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Report Name: Grain and Feed Update

Country: Vietnam

Post: Hanoi

Report Category: Grain and Feed

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Report Highlights:

Post revises its estimates of the marketing year (MY) 2021/22 paddy harvest area and production down to 7,185 thousand hectares (THA) and 42.83 million metric tons (MMT) on unfavorable weather conditions and high input costs. Post also revises MY 2022/23 forecasts of harvest area and production down to 7,220 THA and 43.20 MMT as a result of smaller cultivation area due to crop conversion and continuing high production costs. Considering strong export growth in the first eleven months of 2022, Post revises its estimate of MY 2021/22 exports up to 7.10 MMT. As Vietnam continued to import paddy from Cambodia and rice from India to supplement domestic supplies, Post revises its estimate of MY 2021/22 imports up to 1.50 MMT, still lower than the previous year.

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	7265	7185	7275	7220
Beginning Stocks	1180	1180	2639	2661	2483	2330
Milled Production	27381	27381	26944	26769	27225	27000
Rough Production	43810	43810	43110	42830	43560	43200
Milling Rate (.9999)	6250	6250	6250	6250	6250	6250
MY Imports	1800	1800	1400	1500	700	1000
TY Imports	1800	1800	1400	1500	700	1000
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	30361	30361	30983	30930	30408	30330
MY Exports	6272	6300	7000	7100	7200	6500
TY Exports	6272	6300	7000	7100	7200	6500
Consumption and Residual	21450	21400	21500	21500	21500	21600
Ending Stocks	2639	2661	2483	2330	1708	2230
Total Distribution	30361	30361	30983	30930	30408	30330
Yield (Rough)	5.9973	5.9973	5.9339	5.961	5.9876	5.9834

(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

Production

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

Marketing Year	**2020/2021 Estimate**		**2021/2022 Estimate**		**2022/2023 Forecast**	
Harvested Area (THA)	**Old**	**New**	**Old**	**New**	**Old**	**New**
Spring[1]	3,020	3,020	3,000	3,000	3,000	3,000
Autumn[2]	2,710	2,710	2,690	2,620	2,700	2,650
Winter[3]	1,600	1,575	1,575	1,565	1,575	1,570
TOTAL	**7,330**	**7,305**	**7,265**	**7,185**	**7,275**	**7,220**
Yield (MT/HA)						
Spring	6.82	6.82	6.67	6.67	6.80	6.77
Autumn	5.55	5.59	5.59	5.57	5.59	5.58
Winter	5.06	5.12	5.12	5.26	5.12	5.16
AVERAGE	**5.97**	**6.00**	**5.93**	**5.96**	**5.99**	**5.98**
Production (TMT)						
Spring	20,600	20,600	20,000	20,000	20,400	20,300
Autumn	15,050	15,150	15,050	14,600	15,100	14,800
Winter	8,100	8,060	8,060	8,230	8,060	8,100
TOTAL	**43,750**	**43,810**	**43,110**	**42,830**	**43,560**	**43,200**

[1] Winter-Spring, [2] Summer-Autumn, [3] Lua Mua (10th Month)
Source: Ministry of Agriculture and Rural Development (MARD), General Statistics Office (GSO), Post estimates

In general, unfavorable weather conditions and high input costs have led to smaller cultivation area, lower yields, and therefore lower production volume in MY 2021/22. Based on the Ministry of Agriculture and Rural Development's (MARD) statistics, the cultivation area of the MY 2021/22 main autumn crop contracted by 39 THA compared with the previous year, and yield slightly declined, resulting in smaller production by 262 thousand metric tons (TMT). The MY 2021/22 late autumn crop cultivation area also contracted by 70 THA as farmers either skipped this crop due to high production costs or switched to fruit crops. Despite relatively stable yields, smaller cultivation area led to lower production volume by 390 TMT, the General Statistics Office (GSO) estimates. Post revises the harvest area and production of the MY 2021/22 autumn crop down to 2,620 THA and 14.60 MMT.

The results of the MY 2021/22 winter crop demonstrated increased yields compared to the same time last year, especially in the southern region. High precipitation helped to prevent salinity intrusion and supported the expansion of the cultivation area in the southern provinces, which was not enough to offset the contraction in the northern provinces. With higher yields, GSO estimates that production volume of the MY 2021/22 winter crop will increase by nearly 200 TMT. Post revises its estimates of the MY 2021/22 winter crop harvest area slightly down to 1,565 THA, but production up to 8.23 MMT.

