

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Vietnam

Grain and Feed Update

Rice September Update

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Report Highlights:

For marketing year (MY) 17/18, Post revises total paddy production down slightly, from 46.31 million metric tons (MMT) to 45.55 MMT, compared to the USDA official number. This is mainly due to an estimated smaller harvested area for the Autumn crop in the Mekong River Delta (MRD) and slow growth in yields for the Spring and Autumn crops in the MRD.

Post revises the MY17/18 export volume down from 7.0 MMT to 6.8 MMT, due to the smaller harvest of the MY17/18 crops. The export forecast for MY18/19 remains unchanged.

Post: Commodities:

Hanoi Rice, Milled

STATISTICAL TABLES**Vietnam's Production, Supply, and Demand for Rice**

Rice, Milled Market Begin Year	2016/2017		2017/2018		2018/2019	
	Jan 2017		Jan 2018		Jan 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Vietnam						
Area Harvested	7714	7714	7760	7760	7760	7760
Beginning Stocks	1555	1555	967	967	1210	938
Milled Production	27400	27400	28943	28471	29069	29069
Rough Production	43840	43840	46309	45554	46510	46510
Milling Rate (.9999)	6250	6250	6250	6250	6250	6250
MY Imports	500	500	400	400	400	400
TY Imports	500	500	400	400	400	400
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	29455	29455	30310	29838	30679	30407
MY Exports	6488	6488	7000	6800	7000	7000
TY Exports	6488	6488	7000	6800	7000	7000
Consumption and Residual	22000	22000	22100	22100	22400	22400
Ending Stocks	967	967	1210	938	1279	1007
Total Distribution	29455	29455	30310	29838	30679	30407
Yield (Rough)	5.6832	5.6832	5.9677	5.8704	5.9936	5.9936

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

PRODUCTION

Table 1: Vietnam's Area, Yield, and Production for Rough Rice (as of August 2018)

Marketing Year	2016/2017 Revised		2017/2018 Estimate		2018/2019 Forecast	
	Old	New	Old	New	Old	New
Harvested Area (THA)						
Winter ¹	1,700	1,700	1,700	1,700	1,700	1,700
Spring ²	3,074	3,074	3,100	3,100	3,100	3,100
Autumn ³	2,940	2,940	2,960	2,890	2,960	2,960
TOTAL	7,714	7,714	7,760	7,760	7,760	7,760
Yield (MT/HA)						
Winter	4.76	4.76	4.95	4.95	4.95	4.95
Spring	6.27	6.27	6.69	6.62	6.70	6.70
Autumn	5.60	5.60	5.80	5.75	5.85	5.85
AVERAGE	5.68	5.68	5.96	5.92	5.99	5.97
Production (TMT)						
Winter	8,100	8,100	8,415	8,415	8,415	8,415
Spring	19,286	19,286	20,726	20,522	20,780	20,780
Autumn	16,464	16,464	17,168	16,617	17,316	17,316
TOTAL	43,850	43,850	46,309	45,554	46,511	46,511

¹ Lua Mua (10th Month), ² Winter-Spring, ³ Summer-Autumn
Source: *MARD, Post estimates*

For MY17/18, Post revises total paddy production down slightly, from 46.31 MMT to 45.55 MMT, or from 28.94 MMT to 28.47 MMT of milled rice, compared to the USDA official number. This is mainly due to an estimated smaller harvested area for the Autumn crop in the MRD and lower yields for the Spring and Autumn crops. However, total MY17/18 paddy production is still higher than that of MY16/17.

Spring Crop

As of August 2018, Post estimates that the total MY17/18 Spring crop harvested area will remain at 3.1 million hectares (MHA). However, the yield was slightly down from Post's last estimate in June, dropping from 6.69 MT/HA to 6.62 MT/HA. The yield is still higher than that of the Spring crop in MY16/17. Therefore, Post adjusted the paddy production of Spring crop down from 20.73 MMT to 20.52 MMT.

Autumn Crop

The Autumn crop consists of Main Autumn and Late Autumn crops. The harvesting of the Main Autumn crop has just finished in the MRD. Overall, 75 percent of the total crop is planted in the MRD; the outstanding 25 percent is planted in the southern upland area and the northern central provinces. Harvested area outside of the MRD was unchanged, but the harvested area for the Main Autumn crop in

the MRD is estimated down 50,000 HA, from 1.65 MHA in MY16/17, to 1.60 MHA in MY17/18. The drop was due to farmers switching from rice to higher income crops, such as fruit. The yield for the Main Autumn crop is not expected to increase from last year because of unfavorable weather conditions during the growing period.

