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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 revised its paddy harvested area and output estimates for marketing year 2019/2020 (MY19/20) down to 7,380 thousand hectares (THA) and 43.36 million metric tons (MMT) (27.10MMT milled equivalent), lower than the USDA official numbers, on smaller Autumn and Winter crop production. Post also reduced its MY20/21 forecast to 7,390 (THA) and 43.36MMT as uncertain weather conditions and water supplies could affect crop yields.

RICE

Vietnam’s Production, Supply, and Distribution for Rice

Rice, Milled	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jan 2019		Jan 2020		Jan 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7,540	7,540	7,470	7,380	7,400	7,390
Beginning Stocks	1,034	1,034	1,097	1,108	1,147	1,108
Milled Production	27,344	27,344	27,150	27,100	27,000	27,100
Rough Production	43,750	43,750	43,440	43,360	43,200	43,360
Milling Rate (.9999)	6,250	6,250	6,250	6,250	6,250	6,250
MY Imports	500	500	400	400	400	500
TY Imports	500	500	400	400	400	500
TY Imp. from U.S.	11	0	0	0	0	0
Total Supply	28,878	28,878	28,647	28,608	28,547	28,708
MY Exports	6,581	6,570	6,200	6,300	6,300	6,400
TY Exports	6,581	6,570	6,200	6,300	6,300	6,400
Consumption and Residual	21,200	21,200	21,300	21,200	21,200	21,200
Ending Stocks	1,097	1,108	1,147	1,108	1,047	1,108
Total Distribution	28,878	28,878	28,647	28,608	28,547	28,708
Yield (Rough)	5.8024	5.8024	5.8153	5.8753	5.8378	5.8674

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

Production

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

Marketing Year	**2018/2019**		**2019/2020 Estimate**		**2020/2021 Forecast**	
Harvested Area (THA)	**Old**	**New**	**Old**	**New**	**Old**	**New**
Winter[1]	1,650	1,625	1,600	1,600	1,650	1,600
Spring[2]	3,115	3,115	3,040	3,040	3,050	3,040
Autumn[3]	2,800	2,800	2,780	2,740	2,800	2,750
TOTAL	**7,565**	**7,540**	**7,420**	**7,380**	**7,500**	**7,390**
Yield (MT/HA)						
Winter	4.95	5.00	5.13	5.06	4.96	5.06
Spring	6.60	6.57	6.64	6.64	6.61	6.63
Autumn	5.43	5.42	5.43	5.50	5.42	5.49
AVERAGE	**5.81**	**5.80**	**5.86**	**5.88**	**5.80**	**5.87**
Production (TMT)						
Winter	8,168	8,130	8,200	8,100	8,180	8,100
Spring	20,559	20,450	20,200	20,200	20,150	20,150
Autumn	15,200	15,170	15,100	15,060	15,170	15,110
TOTAL	**43,927**	**43,750**	**43,500**	**43,360**	**43,500**	**43,360**

[1] Lua Mua (10th Month), [2] Winter-Spring, [3] Summer-Autumn
Source: MARD; GSO; Post estimate

According to Vietnam's General Statistics Office (GSO), the MY19/20 Autumn crop area was down by more than 60THA from the previous year due to drought and salinity intrusion, especially in the Mekong Delta where the Autumn crop area accounts for 80 percent of the total cultivation area. Although yield was reportedly higher, total production output decreased by more than 100 thousand metric tons (TMT) compared with last year on the reduced cultivation area. Therefore, Post revised its MY19/20 Autumn crop area and production estimates down to 2,740THA and 15.06MMT (Table 1).