Due to smaller cultivation area and production output of most major crops, Post revises its estimates of the MY 2021/22 harvest area and production down to 7,185 THA and 42.83 MMT. Considering the trend of contraction in cultivation area due to crop conversion and high cost of inputs, Post revises MY 2022/23 forecasts of paddy harvest area and production down to 7,220 THA and 43.20 MMT.

Mekong River Delta

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

Crop	MY 2020/21 (Estimate)			MY 2021/22 (Estimate)			MY 2022/23 (Forecast)		
	Area	**Yield**	**Prod.**	**Area**	**Yield**	**Prod.**	**Area**	**Yield**	**Prod.**
Spring	**1,520**	**7.17**	**10,900**	**1,510**	**7.02**	**10,600**	**1,500**	**7.13**	**10,700**
Autumn	**2,240**	**5.83**	**13,050**	**2,140**	**5.75**	**12,310**	**2,190**	**5.73**	**12,550**
Main autumn	*1,520*	*5.95*	*9,050*	*1,490*	*5.84*	*8,700*	*1,490*	*5.87*	*8,750*
Late autumn	*720*	*5.56*	*4,000*	*650*	*5.55*	*3,610*	*700*	*5.43*	*3,800*
Winter	**165**	**4.73**	**780**	**175**	**4.80**	**840**	**170**	**4.71**	**800**
Total	**3,925**	**6.30**	**24,730**	**3,825**	**6.21**	**23,750**	**3,860**	**6.23**	**24,050**

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.

According to MARD and GSO's statistics, cultivation area and yield of the MY 2021/22 autumn crop in the Mekong Delta declined, largely due to high input costs and crop alteration. The late autumn crop cultivation area saw a significant drop of 7 percent, equivalent to 50 THA. Rice companies also confirmed lower supply of the late autumn crop for the same reasons. With smaller cultivation area and yields, Post revises its estimates of the MY 2021/22 autumn crop harvest area and production down to 2,140 THA and 12.31 MMT (Table 2). The winter crop slightly expanded both in area and production, according to MARD. Therefore, Post revises MY 2021/22 harvest area and production estimates up to 175 THA and 840 TMT.

Based on the Vietnam Meteorological and Hydrological Administration's observations and forecasts, the Mekong river water flow from September to November 2022 was approximately 18-21 percent higher than last year, and from December 2022 to March 2023 will be at the average level. Precipitation from December 2022 to April 2023 will be slightly higher than average. Therefore, salinity intrusion in the Mekong Delta in the 2022/2023 dry season will be at the average level and less serious than the 2019/2020 dry season.

While forecasts of the Mekong river flow, precipitation and salinity intrusion support increased paddy cultivation, the continuing high input costs and crop alteration does not. Post revises forecasts of the MY 2022/23 paddy harvest area and production down from the previous forecasts to 3,860 THA and 24.05 MMT.