The Late Autumn crop, planted only in the MRD, appears right after the Main Autumn crop in areas not affected by annual flooding. Farmers plant the Late Autumn crop to take advantage of high selling prices, as it is off-season with competing countries' harvests. In MY17/18, Post estimates harvested area at 840,000 HA, keeping it steady with MY16/17, due to this year's high water levels which limited the expansion of the planting area.

Therefore, for MY17/18, Post estimates the total Autumn crop harvested area down 50,000 HA from MY16/17, to 2.44 MHA. Paddy production for the MY17/18 Autumn crop, however, is still slightly higher than MY16/17 due to a higher yield for the late Autumn crop.

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

	2016/2017 (Revised)			2017/2018 (Estimate)			2018/2019 (forecast)		
	Area	Yield	Prod.	Area	Yield	Prod.	Area	Yield	Prod.
Winter	180	4.60	828	180	4.60	828	180	4.60	828
Spring	1,537	6.30	9,683	1,574	6.92	10,892	1,575	6.95	10,946
Autumn (in which)	2,490	5.86	14,601	2,440	6.06	14,632	2,520	6.12	15,424
<i>Main Autumn</i>	<i>1,650</i>	<i>6.10</i>	<i>10,065</i>	<i>1,600</i>	<i>6.10</i>	<i>9,760</i>	<i>1,650</i>	<i>6.20</i>	<i>10,230</i>
<i>Late Autumn</i>	<i>840</i>	<i>5.40</i>	<i>4,536</i>	<i>840</i>	<i>5.80</i>	<i>4,872</i>	<i>870</i>	<i>5.97</i>	<i>5,194</i>
Total	4,227	5.94	25,112	4,194	6.28	26,352	4,275	6.36	27,198

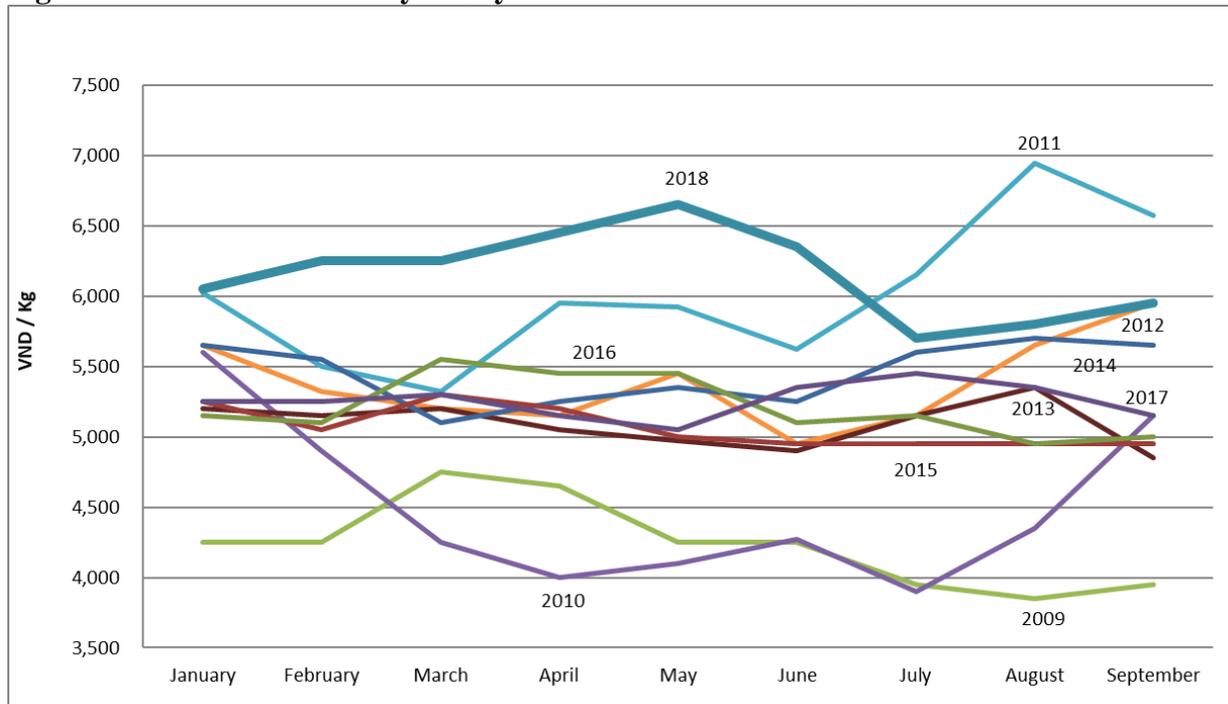
Source: MARD, Post estimate

TRADE / COMPETITION

Domestic Prices

Figure 1 shows local paddy prices for the first nine months of the MY, from MY08/09 to MY17/18. MY17/18 prices rose during the first five months of the calendar year, despite the bumper harvest of the Spring crop in the MRD, due to high export demand. Prices only started to drop in May with the harvest of the second crop, the Main Autumn crop. Prices fell further when Vietnam failed to secure the government-to-government tender with the Philippines in the second half of May and China announced that it was increasing the rice import tariff, starting from July 1, 2018. See the Exports section for more details on the Chinese tariffs. Paddy prices have recovered since then, due to an expected increase in demand from the Philippines and Indonesia by the end of the MY. The movement of rice from the MRD to the North for border trade also impacts local paddy prices.

