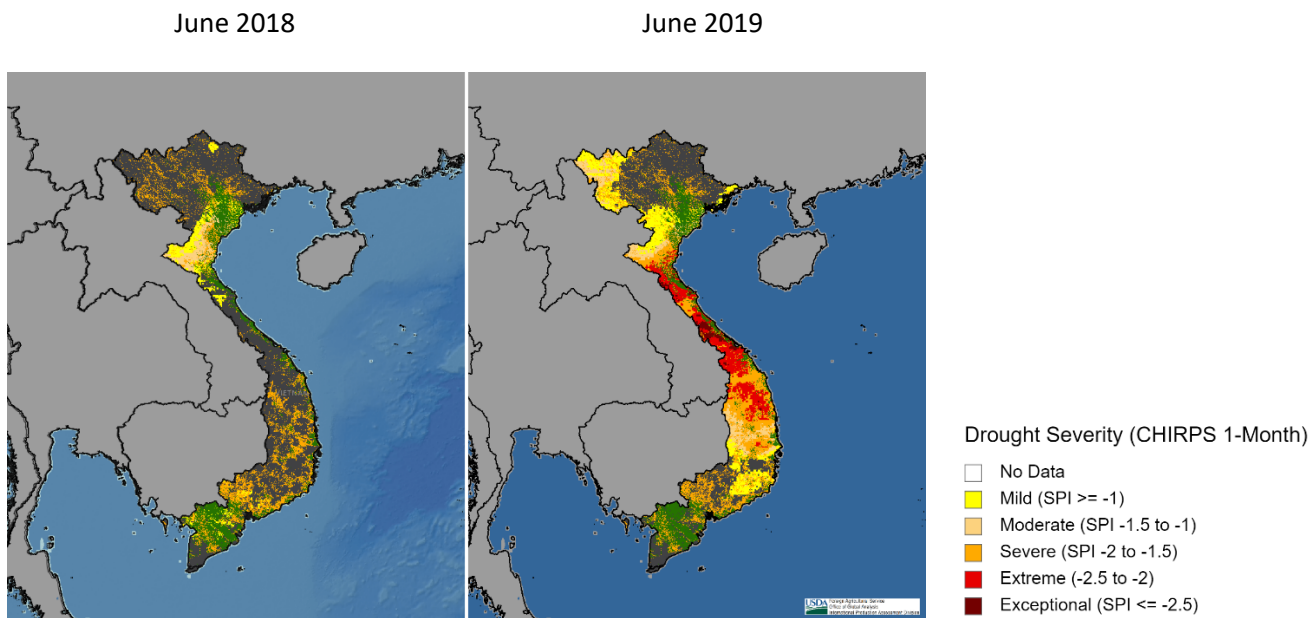
Source: *MARD, Post estimates*

For MY18/19, Post revised total paddy production down compared to the USDA official number, from 44.68 MMT to 44.43 MMT, or from 27.92 MMT to 27.77 MMT of milled rice. This is due to lower harvested area for the Autumn crop. Post forecasts that this drop in harvested area of the Autumn crop will also carry through into MY19/20.

Autumn Crop

The Autumn crop consists of Main Autumn and Late Autumn crops. In MY18/19, the climate was drier than usual and affected the autumn crop in the central region of Vietnam (Figure 1). According to a report by the Vietnamese Ministry of Agricultural Rural and Development (MARD), the planted area of the Autumn crop in the Mekong River Delta (MRD) decreased, but yield was higher than last year. Taking into account the unfavorable weather conditions, MARD encouraged farmers to switch to other crops in localities at risk of insufficient water supply. Therefore, Post reduced its estimate of the harvested area and production slightly for the Autumn crop as a whole, to 2,850 thousand hectares (THA) and 15.7 MMT.

Figure 1: Drought Monitoring



Source: USDA/GADAS

The harvesting of the MY18/19 Main Autumn crop has finished, and the Late Autumn crop harvest has started in the MRD, with yield gains due to no reported incidents of unfavorable weather impacts. However, planted area in the MRD is estimated down as farmers switch to other crops, such as fruits and vegetables (Table 2).