Consumption

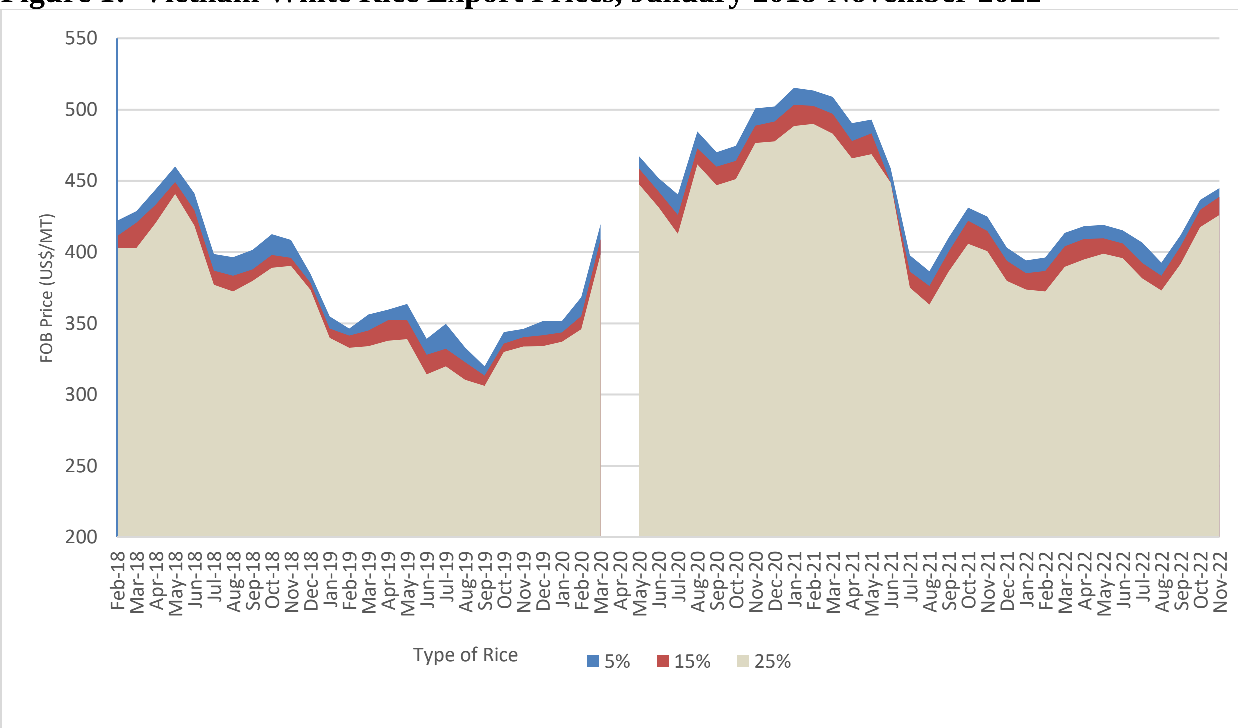
Post maintains its estimate of MY 2021/22 consumption at 21.50 MMT as Vietnam consumption of this staple food remains steady in line with population growth.

Trade

Export Prices

Vietnam export prices of white rice varieties have rebounded since September 2022 to the highest level over the past 18 months due to lower supply and tight stocks while demands were high (Figure 1). The imposition of a 20 percent export duty on non-Basmati rice and a ban on exports of broken rice by the India government, in addition to unfavorable weather conditions in some rice growing countries, also drove Vietnam prices of all types of rice up. Lastly, cultivation area of the white rice varieties continued to narrow, boosting prices of those varieties. Constantly increasing export prices and volatile exchange rates have affected rice exporters' profits. Despite higher export volumes and prices, some rice exporters said they could not make a profit as expected.