Figure 1: Vietnamese Monthly Paddy Price of the First Nine Months of from 2009-2018



Source: Vietnam Food Association, Combined data

Exports

Post revises the MY17/18 export volume down from 7.0 MMT to 6.8 MMT, due to the smaller total harvest of the MY17/18 crops. For MY18/19, the export forecast remains unchanged at 7.0 MMT, as buying demand is expected to remain strong in the coming year.

According to the Vietnam Food Association, in the first eight months of MY17/18, Vietnam exported 4.94 MMT of rice, compared to 4.69 MMT during the same period last year, an increase of 5.33 percent. During this time, China continued to be the largest market for Vietnamese rice, importing 1.1 MMT, or about 23 percent of Vietnam's total rice exports. Indonesia imported 0.8 MMT, the Philippines 0.7 MMT, and Malaysia 0.5 MMT. Ghana, Iraq, and Korea were also among the top ten rice export markets.

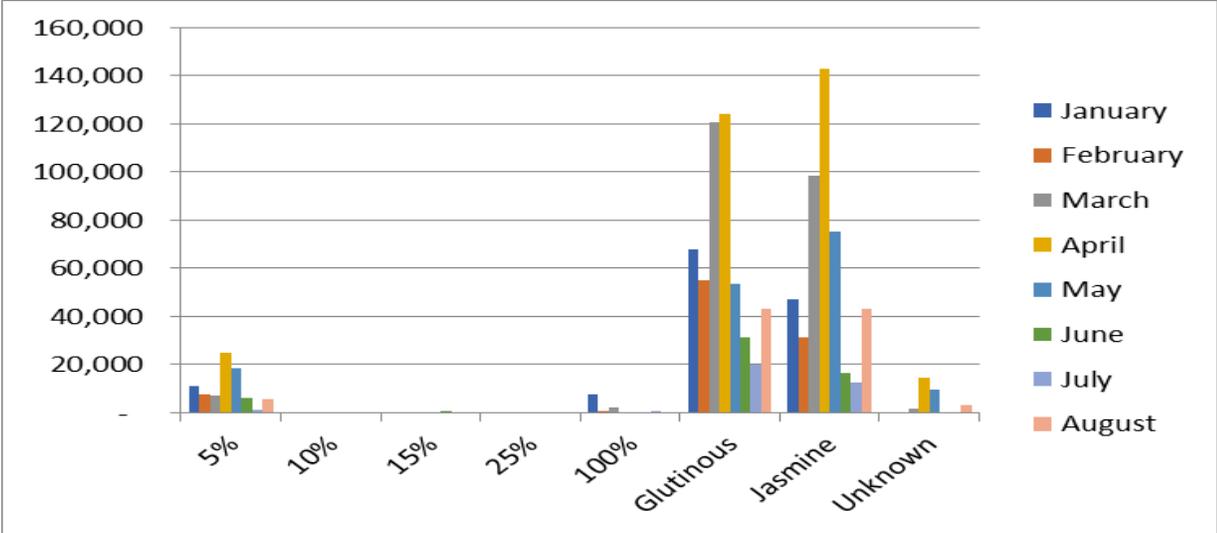
As noted above, rice exports are facing difficulties because China has increased its import duty, though industry sources note that China will continue to be Vietnam's largest export market. China's Ministry of Finance announced the change in tariffs on rice imports beginning from July 1, 2018.

China previously had a tariff rate quota (TRQ) for all imported rice, evenly divided between "long grain" and "other" that was valid for one year. According to traders, however, the previous TRQ for "other" is not currently being used, though the TRQ for "long grain" is still in place. China has therefore imposed tariffs on all volumes of "other" rice, including unhusked rice, whole rice, broken rice, fine rice flour, and coarse flour and grain of rice imported from the Association of Southeast Asian Nations (ASEAN) at 50 percent, 50 percent, 5 percent, 40 percent, and 5 percent, respectively. Previously, these products were coming in tariff free under the TRQ and only subject to the above tariffs if they were coming in above the TRQ. However, industry noted that no rice was being exported to China above the TRQ. Previously negotiated bilateral agreements were not affected by the new policy.