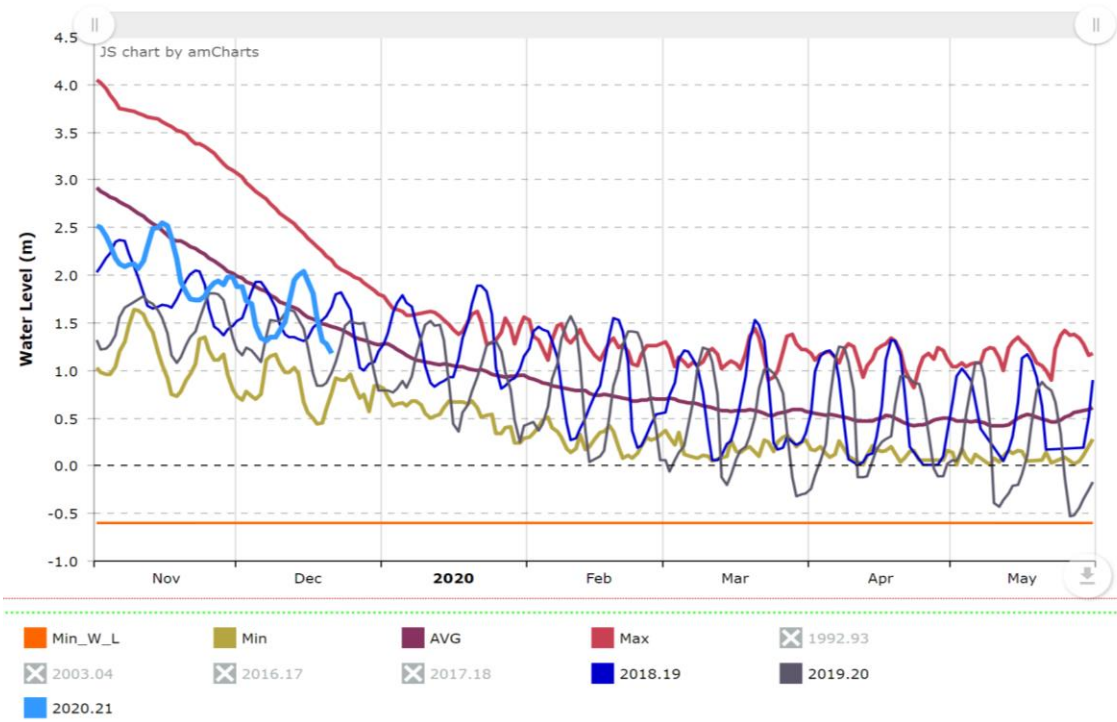
Bulk harvest of the MY19/20 Winter crop was near completion at end of November 2020, with the cultivation area contracting 1.6 percent. Unlike the Autumn crop, which is predominantly cultivated in the Mekong Delta, the Winter crop in the North accounts for 66 percent of the country's cultivation area. Unfavorable weather conditions during the summer, including hot spells and droughts, led to a contraction of the cultivation area and a 10 to 20 day delay in MY19/20 Winter crop plantings in some provinces, such as Ninh Thuan, Thanh Hoa, Hai Phong, and Hung Yen. However, improved weather conditions during the vegetative phase contributed to higher yields, which partially offset the area reduction. Post revised its MY19/20 Winter crop production estimate down to 8.10MMT and maintained its harvested area estimate at 1,600THA (Table 1).

A series of storms hit the Central provinces of Nghe An, Ha Tinh, Quang Binh, Quang Tri, Thua Thien Hue, Quang Ngai, and Quang Nam in September and October, which resulted in unprecedented rainfall, record floods, and landslides, inundating thousands of hectares of agricultural land, including paddy fields. As the Winter crop cultivation area in these provinces only accounts for 2.9 percent of the country's total Winter crop area, post-storm loss and damage did not heavily affect the country's total Winter crop output.

By the end of October, provinces in the Mekong Delta sowed over 200THA of the new Spring crop, lagging behind last year's timeline, but at the same pace as other, normal years. (Planting of the MY19/20 Spring crop started earlier than normal to avoid negative impacts of drought and salinity intrusion.) According to the Vietnam Meteorological and Hydrological Administration's forecasts, temperature and precipitation will be at average levels from January to June 2021, but precipitation in the South will be 20-35 percent higher than average from April to May.

