

**Required Report:** Required - Public Distribution

**Date:** July 01, 2022

**Report Number:** VM2022-0044

## **Report Name:** Grain and Feed Update

**Country:** Vietnam

**Post:** Hanoi

**Report Category:** Grain and Feed

**Prepared By:** Thanh Vo

**Approved By:** Jane Luxner

### **Report Highlights:**

Post revises estimates of the Vietnam's marketing year 2021/2022 (MY 2021/22) spring crop harvest area and production down to 3,000 thousand hectares (THA) and 20.10 million metric tons (MMT) due to abnormally cold weather, unseasonal rains and uneven rain distribution, and high costs of inputs. Due to these factors, Post also revises MY 2021/22 paddy harvest area and production forecast down to 7,285 THA and 43.31 MMT. With steady exporting pace in the first five months, and potentially stable export demands for the remainder of calendar year (CY) 2022, Post upholds Vietnam's MY 2021/22 rice export estimate at 6.40 MMT.

## RICE

### Production, Supply, and Distribution

Rice, Milled	2020/2021		2021/2022		2022/2023	
Market Begin Year	Jan 2021		Jan 2022		Jan 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7305	7305	7295	7285	7290	7295
Beginning Stocks	1180	1180	2639	2661	2770	3030
Milled Production	27381	27381	27331	27069	27400	27331
Rough Production	43810	43810	43730	43310	43840	43730
Milling Rate (.9999)	6250	6250	6250	6250	6250	6250
MY Imports	1800	1800	800	1200	600	800
TY Imports	1800	1800	800	1200	600	800
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	30361	30361	30770	30930	30770	31161
MY Exports	6272	6300	6500	6400	6400	6400
TY Exports	6272	6300	6500	6400	6400	6400
Consumption and Residual	21450	21400	21500	21500	21550	21600
Ending Stocks	2639	2661	2770	3030	2820	3161
Total Distribution	30361	30361	30770	30930	30770	31161
Yield (Rough)	5.9973	5.9973	5.9945	5.9451	6.0137	5.9945

(1000 HA), (1000 MT), (MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Rice, Milled begins in January for all countries.

TY 2022/2023 = January 2023 - December 2023

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## Production

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

Marketing Year	2020/2021 Estimate		2021/2022 Forecast		2022/2023 Forecast	
	Old	New	Old	New	Old	New
<b>Harvested Area (THA)</b>						
Spring <sup>1</sup>	3,020	3,020	3,010	3,000	3,010	3,010
Autumn <sup>2</sup>	2,710	2,710	2,710	2,710	2,710	2,710
Winter <sup>3</sup>	1,600	1,575	1,575	1,575	1,575	1,575
<b>TOTAL</b>	<b>7,330</b>	<b>7,305</b>	<b>7,295</b>	<b>7,285</b>	<b>7,295</b>	<b>7,295</b>
<b>Yield (MT/HA)</b>						
Spring	6.82	6.82	6.82	6.70	6.82	6.82
Autumn	5.55	5.59	5.59	5.59	5.59	5.59
Winter	5.06	5.12	5.12	5.12	5.12	5.12
<b>AVERAGE</b>	<b>5.97</b>	<b>6.00</b>	<b>5.99</b>	<b>5.95</b>	<b>5.99</b>	<b>5.99</b>
<b>Production (TMT)</b>						
Spring	20,600	20,600	20,520	20,100	20,520	20,520
Autumn	15,050	15,150	15,150	15,150	15,150	15,150
Winter	8,100	8,060	8,060	8,060	8,060	8,060
<b>TOTAL</b>	<b>43,750</b>	<b>43,810</b>	<b>43,730</b>	<b>43,310</b>	<b>43,730</b>	<b>43,730</b>

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

Source: Ministry of Agriculture and Rural Development (MARD), General Statistics Office (GSO), Post estimates

Based on GSO's report, the total cultivation area of the MY 2021/22 spring crop contracted by 15 thousand hectares (THA) compared with the previous year, with a sharper decline in the northern region, due to a switch to other crops such as vegetables and land conversion. Abnormally cold weather in the first quarter of this year and uneven rain distribution affected yields of the spring crop in the northern region. Unseasonal rain has also not been beneficial for the spring crop in the southern region, reportedly affecting the harvesting pace and kernel quality in some areas. In addition, industry contacts noted that farmers tend to reduce their use of fertilizers and pesticides when prices are consistently high which can lead to lower yields. GSO estimated that yield of the MY 2021/22 spring crop declined by 0.18 tons/hectare (T/HA) to 6.26 T/HA, resulting in lower production output in the northern region. Similarly, yield declined by 0.17 T/HA to 6.93 T/HA in the southern region. Post revises its estimates of Vietnam's MY 2021/22 spring crop harvest area and production down to 3,000 THA and 20.10 MMT (Table 1).