Figure 1: Vietnam White Rice Export Prices, January 2018-November 2022

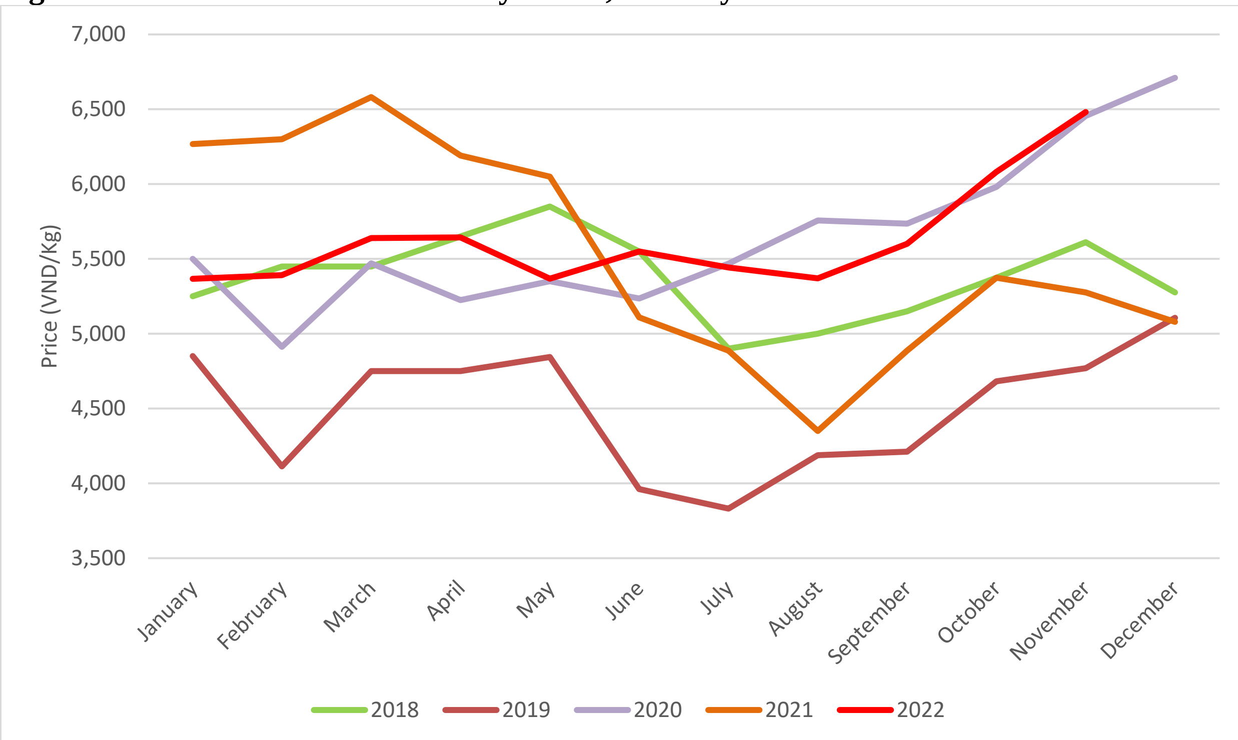


Source: Traders
Note: Prices in April 2020 were not available due to the Government of Vietnam's rice export ban.

Domestic Prices

Paddy prices have shot up over the past three months, in line with spiking export prices. According to rice traders, smaller output of the late autumn crop and demands for rice from exporters to fulfill signed export contracts drove paddy prices up. Although fertilizer prices trended down from their peak this year, they were still high compared to last year.

Figure 2: Vietnam White Rice Paddy Prices, January 2017-November 2022

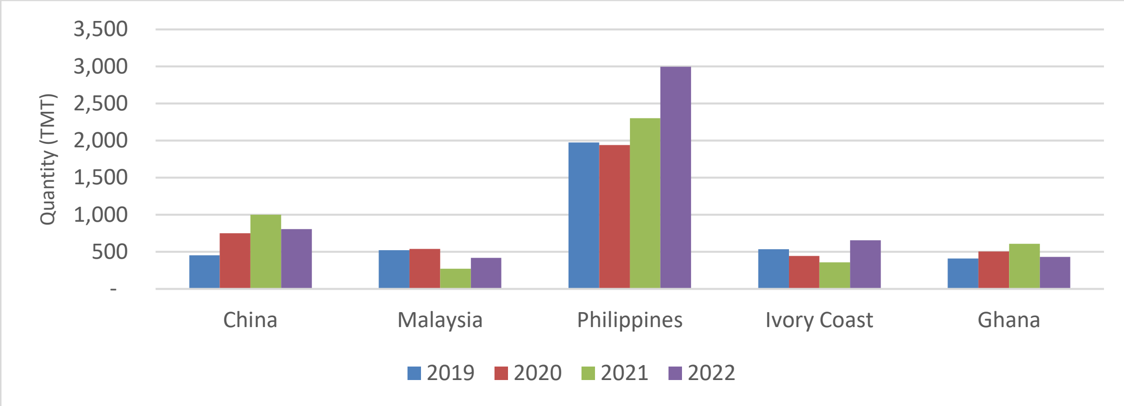


Source: Traders

Export

Based on Vietnam Customs' data, Vietnam exported a total of 6.67 MMT in January-November 2022 – 16.1 percent higher than the same period of last year. The value of exports increased by 6.7 percent to $3.23 billion. Vietnam exports' growth was driven by increased purchases by the Philippines, Cote d'Ivoire and Malaysia. The Philippines ramped up purchases of Vietnam rice by 30 percent to nearly 3 MMT, accounting for 45 percent of the total market share. Exports to Cote d'Ivoire and Malaysia rose 83 and 53 percent to 656 TMT and 417 TMT respectively. China sought white rice from cheaper sources as Vietnam prices remained high in the recent months. Therefore, Vietnam exports to China dropped by 19.2 percent to 808 TMT, of which, glutinous rice accounted for 44 percent. Exports to Ghana declined by 29 percent to 432 TMT on significant currency depreciation and high inflation (Figure 3). Recently, the Bank of Ghana withdrew foreign exchange support to customers for the importation of certain goods, including rice (GH2022-0019). Some rice exporters noted that this policy will affect Ghana's rice imports, but not significantly as the country is still in need of imported rice.