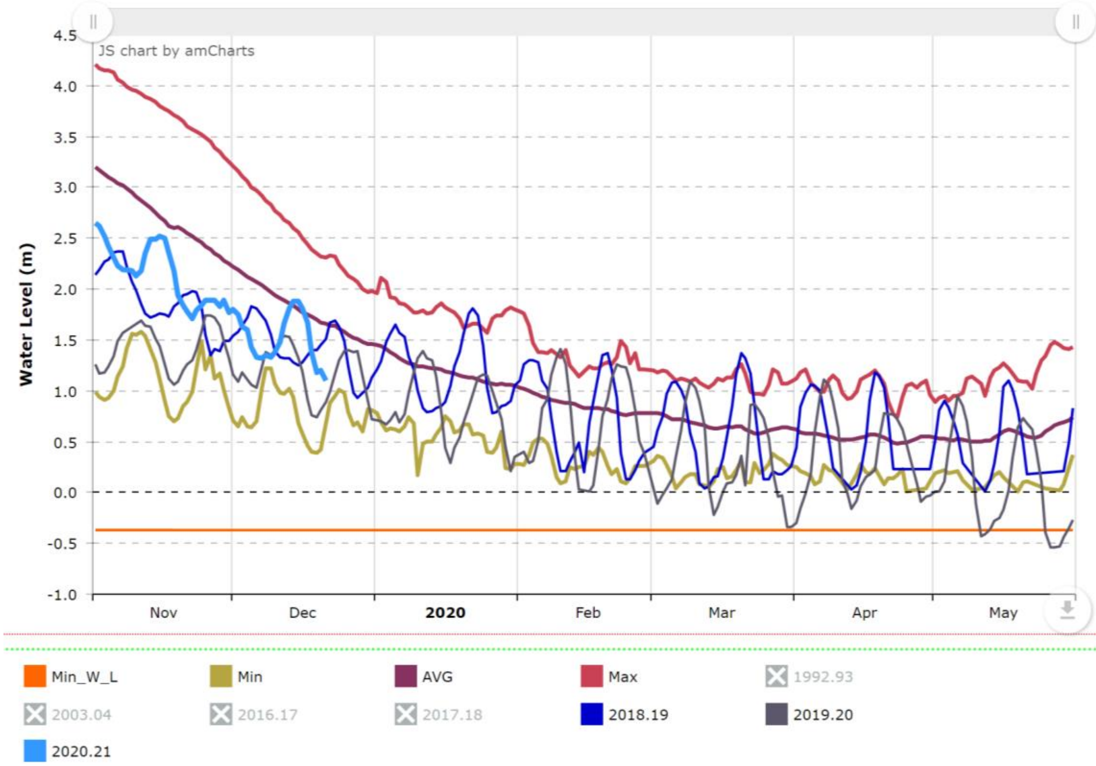
According to the Mekong River Commission (MRC), Mekong River water levels monitored at Chau Doc and Tan Chau stations in November and December 2020 were higher than the previous year, which could be a good sign for the MY20/21 Spring crop (Figures 1 and 2). Nevertheless, experts remain concerned that drought and salinity intrusion could be as significant as in 2015/2016 and 2019/2020.

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



Source: MRC

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



Source: MRC

Considering past unfavorable weather conditions and potential complications, Post revised its MY19/20 total area and production estimates down to 7,380THA and 43.36MMT, lower than USDA official numbers, and its MY20/21 total area and production forecasts to 7,390THA and 43.36MMT, respectively.

Mekong River Delta

Table 2: Rice Production in the Mekong Delta, MY18/19-20/21

Crop	2018/2019			2019/2020 (Estimate)			2020/2021 (Forecast)		
	Area	Yield	Prod.	Area	Yield	Prod.	Area	Yield	Prod.
Winter	**170**	**4.65**	**790**	**170**	**4.65**	**790**	**170**	**4.65**	**790**
Spring	**1,605**	**6.83**	**10,963**	**1,540**	**6.88**	**10,600**	**1,550**	**6.84**	**10,600**
Autumn *(in which)*	**2,350**	**5.74**	**13,480**	**2,310**	**5.78**	**13,360**	**2,310**	**5.76**	**13,310**
Main Autumn	*1,560*	*5.87*	*9,150*	*1,530*	*5.90*	*9,030*	*1,540*	*5.88*	*9,050*
Late Autumn	*790*	*5.48*	*4,330*	*780*	*5.55*	*4,330*	*770*	*5.53*	*4,260*
Total	**4,125**	**6.12**	**25,233**	**4,020**	**6.16**	**24,750**	**4,030**	**6.13**	**24,700**

Area (THA), Yield (MT/HA), Production (TMT)
Source: MARD; GSO; Post estimate

Due to drought and salinity intrusion concerns in the dry season, the MY19/20 Main Autumn crop area in the Mekong Delta decreased to 1,530THA, leading to lower production at 9.03MMT despite higher yields. The Late Autumn crop area, which industry expected to expand on increasing global demand and prices, also slightly decreased to 780THA. Experts urged caution about farmers expanding the Late Autumn crop as it could compete with the subsequent Spring crop, which is considered the most critical and productive crop in the year. The Winter crop remained stable at 170THA and 790TMT. Post revised its MY19/20 Autumn crop area and production estimates in the Mekong Delta down slightly to 2,310THA and 13.36MMT (Table 2).