According to local traders, to avoid paying the new tariffs, exporters can instead buy new import quotas into China to export under a newly opened “other” TRQ. However, this has led to an increase in unexpected costs, thereby decreasing expected exports to China.

The price of glutinous rice in Vietnam, one of types most heavily sold to China, dropped sharply, more than \$100, from May to June due to this policy. Figure 2 shows that glutinous rice shipments peaked in April and fell to their lowest in July, with Jasmine following a similar trend. However, glutinous rice and Jasmine rice export volumes were back up in August 2018 since overall market demand is still very high.

Figure 2: Vietnamese Rice Exports by Grade in the First Half of MY17/18 (unit: MT)



Source: Trade

Cameroon	218	-	-	-	-	-	1,289	87	1,594
Gambia	-	-	-	-	-	-	-	-	-
Guinea	-	-	-	-	-	-	67	-	67
Guinea Bissau	-	-	-	-	-	-	-	-	-
Madagascar	-	-	-	-	-	-	-	10	10
Mali	-	-	-	-	-	-	-	-	-
Mauritania	-	-	-	-	-	-	657	-	657
Nigeria	76	-	-	-	-	-	258	-	334
Sierra Leone	250	-	-	-	-	-	350	-	600
Somali	-	-	-	-	-	-	-	-	-
South Africa	25	-	-	-	-	-	1,385	989	2,399
Togo	100	-	-	-	-	-	2,138	-	2,238
Zambia	-	-	-	-	-	-	-	-	-
others*	2,111	-	168	-	-	27	16,376	6,475	25,157
EUROPE and CIS	10,681	801	395	281	17	583	17,511	4,984	35,253
In which: Russia	4,880	150	-	104	-	50	150	2,053	7,387
Ukraine	109	-	200	-	-	-	335	419	1,063
Poland	-	-	-	-	-	-	216	-	216
others*	5,692	651	195	177	17	533	16,810	2,512	26,587
AMERICAS	316,417	-	2	26	44	70	34,412	1,363	352,334
In which: Cuba	312,000	-	2	-	-	-	-	-	312,002
Brasil	48	-	-	-	-	-	-	145	193
Haiti	-	-	-	-	-	-	36	-	36
Mexico	-	-	-	-	-	-	-	125	125
Chile	25	-	-	-	-	12	3	208	248
Puerto Rico	-	-	-	-	-	-	-	-	-
others*	4,344	-	-	26	44	58	34,373	885	39,730
AUSTRALIA	11,708	485	3,169	253	69	57	10,077	23,424	49,242
In which: Australia	1,499	385	900	-	-	29	3,191	1,994	7,998
New Caledonia	-	-	-	-	-	2	67	42	111
New Zealand	588	-	20	-	69	26	601	759	2,063
others*	9,621	100	2,249	253	-	-	6,218	20,629	39,070
UNKNOWN									-
TOTAL	1,291,538	11,763	878,741	117,230	29,543	653,126	1,593,177	362,336	4,937,454

* 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

POLICY

New Decree for Rice Export

On August 15, 2018, the Government issued Decree No. 107/2018 /ND-CP, which specifies conditions for rice export businesses. The decree is effective from October 1, 2018.

Specifically, the conditions for rice export businesses include:

1. Traders established and having business registration as prescribed by law shall be entitled to deal in rice export when they satisfy the following conditions: Having at least one specialized storage for paddy and rice; and at least one milling facility or rice processing establishments, complying with the national standards and technical regulations on warehouses, milling, and processing establishments for paddy and rice, issued in accordance with the Law on Standards and Technical Regulations.
2. Eligible traders may own the facilities for warehousing, milling, grinding and processing of paddy and rice to meet the above-mentioned business conditions or rent from other organizations or individuals with written rental contracts for a minimum term of five years. Traders who have a rice export permit are not allowed to lease or sublease their storage, milling, and processing facilities to other traders to use for the purpose of applying for new export permits.
3. Traders who export only organic rice, parboiled rice, and nutrient fortified rice are not required to have an export permit or required rice inventory but have the responsibility to report according to regulations.

National Rice Brand

According to the Department of Crop Production of the Ministry of Agriculture and Rural Development (MARD), Vietnam has filed an application for international trademark registration under the Madrid system. MARD has also issued regulations on the use of the Vietnam's rice brand.

Organizations and individuals have the right to use Vietnam's national rice brand if they have certification of business registration, certification of food safety standards, and certificates of conformity with Vietnamese standards. Organizations and individuals can only use national trademarks on licensed products.

Rice products with Vietnam's national rice brand include, white rice (long and short grain), aromatic white rice (long and short grain), and white sticky rice.