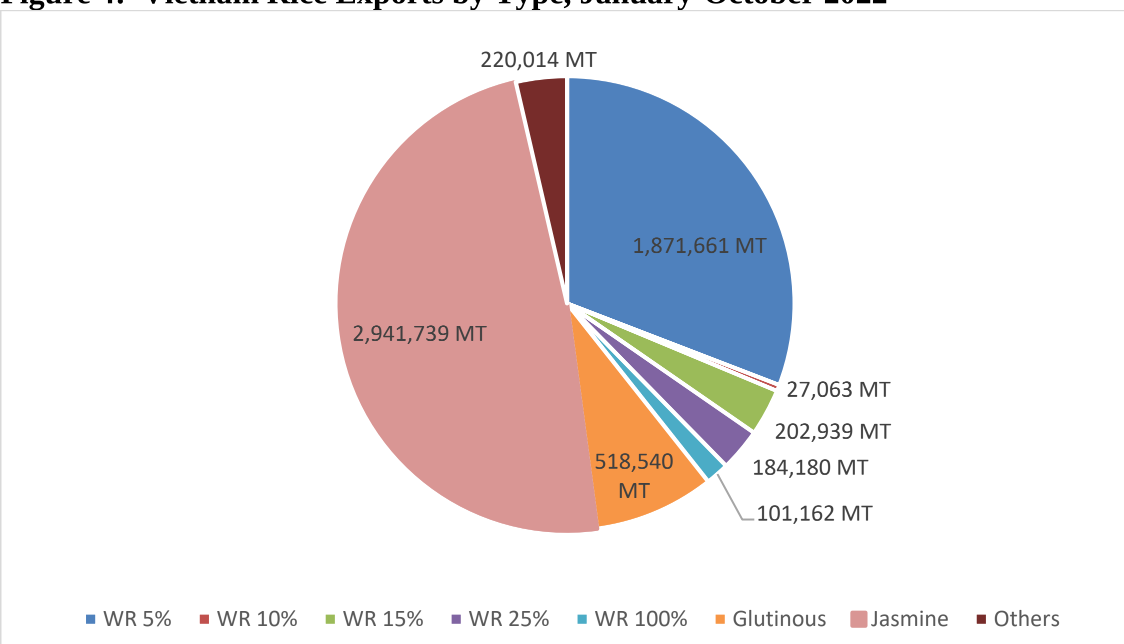
Figure 3: Vietnam Rice Exports to Major Markets, January-November 2019-2022



Source: Vietnam Customs

The share of white rice of total exports in the first ten months of 2022 dropped to 39 percent from 43 percent compared to the same period of last year, while the share of jasmine rice rose to 48 percent from 36 percent (Figure 4). Smaller cultivation area of the regular white rice IR50404 variety continued to lead to a smaller share of white rice in total exports. According to rice exporters, low profit from growing IR50404 over the past years prompted farmers to switch to other varieties which give higher profit, especially fragrant rice. Rice traders also noted that more farmers in the Mekong Delta have recently switched to growing ST24 and ST25 varieties, leading to abundant supply of these varieties, and short supply of the white rice varieties in demand for exports.

Figure 4: Vietnam Rice Exports by Type, January-October 2022



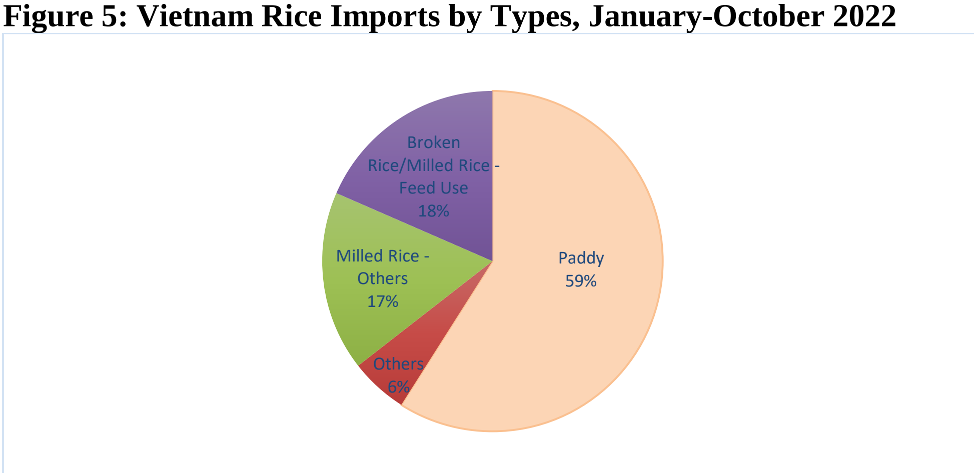
Source: Vietnam Customs, Traders, Post’s analysis
Note: WR – White rice