According to the Vietnam Meteorological and Hydrological Administration's weather forecasts, precipitation in the northern region from July to September 2022 will be higher than average. High rainfall right after the planting of the autumn and winter crops, would also not support paddy vegetation. The Crop Production Department (CPD) advised farmers to plant short-term varieties, and complete

planting of the autumn and winter crops by July to mitigate weather and disease impacts. Precipitation in the southern region will likely be lower than average from July to September 2022. However, Mekong River flows in June are forecasted higher than average, helping to supply water to the current autumn crop. Post upholds its harvest area and production volume estimates of the MY 2021/22 autumn crop at 2,710 THA and 15.15 MMT (Table 1). Overall, Post revises MY 2021/22 paddy harvest area and production forecast down to 7,285 THA and 43.31 MMT, on lower production of the spring crop due to unfavorable weather conditions.

### *Mekong River Delta*

**Table 2: Rice Production in the Mekong Delta, MY 2020/21-2022/23**

Crop	MY 2020/21 (Estimate)			MY 2021/22 (Forecast)			MY 2022/23 (Forecast)		
	Area	Yield	Prod.	Area	Yield	Prod.	Area	Yield	Prod.
<b>Spring</b>	<b>1,520</b>	<b>7.17</b>	<b>10,900</b>	<b>1,510</b>	<b>7.09</b>	<b>10,700</b>	<b>1,510</b>	<b>7.17</b>	<b>10,820</b>
<b>Autumn</b>	<b>2,240</b>	<b>5.83</b>	<b>13,050</b>	<b>2,230</b>	<b>5.82</b>	<b>12,980</b>	<b>2,230</b>	<b>5.82</b>	<b>12,980</b>
<i>Main autumn</i>	<i>1,520</i>	<i>5.95</i>	<i>9,050</i>	<i>1,510</i>	<i>5.95</i>	<i>8,980</i>	<i>1,510</i>	<i>5.95</i>	<i>8,980</i>
<i>Late autumn</i>	<i>720</i>	<i>5.56</i>	<i>4,000</i>	<i>720</i>	<i>5.56</i>	<i>4,000</i>	<i>720</i>	<i>5.56</i>	<i>4,000</i>
<b>Winter</b>	<b>165</b>	<b>4.73</b>	<b>780</b>	<b>165</b>	<b>4.73</b>	<b>780</b>	<b>165</b>	<b>4.73</b>	<b>780</b>
<b>Total</b>	<b>3,925</b>	<b>6.30</b>	<b>24,730</b>	<b>3,905</b>	<b>6.26</b>	<b>24,460</b>	<b>3,905</b>	<b>6.29</b>	<b>24,580</b>

Area (THA), Yield (MT/HA), Production (TMT)