Table 2: Rice Production in the Mekong Delta by Marketing Year (000 ha; mt/ha; 000 mt)

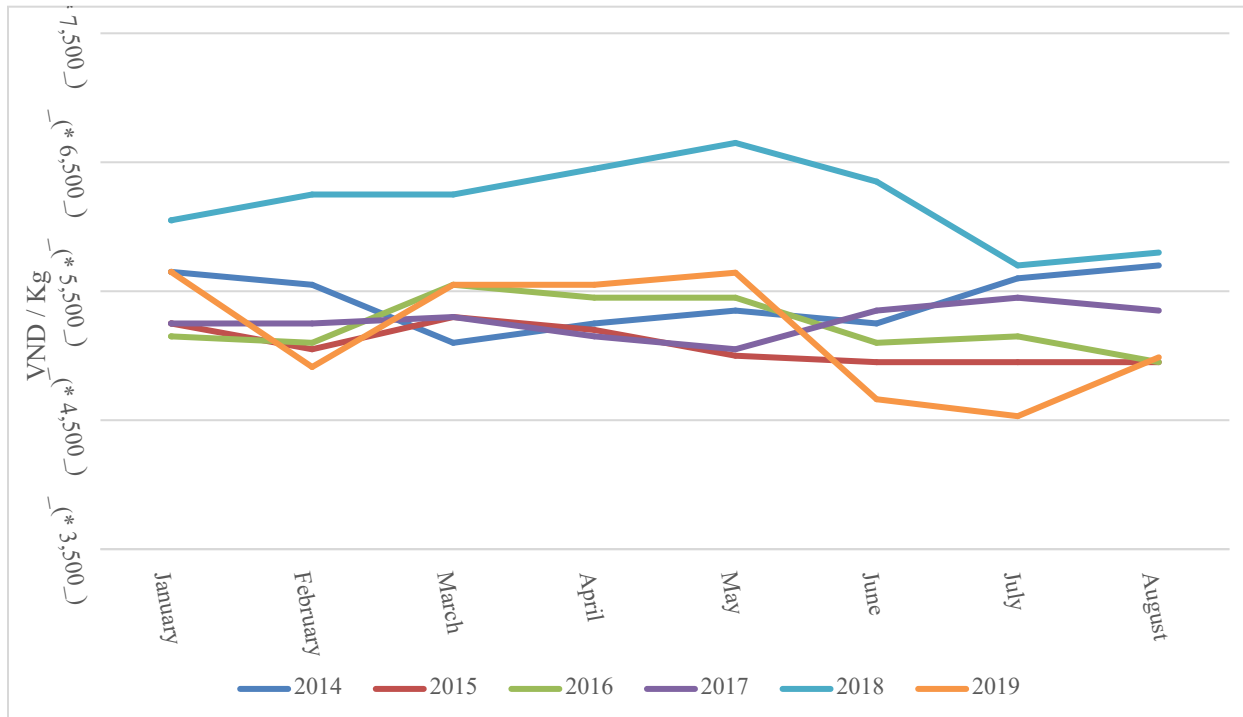
Crop	2017/2018 (Revised)			2018/2019 (Estimate)			2019/2020 (Forecast)		
	Area	Yield	Prod.	Area	Yield	Prod.	Area	Yield	Prod.
Winter	180	4.60	828	180	4.60	828	180	4.60	828
Spring	1,574	6.92	10,892	1,605	6.83	10,963	1,600	6.86	10,975
Autumn (in which)	2,390	5.77	13,785	2,350	5.80	13,640	2,350	5.81	13,650
Main Autumn	1,600	5.90	9,440	1,600	5.90	9,440	1,600	5.91	9,450
Late Autumn	790	5.50	4,345	750	5.60	4,200	750	5.60	4,200
Total	4,144	6.15	25,505	4,135	6.15	25,431	4,130	6.16	25,453

TRADE / COMPETITION

Domestic Prices

For the first eight months of the MY18/19, local paddy prices were unstable and dropped sharply to their lowest levels in the past five years during the harvesting of the Main Autumn crop in the MRD (Figure 2). Lower demand from China, the largest traditional importing market, and rumors of new tariff and non-tariff measures by the Philippines discouraged traders from paying higher prices.

