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Grain and Feed Update

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Approved By:

Michael Ward

Prepared By:

Quan Tran

Report Highlights:

Post revises total rice production for MY 2012/2013 up over 500,000 tons, to 44.32 million tons of paddy rice, compared to Post's last estimate in June. The increase of total production is due to an unexpected expansion of planted area of the autumn and winter rice crops in the Mekong River Delta (MRD).

Post:
Hanoi

Commodities:
Rice, Milled

STATISTICAL TABLES

Vietnam's Production, Supply and Demand for Rice

Rice, Milled Vietnam	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7,740	7,740	7,740	7,862	7,770	7,790
Beginning Stocks	1,941	1,941	1,826	1,826	1,801	2,328
Milled Production	27,152	27,152	27,375	27,702	27,670	27,717
Rough Production	43,443	43,443	43,800	44,323	44,272	44,347
Milling Rate (.9999)	6,250	6,250	6,250	6,250	6,250	6,250
MY Imports	100	100	100	100	100	100
TY Imports	100	100	100	100	100	100
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	29,193	29,193	29,301	29,628	29,571	30,145
MY Exports	7,717	7,717	7,400	7,200	7,800	7,500
TY Exports	7,717	7,717	7,400	7,200	7,800	7,500
Consumption and Residual	19,650	19,650	20,100	20,100	20,500	20,500
Ending Stocks	1,826	1,826	1,801	2,328	1,271	2,145
Total Distribution	29,193	29,193	29,301	29,628	29,571	30,145
1000 HA, 1000 MT, MT/HA						

PRODUCTION

Vietnam's Area, Yield, and Production for Rough Rice (as of June 2013)

Marketing Year	2011/2012 Revised		2012/2013 Estimate		2013/2014 Forecast	
	Old	New	Old	New	Old	New
Harvested Area (tha)						
Winter ¹	1,770	1,770	1,770	1,790	1,770	1,770
Spring ²	3,120	3,120	3,140	3,140	3,150	3,120
Autumn ³	2,850	2,850	2,830	2,932	2,850	2,900
TOTAL	7,740	7,740	7,740	7,862	7,770	7,790
Yield (mt/ha)						
Winter	4.68	4.75	4.75	4.75	4.75	4.75
Spring	6.39	6.39	6.45	6.45	6.50	6.50
Autumn	5.29	5.29	5.35	5.31	5.40	5.40
AVERAGE	5.60	5.61	5.66	5.64	5.69	5.69
Production (tmt)						
Winter	8,284	8,407	8,407	8,502	8,407	8,407
Spring	19,960	19,960	20,253	20,253	20,475	20,280
Autumn	15,076	15,076	15,140	15,568	15,390	15,660
TOTAL	43,320	43,443	43,800	44,323	44,272	44,347

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

Source: MARD, Post estimates

Estimate for MY 2012/2013 (began January 2013)

Post revises total rice production for MY 2012/2013 up over 500,000 tons, to 44.32 million tons of paddy rice, compared to Post's last estimate in June. The increase of total production is due to an unexpected expansion of planted area of the autumn and winter rice crops in the Mekong River Delta (MRD) during a period of tight competition among major Asian rice exporters.

Autumn Crop

The autumn crop is mainly planted in the Mekong River Delta, which comprises about 80-85 percent of the total autumn crop planted area. The MRD autumn crop consists of a Main Autumn crop and Late Autumn crop. The Late Autumn crop is only planted in the MRD, after the harvest of the Main Autumn crop in limited area where the land elevation is high enough to avoid the flooding from the Mekong River, and is sometimes called the third crop.

As of September 15, 2013, despite the bottleneck rice export situation, the total autumn crop is revised to 2.93 million hectares, up about 110,000 hectares from Post's last estimate in June. The increase is mainly due to the favorable weather conditions for planting and reduced shrimp cultivation in the MRD. Post revises the harvested area for Main Autumn crop in the MRD from 1.67 to 1.7 million hectares and Late Autumn crop from 740,000 hectares to 790,000 hectares.

Currently, the planted area of the Main Autumn crop in the coastal area of the MRD is estimated by the Ministry of Agriculture and Rural Development (MARD) at more than 1.71 million hectares and the harvested area was approximately 1.56 million hectares, as of September 15, 2013. The harvest of the main crop is later than normal this year due to the late arrival of the rainy season.

Winter Crop

According to the MARD agricultural production report in September, the northern part of Vietnam has completed the planting of the winter crop and the planted area in the north is about the same as MY 2011/2012. In the MRD, the planting is on-going and is reported 15,000 hectares higher than the MY 2011/2012 winter crop. The other areas in the southern part of Vietnam are estimated unchanged compared to the MY 2011/2012 winter crop. Post revises the total harvested area for winter crop, up 20,000 hectares to 1.79 hectares, driven by the increase of planted/harvested area in the MRD, favorable weather conditions, and the farmers shifting from shrimp to rice.

Rice Production in the Mekong Delta by Marketing Year

(000 ha; mt/ha; 000 mt)

	2011/2012 (Revised)			2012/2013 (old)			2012/2013 (Estimate) (new)		
	Area	Yield	Prod.	Area	Yield	Prod.	Area	Yield	Prod.
Winter	200	4.30	861	200	4.10	820	220	4.10	902
Spring	1,579	6.86	10,832	1,600	6.90	11,040	1,600	6.90	11,040
Autumn	1,670	5.50	9,185	1,670	5.55	9,269	1,700	5.50	9,350
Late Autumn	740	4.86	3,596	740	4.90	3,626	790	4.90	3,871
Total	4,189		24,473	4,210		24,755	4,310		25,163

Source: MARD, Post estimate

Forecast for MY 2013/2014 (began January 2014)

Post revises the forecast of total paddy rice production for MY 2013/2014 up slightly from 44.32 million tons to 44.35 million tons due mainly to higher paddy yield, despite the drop in forecasted total harvested area from 7.86 million hectares to 7.79 million hectares in MY 2013/14.

The harvested area is forecasted down about 20,000-30,000 hectares for each individual crop following guidance of the Government of Vietnam to reduce rice planted area to avoid the over-supply and to shift to other commodity crops (mainly corn and soybeans) in order to help increase farmer's income and support the local animal feed industry which relies heavily on imports of those commodities for use as feed ingredients.

Exports

The Vietnam Food Association (VFA) has recently reduced the export target for MY 2012/2013 from 7.5 million tons to 7.0-7.2 million tons of milled rice due to the strong competition from other rice exporting countries, especially Thailand, India, Pakistan, and Myanmar. According to VFA, Vietnamese rice exporters still expect some sales to the Philippines and Indonesia, two traditional Vietnamese markets, sometime by the end of the Marketing year. However, Vietnamese exporters face strong competition from other Asian exporters in the African market, also one of the top buyers of Vietnamese rice. China, the biggest Vietnamese rice buyer earlier this marketing year has recently halted its purchase of Vietnamese rice. According to trade sources, the Chinese government is restricting the issuance of import quotas to rice importers. Additionally, trade sources also report that the Chinese government recently signed a government-to-government rice import contract with Thailand. For these reasons, Post revises the MY 2012/2013 Vietnam rice export estimate down from 7.4 million tons to 7.2 million tons. Given the fierce competition in two of Vietnam's major export markets (Africa and Indonesia and the Philippines) Post also revises the forecast of MY 2013/2014 down from 7.8 million tons to 7.5 million tons.