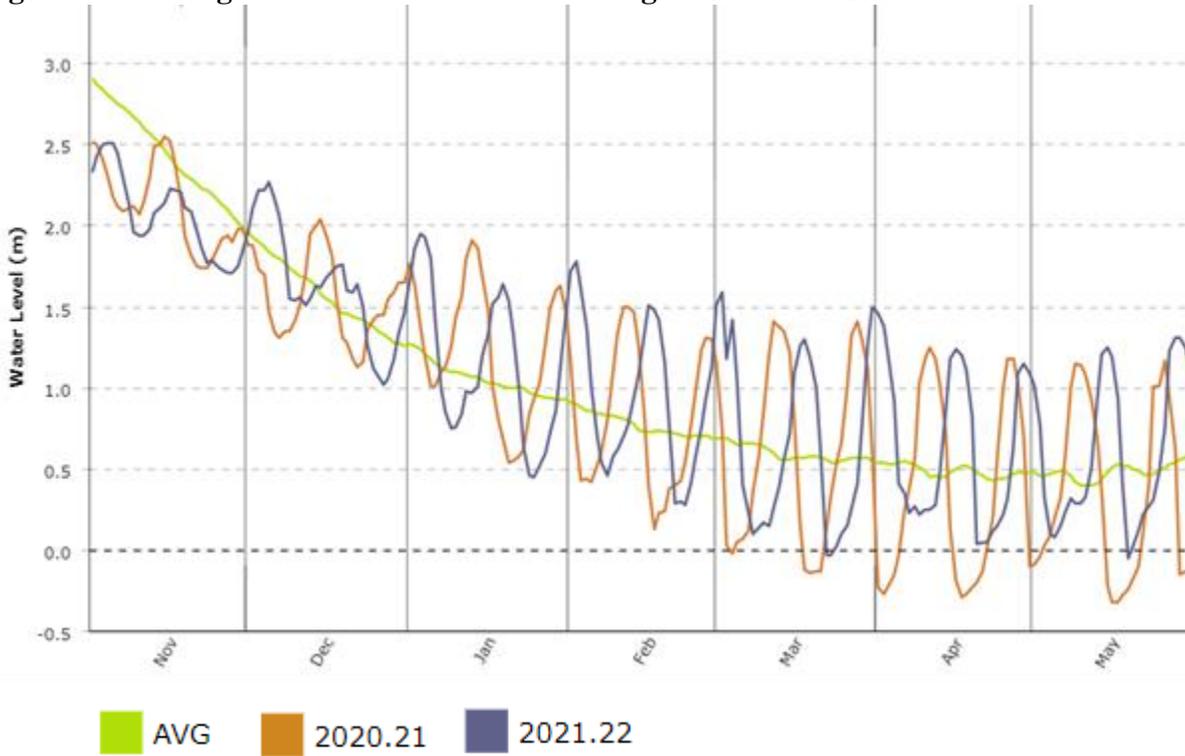
Source: MARD; GSO; Post's estimate

Note: Main/late autumn crop is also as known as summer-autumn/autumn-winter crop.

Farmers finished harvest of the MY 2021/22 spring crop in May, the normal harvesting time, although the harvesting pace was reportedly slower in March and April than previous years due to unseasonal rains. According to GSO, the MY 2021/22 spring crop in the Mekong Delta contracted in area by 12 THA and yield by 0.15 T/HA, which resulted in lower production. Industry contacts confirmed that unfavorable conditions, including high input costs and unseasonal rains, affected yields of the MY 2021/22 spring crop in the Mekong Delta. Therefore, Post revises its estimate for MY 2021/22 production down to 10.70 MMT, lower than the previous year (Table 2).

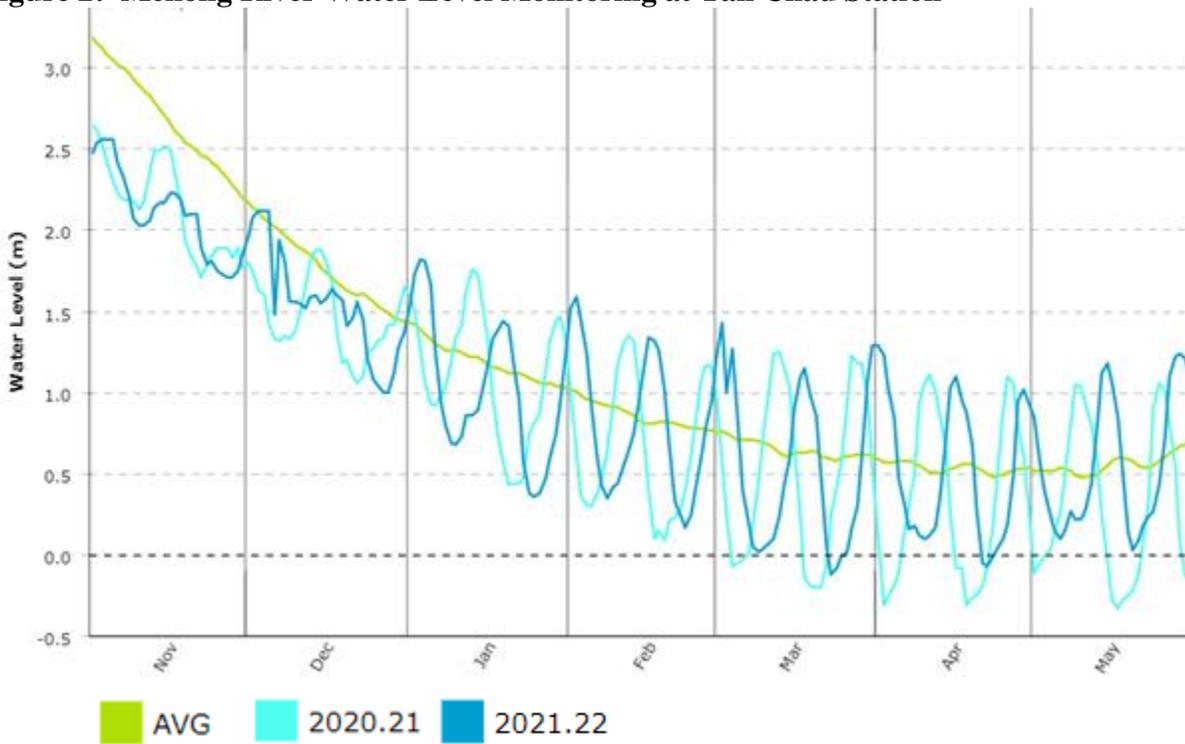
According to the Mekong River Commission's water flow observation, Mekong River levels in the 2021/2022 dry season (November-May) were higher than the average (Figure 1 and 2) and remained at higher rates at the beginning of the 2022 flooding season (June-October).