Figure 2: Vietnamese Monthly Paddy Prices for the First Eight Months of 2014-2019



Source: Vietnam Food Association, Combined data

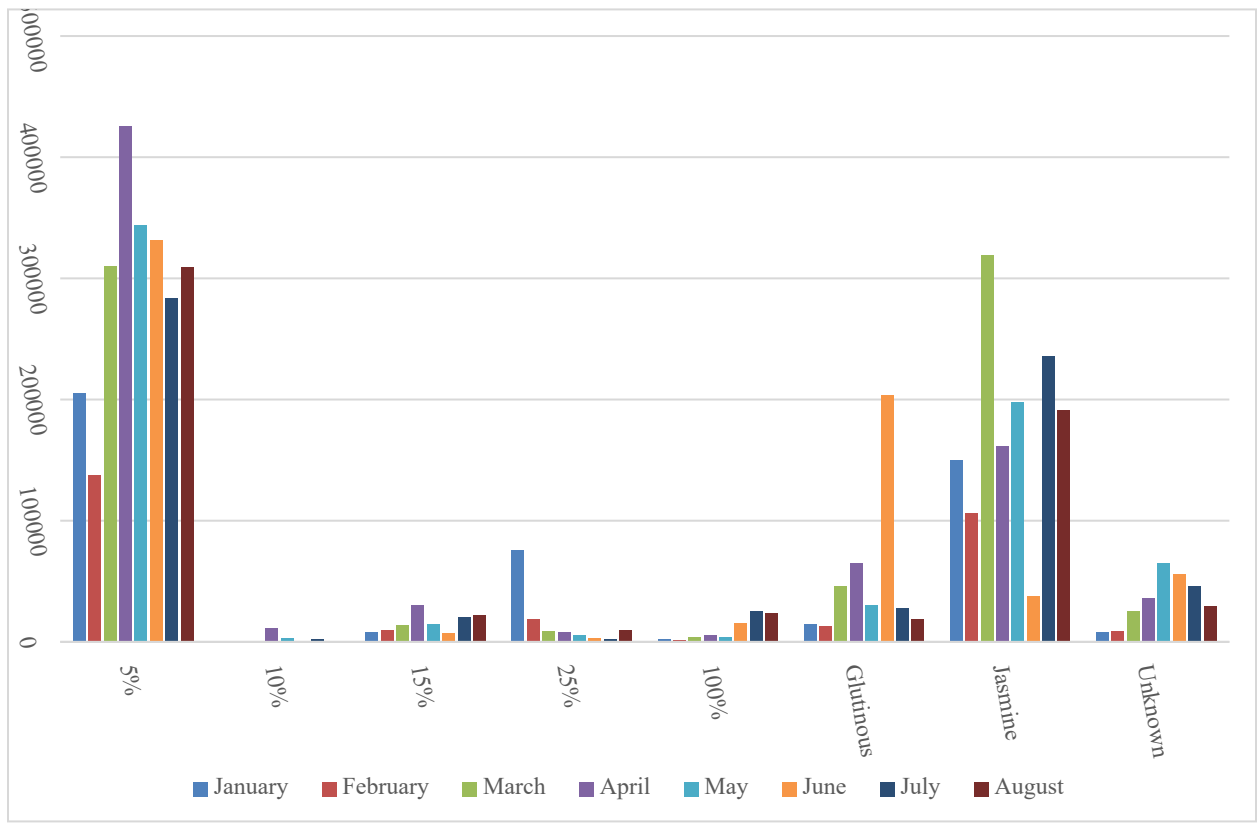
Exports

In the first eight months of the MY18/19, Vietnam exported a total of 4.5 MMT of milled rice, almost unchanged from the previous year (Table 3; Figure 3). Post estimates the MY18/19 export volume at 6.5 MMT, similar to that in MY17/18, due to lack of purchases from traditional major markets such as China and Indonesia. The export volume to China was down substantially, by 70 percent, to approximately 0.3 MMT, with glutinous and jasmine rice suffering the most. Some foreign media outlets report that China will uphold the same tariff rate quota (TRQ) on imported grains in 2020, including a 5.4 MMT cap for rice from all sources. Together with a new tariff policy, which came in effect last July ([VM8050](#)), Vietnamese exports to the Chinese market will continue to face challenges in the coming year. Vietnamese exports to Indonesia have also seen a significant decline, by 90 percent, to approximately 0.05 MMT, reportedly due to high stock ([1916](#)) (Figure 4).

Lower exports to the Chinese and Indonesian markets were offset by increased volume to other markets such as the Philippines, Ivory Coast, and Oceania. The Philippines jumped to become the number one export market, with the volume increasing by 170 percent to nearly 2 MMT. However, rumors of possible applications of tariff and non-tariff measures by the Philippines have affected sales to this market recently (Figure 4).