As exports were strong in the first eleven months of 2022, Post revises its estimate of MY 2021/22 exports up to 7.10 MMT. As the Philippines' purchases of Vietnam rice rose significantly in MY 2021/22, some rice traders forecast that they will potentially reduce imports in MY 2022/23. Indonesia, via BULOG, plans to buy at least 30,000 tons of white rice from Vietnam amongst various Asian sources to replenish stock. High prices of Vietnam rice might prompt buyers to source from other origins which offer lower prices. International rice traders noted that a vessel loaded 28,000 tons of India rice destined for Cuba in November. China may continue to source from cheaper supplying markets for white rice in MY 2022/23, rice traders forecast. Amid conflicting dynamics, Post revises its forecast of Vietnam's MY 2022/23 rice exports up to 6.50 MMT, still lower than MY 2021/22 due to a forecast of lower imports from the Philippines.

Imports

Based on Vietnam Customs' preliminary data, Vietnam imported approximately 1.35 MMT of rice from January to October 2022, 8 percent lower than the previous year. 98 percent of the total imports were from Cambodia and India. Paddy accounted for 59 percent of the total imports, mainly from Cambodia. According to rice traders, due to low supply of white rice varieties, Vietnam imports white rice paddy from Cambodia to offset the local shortage. Vietnam also imports some fragrant rice paddy from Cambodia to serve local appetite. Milled rice and broken rice for both food and feed use accounted for 35 percent each, mainly from India (Figure 5). The imposition of an export duty of 20 percent on non-Basmati rice grades and a ban on export of broken rice by the Indian government led to Vietnam's lower imports from India in October, compared with earlier in 2022. As rice imports have increased steadily over the past two years, local media reported that the Vietnam Ministry of Industry and Trade (MOIT) had recently proposed to have regulations in place to control rice imports. On November 16, 2022, MOIT published a draft of amendment to Decree No. 107/2018/ND-CP dated August 15, 2018 of the Government of Vietnam on rice export business for comments. Article 10a of this draft states that: "Should rice imports increase and pose threats to domestic production, the Ministry of Industry and Trade, in coordination with the Ministry of Agriculture and Rural Development and the Ministry of Finance will report to the Prime Minister for necessary import control measures". Considering the existing import pace and dynamics, Post revises its estimate of Vietnam MY 2021/22 imports up to 1.50 MMT, still lower than the previous year.

Figure 5: Vietnam Rice Imports by Types, January-October 2022



Source: Vietnam Customs, Traders, Post's calculation

Stocks

Due to lower production and lower imports versus higher exports, Post revises MY 2021/22 stocks down to 2.33 MMT.