**Figure 1: Mekong River Water Level Monitoring at Chau Doc Station**



Source: Mekong River Commission

**Figure 2: Mekong River Water Level Monitoring at Tan Chau Station**



Source: Mekong River Commission

By the end of May, farmers in the Mekong Delta planted 1,350 THA of the autumn crop, out of the 1,520 THA target, and harvested 120 THA of this crop. GSO reported that the planting pace of the MY 2021/22 autumn crop has been generally faster than the previous year, although in some areas in the Kien Giang and An Giang provinces, rice traders noted a slower harvesting pace due to delays in planting. Post upholds its harvest area and production estimates of the MY 2021/22 autumn crop in the Mekong Delta at 2,230 THA and 12.98 MMT.

## Consumption

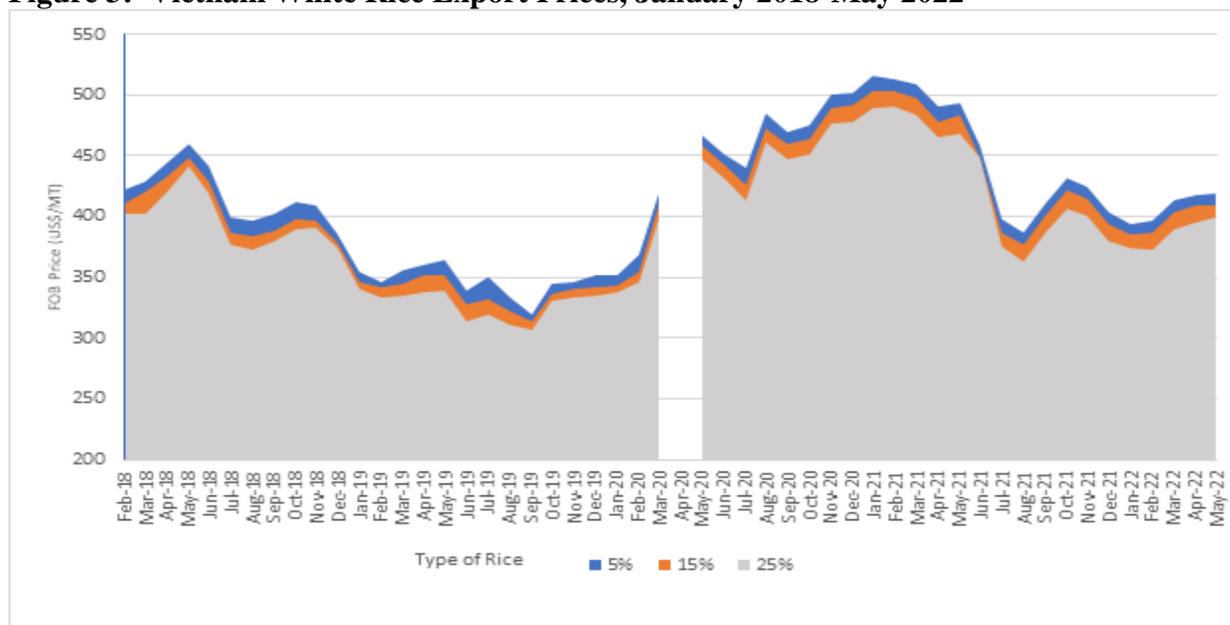
Post upholds its estimate of MY 2021/22 consumption at 21.50 MMT. Industry traders note that, as rice is a staple food, Vietnamese consumption remains steady. Post revises forecast of the MY 2022/23 consumption up to 21.60 MMT on par with population growth.

## Trade

### Export Prices

Export prices were steady over the last few months (Figure 3). Industry traders noted that rice prices were supported by rice’s increasing world demand as a substitute for more expensive grains. In addition, high costs of inputs, transportation, and logistics continued to contribute to high rice prices. Local rice traders saw profits drop due to high costs. Average domestic gasoline prices in Vietnam in May 2022 were 54 percent higher than in May 2021, and 137 percent higher than in May 2020. To calm domestic fertilizer prices, the Ministry of Finance recently proposed raising the export tariff on some fertilizer products from zero to 5 percent, but final approval has not yet been made.