Under the free trade agreement (FTA) signed in June, the EU has agreed to an 80,000 MT quota for Vietnamese rice at zero tariff. This is an opportunity for Vietnam to expand exports to the EU market, provided that Vietnam complies with its high food safety standards.

Figure 3: Vietnamese Rice Exports by Grade in the First Eight Months of MY18/19 (unit: MT)



Source: Trade

Figure 4: Vietnamese Rice Exports to Markets with Major Variations in the First Eight Months of MY18/19
(unit: MT)

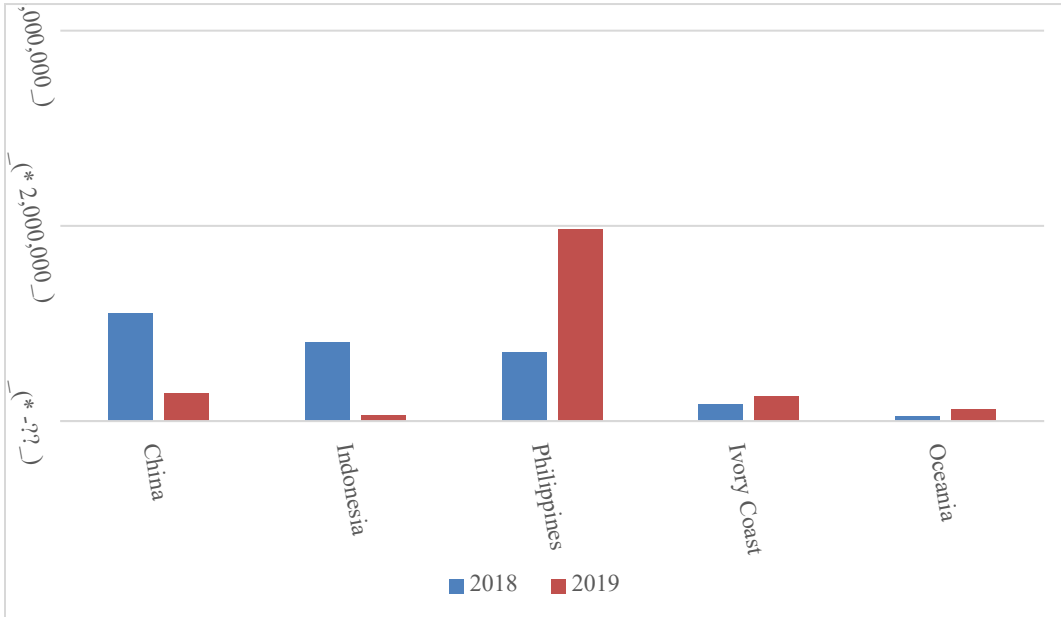


Table 3: Vietnam Rice Export by Grade and Destination January-August 2019

Destinations	5%	10%	15%	25%	100%	Glutinous	Jasmine	Unknown	Total
ASIA	1,857,908	13,364	115,673	117,159	23,650	325,127	864,549	103,414	3,420,843
In which: Indonesia	9,325	0	19,730	0	1,200	17,791	4,840	0	52,886
Philippines	1,346,689	9,300	41,176	94,249	2,201	75,268	383,137	14,926	1,966,945
Malaysia	332,488	2,931	30,434	1,475	575	31,580	33,862	6,463	439,807
Singapore	21,668	70	497	847	1,678	7,848	35,658	6,459	74,724
East Timor	0	0	23,792	0	0	0	1,842	0	25,634
Iraq	75	0	0	0	0	60,000	180,000	0	240,075
Iran	0	0	0	0	0	0	0	0	0
Syria	37,365	0	0	0	0	0	0	700	38,065
Yemen	0	0	0	0	0	0	0	0	0
South/North Korea	20	0	0	0	0	66	154	312	552
Japan	53	0	0	0	300	0	30	19	402
Cambodia	0	0	0	0	0	320	0	78	398
Hong Kong	7,137	0	44	321	350	8,718	59,305	3,266	79,141
UAE	14,031	75	0	0	0	1,237	19,562	6,255	41,161
Taiwan	1,601	780	0	298	420	5,445	2,928	10,056	21,528
Bahrain	113	0	0	0	0	337	1,268	46	1,764
Bangladesh	4,320	0	0	0	0	268	962	1,263	6,813
Saudi Arabia	2,261	0	0	0	0	1,880	10,868	3,371	18,380
China	44,851	208	0	0	11,342	106,165	110,820	8,129	281,516
Brunei	7,550	0	0	0	0	200	1,150	69	8,969
Others*	28,360	0	0	19,969	5,584	8,004	18,163	42,004	122,083
AFRICA	128,932	720	801	5,396	43,189	77,005	469,260	86,554	811,857
In which: Tanzania	10,245	0	0	0	0	330	3,736	0	14,311
Senegal	0	0	0	1,000	9,500	0	1,319	0	11,819
Angola	11,685	0	0	0	3	2	171	0	11,862