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

Destination	5%	10%	15%	25%	100%	Glutinous	Jasmine	Unknown	Total
ASIA	**1,569,255**	**25,393**	**201,089**	**179,111**	**80,042**	**514,251**	**1,745,675**	**126,437**	**4,441,252**
Indonesia	6,175	0	5,600	251	399	26,475	11,923	5,753	**56,576**
Philippines	1,149,245	6,710	170,871	175,850	48,738	71,406	1,102,473	12,609	**2,737,902**
Malaysia	244,943	1,932	7,989	0	0	45,433	76,166	12,779	**389,241**
Singapore	11,157	25	0	0	1,559	3,157	56,242	9,383	**81,523**
East Timor	2,000	0	16,450	0	0	0	4,222	0	**22,672**
Iraq	0	0	0	0	0	0	0	0	**0**
Iran	0	0	0	0	0	0	13	8	**21**
Syria	58,000	0	0	0	0	0	0	0	**58,000**
Yemen	0	0	0	0	0	0	0	0	**0**
South Korea	200	0	0	0	15,000	10	30,364	20,209	**65,782**
Japan	40	0	0	0	0	0	493	89	**622**
Cambodia	3,635	10,696	0	0	0	17,383	5,990	15,712	**53,416**
Hongkong	2,476	0	0	395	22	238	52,075	3,149	**58,355**
UAE	984	25	0	0	0	339	26,448	8,530	**36,325**
Taiwan	2,119	0	0	0	0	6,580	7,174	0	**15,873**
Bahrain	0	0	0	0	0	33	2,103	274	**2,410**
Bangladesh	21,200	0	0	0	0	4	343	818	**22,365**
Saudi Arabia	1,786	0	0	42	0	331	17,767	5,899	**25,825**
China	60,361	6,000	0	500	13,577	336,414	331,400	7,827	**756,080**
Brunei	250	0	0	0	0	50	1,000	0	**1,300**
Others	4,684	5	179	2,074	747	6,398	19,480	23,400	**56,967**
AFRICA	**38,188**	**0**	**0**	**2,399**	**12,395**	**69**	**1,048,605**	**14,927**	**1,116,582**
Tanzania	0	0	0	0	0	0	8,045	0	**8,045**
Senegal	0	0	0	0	0	0	2,358	0	**2,358**
Angola	622	0	0	0	0	0	470	0	**1,092**
Rwanda	0	0	0	0	0	0	0	0	**0**
Ghana	26,589	0	0	2,349	1,776	0	351,445	6,850	**389,009**
Uganda	0	0	0	0	0	0	0	0	**0**
Ivory coast	5,771	0	0	0	10,359	0	576,776	4,500	**597,405**
Reunion	0	0	0	0	0	0	6,256	50	**6,306**
Mozambique	1,058	0	0	0	0	0	44,470	5	**45,532**
Kenya	0	0	0	0	0	0	1,333	51	**1,384**
Congo	0	0	0	0	0	0	754	0	**754**

Libya	0	0	0	0	0	0	0	0	**0**
Algeria	0	0	0	0	0	0	26	162	**188**
Benin	48	0	0	0	0	0	2,045	0	**2,093**
Burkina Faso	0	0	0	0	0	0	0	0	**0**
Cameroon	0	0	0	0	0	0	5,988	0	**5,988**
Gambia	0	0	0	0	0	0	655	0	**655**
Guinea	54	0	0	0	0	0	242	1,587	**1,883**
Guinea Bissau	0	0	0	0	0	0	0	0	**0**
Madagascar	0	0	0	0	0	4	124	3	**131**
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	245	0	**245**
Sierra Leone	0	0	0	0	0	0	52	0	**52**
Somali	0	0	0	0	0	0	0	0	**0**
South Africa	55	0	0	0	0	18	3,673	1,269	**5,015**
Togo	258	0	0	50	260	0	9,085	0	**9,652**
Zambia	0	0	0	0	0	0	0	0	**0**
Others*	3,734	0	0	0	0	48	34,564	450	**38,795**
EUROPE	**8,920**	**0**	**0**	**311**	**0**	**2,803**	**51,807**	**29,445**	**93,285**
Russia	2,994	0	0	0	0	88	3,278	694	**7,055**
France	689	0	0	0	0	127	2,388	196	**3,401**
Ukraine	0	0	0	0	0	0	5	209	**214**
Poland	102	0	0	23	0	249	2,678	2,966	**6,018**
Others*	5,134	0	0	288	0	2,339	43,457	25,379	**76,598**
AMERICAS	**236,336**	**0**	**0**	**386**	**0**	**935**	**29,165**	**5,286**	**272,108**
Cuba	213,250	0	0	0	0	0	2	0	**213,252**
Brazil	0	0	0	0	0	64	3	56	**123**
Haiti	0	0	0	0	0	0	41	0	**41**
Mexico	0	0	0	0	0	0	53	40	**93**
Chile	0	0	0	0	0	12	80	130	**222**
Puerto Rico	0	0	0	0	0	0	0	0	**0**
Others*	23,086	0	0	386	0	859	28,987	5,060	**58,377**
OCEANIA	**18,963**	**1,670**	**1,850**	**1,973**	**8,725**	**482**	**66,488**	**43,919**	**144,070**
Australia	1,081	336	0	48	100	196	18,398	11,073	**31,232**
New Caledonia	0	0	0	0	0	10	301	3,153	**3,465**
New Zealand	230	0	0	0	0	6	4,478	3,002	**7,716**
Others*	17,652	1,334	1,850	1,925	8,625	271	43,310	26,691	**101,657**
TOTAL	**1,871,661**	**27,063**	**202,939**	**184,180**	**101,162**	**518,540**	**2,941,739**	**220,014**	**6,067,298**

* 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, Traders, Post's calculation

Attachments:

No Attachments