**Figure 3: Vietnam White Rice Export Prices, January 2018-May 2022**



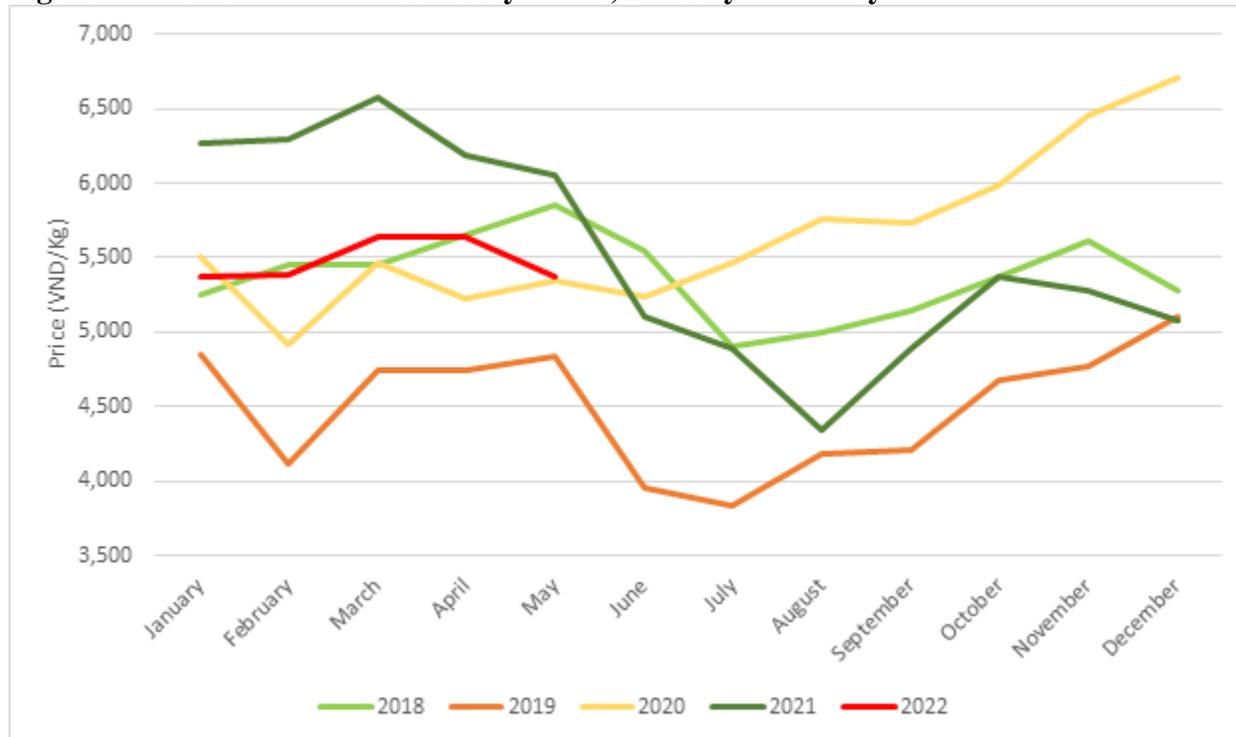
Source: Trade contacts

Note: Prices in April 2020 were not available due to the Government of Vietnam’s rice export ban.

### **Domestic Prices**

Farmers noted that paddy prices in 2022 dropped significantly from the previous year’s levels, while fertilizer and pesticide prices remained at 50-100 percent higher (Figure 4). In contrast, rice traders noted that rice bran and broken rice prices have increased over the past three months due to increasing demands as a feed substitute due to high prices for other feed grains, reportedly a consequence of the Russia-Ukraine war.