Rwanda	0	0	0	0	0	0	0	0	0
Ghana	24,745	0	0	50	1,903	25,151	155,673	19,065	226,587
Uganda	0	0	0	0	0	0	0	0	0
Ivory coast	34,786	0	0	130	18,045	41,799	157,139	4,540	256,439
Reunion	652	200	0	0	0	190	5,892	437	7,370
west africa	0	0	0	0	0	311	0	0	311
Mozambiq	3,820	0	801	182	0	3,142	19,873	581	28,398
Yemen	0	0	0	0	0	0	0	0	0
Kenya	1,000	0	0	0	0	0	54	27	1,081
Congo	105	0	0	0	0	0	694	0	799
Libya	188	0	0	0	0	0	0	2,206	2,394
Algeria	5,561	0	0	0	0	0	52	102	5,715
Benin	803	0	0	0	0	70	2,133	0	3,006
Burkina Faso	0	0	0	0	0	0	0	0	0
Cameroon	17,725	0	0	0	500	166	2,698	9,000	30,089
Gambia	0	0	0	26	0	0	0	0	26
Guinea	51	0	0	0	0	0	1,566	50	1,667
Guinea Bissau	0	0	0	0	500	0	0	0	500
Madagascar	0	0	0	0	0	0	20	3	23
Mali	0	0	0	0	0	0	0	0	0
Mauritania	208	0	0	0	78	0	0	0	286
Nigeria	130	0	0	0	0	52	546	405	1,133
Sierra Leone	0	0	0	0	0	0	5,309	0	5,309
Somali	0	0	0	0	0	0	0	0	0
South Africa	3,427	0	0	0	0	3,108	2,643	1,969	11,146
Togo	487	0	0	0	0	1,251	6,496	0	8,234
Zambia	0	0	0	0	0	0	0	0	0
Others*	5,775	520	0	0	0	1,434	32,886	48,169	88,785
EUROPE and CIS	18,650	3,174	600	985	125	2,336	26,480	17,786	70,136

In which: Russia	7,780	2,026	550	254	75	150	481	6,180	17,496
Ukraine	350	0	0	0	0	61	119	439	969
Poland	20	0	0	0	0	25	1,531	1,544	3,119
Others*	10,500	1,148	50	731	50	2,100	24,349	9,624	48,552
AMERICAS	321,702	0	33	657	227	1,481	19,469	8,863	352,433
In which: Cuba	315,225	0	0	0	0	0	0	0	315,225
Brazil	25	0	0	0	0	12	94	110	241
Haiti	0	0	0	0	0	0	20	0	20
Mexico	110	0	0	0	0	0	0	0	110
Chile	500	0	0	0	0	58	99	225	882
Puerto Rico	0	0	0	0	0	0	0	0	0
Others*	5,792	0	33	657	227	1,407	19,232	8,510	35,858
OCEANIA	20,067	990	6,348	6,727	5,472	10,042	17,560	56,498	123,703
In which: Australia	4,753	944	0	51	120	644	7,838	3,742	18,090
New Caledonia	36	0	0	0	0	22	43	1,542	1,643
New Zealand	574	0	0	0	47	6,712	902	1,941	10,177
others*	14,704	46	6,348	6,676	5,305	2,664	8,778	49,273	93,793
UNKNOWN	130	0	0	245	6,903	3,740	480	1,788	13,286
TOTAL	2,333,107	17,842	123,454	131,146	79,539	418,307	1,397,753	273,100	4,786,357

Source: Trade/Custom Office/VFA

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

Attachments:

No Attachments