**Figure 4: Vietnam White Rice Paddy Prices, January 2017-May 2022**

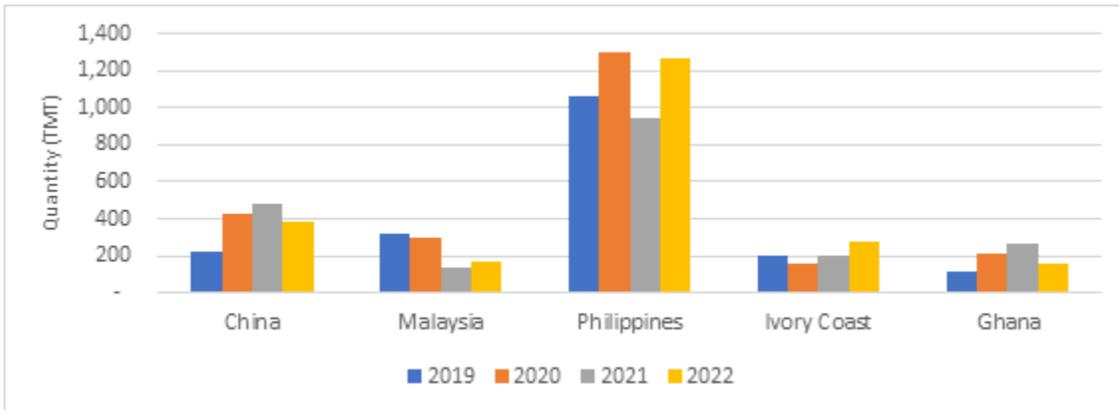


Source: Trade contacts

### **Export**

According to Vietnam Customs’ data, the Vietnam rice export volume in January-May 2022 reached 2.77 MMT - 7 percent higher than the same period of last year. However, its value declined by 4 percent to \$1.35 billion. The Philippines has remained the largest importer over the past four years, buying 1.27 MMT (up 35 percent year on year), followed by China with 389 thousand metric tons (TMT) (down 20 percent), Cote d’Ivoire 273 TMT (up 37 percent), Malaysia 162 TMT (up 19 percent), and Ghana 157 TMT (down 41 percent) (Figure 5).

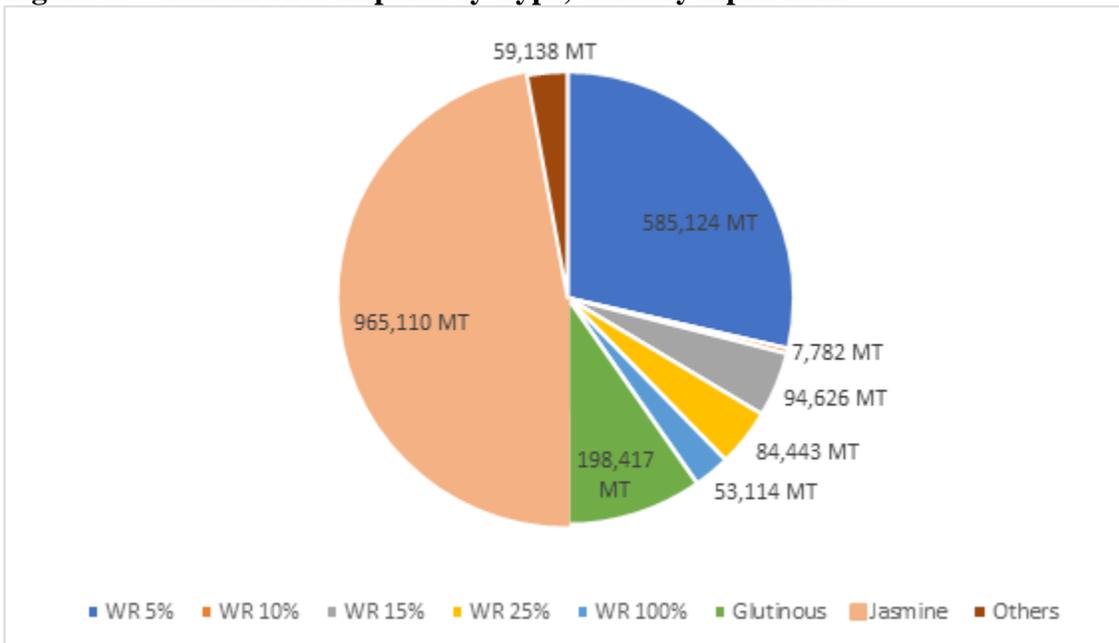
**Figure 5: Vietnam Rice Exports to Major Markets, January-May**



Source: Vietnam Customs

White rice in January-April 2022 accounted for 40 percent of the total exports (down from 46 percent year-on-year). The share of jasmine rice rose to 47 percent of total exports (up from 32 percent) on increasing demands from the Philippines, China, and Cote d’Ivoire. Glutinous rice dropped from 19 to 10 percent due to declining demands from China (Figure 6).

**Figure 6: Vietnam Rice Exports by Type, January-April 2022**



Source: Vietnam Customs, Trade contacts, Post’s analysis

Note: WR – White rice

Local media has widely reported on how the Russia-Ukraine war has caused skyrocketing prices of staple food grains and gasoline, resulting in high inflation and concerns of food insecurity in many countries. However, local rice traders noted that as world rice stocks are currently abundant, and it takes

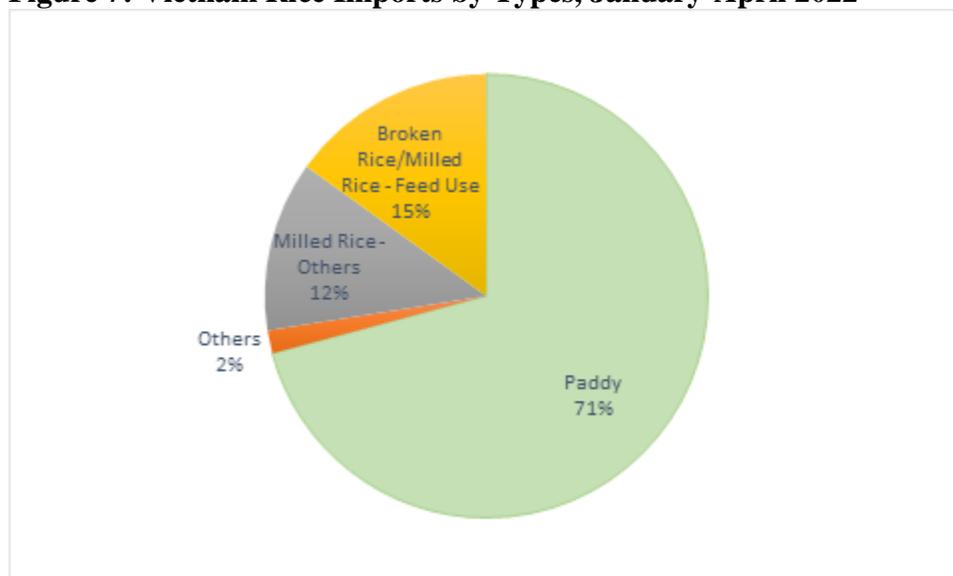
time for people to change their diets, they have not yet seen any actual effects from the above factors, which could viably boost Vietnam’s rice exports.

Rice traders continue to see stable export demands for the remainder of 2022, especially in traditional markets. Exports to the Philippines market were strong in the first five months of CY 2022. Local media reported that, in March 2022, the Malaysian Government increased its quota for milled rice imported from Vietnam to 700,000 MT/year from 520,000 MT/year. However, high logistical and transportation costs have remained problematic, with sea freights to Asian, African and European destinations still at high levels. While prices of Vietnam fragrant rice are competitive in comparison with other sources, white rice exports face strong competition from India and Thailand. The Philippines recently extended the lower import duty at 35 percent on rice imported from non-ASEAN origins until the end of 2022 to curb inflation. This extension is said to be beneficial for rice of non-ASEAN origins such as India. Considering the factors described above, Post upholds Vietnam’s MY 2021/22 rice export estimate at 6.40 MMT based on the current export pace and projected stable export demands for the remainder of the year.

### **Imports**

In the first four months of 2022, Vietnam imported over 600 TMT of rice, of which, 98 percent was from Cambodia and India, based on Vietnam Customs’ preliminary data. Paddy accounted for 71 percent of the total imports, mainly from Cambodia. Milled rice and broken rice for both food and feed use accounted for 27 percent, mainly from India (Figure 7). Rice traders noted that although trade of paddy between Vietnam and Cambodia has existed for years, its flow has gradually shifted from border trade to official trade following COVID-19 preventive measures in the past two years. Vietnam generally imports paddy from Cambodia for milling to supplement and diversify domestic supply. Post revises its estimate of Vietnam MY 2021/22 imports up to 1.20 MMT based on the current import pace, existing demands in Vietnam and competitive prices.

**Figure 7: Vietnam Rice Imports by Types, January-April 2022**



Source: Vietnam Customs, Trade contacts, Post’s calculation

## **Stocks**

Post revises MY 2021/22 stocks up to 3.03 MMT on higher imports more than offsetting lower production.

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**Table 3: Vietnam's Rice Exports, by Grade and Destination, January-April 2022**

Destination	5%	10%	15%	25%	100%	Glutinous	Jasmine	Unknown	Total
<b>ASIA</b>	<b>529,311</b>	<b>7,501</b>	<b>92,776</b>	<b>79,425</b>	<b>44,545</b>	<b>196,513</b>	<b>527,852</b>	<b>29,974</b>	<b>1,507,898</b>
Indonesia	1,750	0	850	0	399	6,400	1,475	925	11,799
Philippines	418,955	1,760	79,921	77,816	25,358	23,957	281,473	598	909,839
Malaysia	55,248	1,265	305	0	0	23,681	29,638	5,769	115,906
Singapore	4,157	25	0	0	609	1,245	19,324	3,344	28,703
East Timor	0	0	11,700	0	0	0	3,394	0	15,094
Iraq	0	0	0	0	0	0	0	0	0
Iran	0	0	0	0	0	0	0	0	0
Syria	18,000	0	0	0	0	0	0	0	18,000
Yemen	0	0	0	0	0	0	0	0	0
South Korea	64	0	0	0	4,800	5	11,320	22	16,211
Japan	30	0	0	0	0	0	347	46	422
Cambodia	0	4,446	0	0	0	6,965	1,630	5,691	18,731
Hongkong	375	0	0	98	22	95	21,112	1,166	22,868
UAE	984	0	0	0	0	159	13,862	3,538	18,543
Taiwan	881	0	0	0	0	3,715	1,553	0	6,149
Bahrain	0	0	0	0	0	13	968	167	1,148
Bangladesh	0	0	0	0	0	0	322	238	560
Saudi Arabia	1,226	0	0	42	0	186	7,930	2,958	12,342
China	25,623	0	0	500	13,057	127,397	126,669	2,863	296,110
Brunei	0	0	0	0	0	0	0	0	0
Others	2,018	5	0	969	300	2,697	6,834	2,650	15,474
<b>AFRICA</b>	<b>12,619</b>	<b>0</b>	<b>0</b>	<b>2,349</b>	<b>3,759</b>	<b>38</b>	<b>381,034</b>	<b>5,257</b>	<b>405,054</b>
Tanzania	0	0	0	0	0	0	3,760	0	3,760
Senegal	0	0	0	0	0	0	588	0	588
Angola	276	0	0	0	0	0	145	0	421
Rwanda	0	0	0	0	0	0	0	0	0
Ghana	7,674	0	0	2,349	1,499	0	131,054	0	142,575
Uganda	0	0	0	0	0	0	0	0	0
Ivory coast	71	0	0	0	2,000	0	205,237	4,500	211,808
Reunion	0	0	0	0	0	0	2,859	0	2,859
Mozambique	1,058	0	0	0	0	0	11,614	0	12,672
Kenya	0	0	0	0	0	0	28	27	55
Congo	0	0	0	0	0	0	380	0	380
Libya	0	0	0	0	0	0	0	0	0
Algeria	0	0	0	0	0	0	0	0	0
Benin	24	0	0	0	0	0	1,109	0	1,133
Burkina Faso	0	0	0	0	0	0	0	0	0
Cameroon	0	0	0	0	0	0	3,057	0	3,057

Gambia	0	0	0	0	0	0	78	0	78
Guinea	0	0	0	0	0	0	107	0	107
Guinea Bissau	0	0	0	0	0	0	0	0	0
Madagascar	0	0	0	0	0	4	16	3	23
Mali	0	0	0	0	0	0	0	0	0
Mauritania	0	0	0	0	0	0	0	0	0
Nigeria	0	0	0	0	0	0	0	0	0
Sierra Leone	0	0	0	0	0	0	0	0	0
Somali	0	0	0	0	0	0	0	0	0
South Africa	27	0	0	0	0	9	1,627	555	2,219
Togo	208	0	0	0	260	0	4,563	0	5,031
Zambia	0	0	0	0	0	0	0	0	0
Others*	3,281	0	0	0	0	25	14,812	171	18,290
<b>EUROPE</b>	<b>4,016</b>	<b>0</b>	<b>0</b>	<b>311</b>	<b>0</b>	<b>1,256</b>	<b>19,305</b>	<b>7,423</b>	<b>32,311</b>
Russia	52	0	0	0	0	25	774	66	916
France	666	0	0	0	0	23	852	36	1,577
Ukraine	0	0	0	0	0	0	5	90	95
Poland	102	0	0	23	0	115	808	340	1,388
Others*	3,196	0	0	288	0	1,093	16,866	6,892	28,335
<b>AMERICAS</b>	<b>30,745</b>	<b>0</b>	<b>0</b>	<b>386</b>	<b>0</b>	<b>310</b>	<b>12,469</b>	<b>1,328</b>	<b>45,237</b>
Cuba	30,450	0	0	0	0	0	0	0	30,450
Brazil	0	0	0	0	0	0	0	18	18
Haiti	0	0	0	0	0	0	0	0	0
Mexico	0	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	7	17	101	125
Puerto Rico	0	0	0	0	0	0	0	0	0
Others*	295	0	0	386	0	303	12,452	1,209	14,644
<b>OCEANIA</b>	<b>8,433</b>	<b>281</b>	<b>1,850</b>	<b>1,973</b>	<b>4,810</b>	<b>301</b>	<b>24,452</b>	<b>15,156</b>	<b>57,256</b>
Australia	547	97	0	48	60	31	8,157	3,402	12,342
New Caledonia	0	0	0	0	0	1	71	900	972
New Zealand	210	0	0	0	0	1	1,569	877	2,657
Others*	7,675	184	1,850	1,925	4,750	268	14,654	9,977	41,284
<b>TOTAL</b>	<b>585,124</b>	<b>7,782</b>	<b>94,626</b>	<b>84,443</b>	<b>53,114</b>	<b>198,417</b>	<b>965,110</b>	<b>59,138</b>	<b>2,047,755</b>

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

Source: Vietnam Customs, Trade contacts, Post's calculation

**Attachments:**

No Attachments