According to the Ministry of Agriculture and Rural Development (MARD), as of October 2020, more than 200THA of the new Spring crop were sown early in the Mekong Delta coastal provinces that are susceptible to salt water, such as Tien Giang, Hau Giang, Ben Tre, Tra Vinh, Soc Trang, Bac Lieu, and Kien Giang, in order to prevent against the potential impacts of drought and salinity intrusion. Due to unfavorable weather forecasts, Post revised its Spring MY20/21 area and production forecasts in the Mekong Delta slightly down to 1,550THA and 10.60MMT (Table 2).

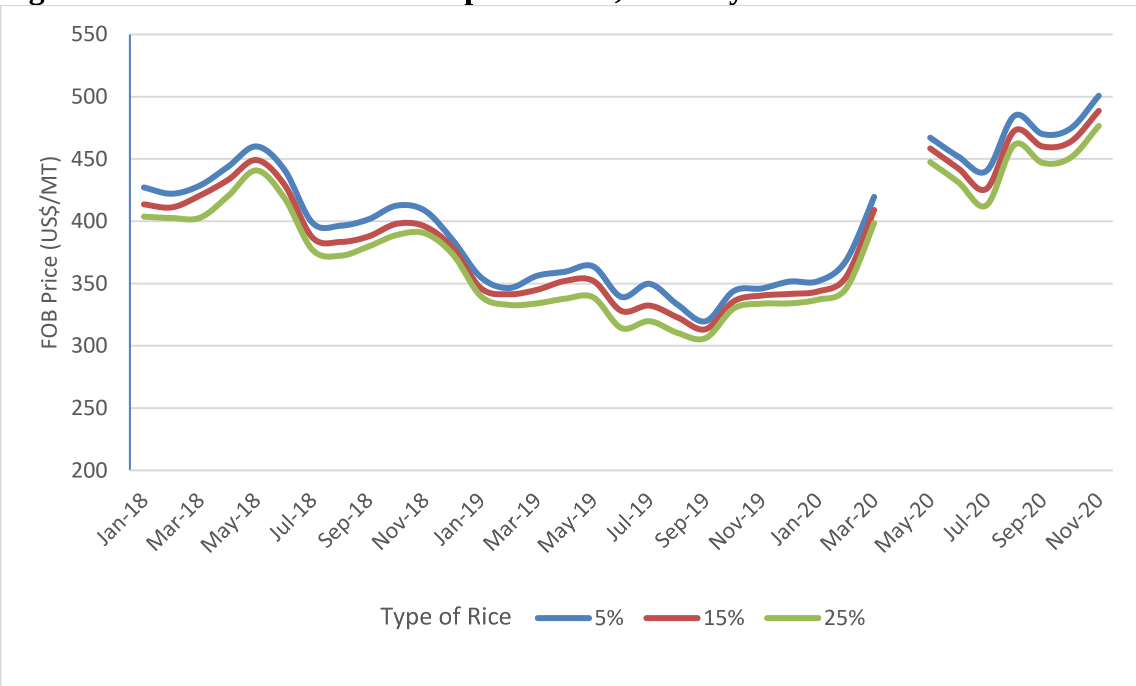
Trade

Export Prices

Vietnam's white rice export prices continued to set new records, surpassing their July to August levels to reach a decade high in November 2020 (Figure 3). At these high prices, Vietnamese white rice became less competitive in the world market, leading to slow demand during the final months of MY19/20. Industry attributed the high prices to tight supply stemming from the small Late Autumn crop and delayed harvest in parts of the Mekong Delta due to unfavorable weather conditions coinciding when Vietnamese exporters were executing their contracts. The storms and floods that hit the Central Vietnam in September and October 2020, although not significantly affecting the country's total rice output, briefly pushed up local rice demand, also contributing to increased prices. Some contacts also attributed the high prices to sporadic disruptions in cross-border trade of paddy from Cambodia due to stringent COVID-19 preventive measures.

Post observed a strong correlation between Vietnamese rice export prices and changes in policy and/or demand in major importing markets. For example, white rice prices fluctuated in November in line with the Philippines Department of Agriculture's sanitary and phytosanitary import clearances issuance policy. Industry reported that buyers were reluctant to conclude new contracts at the end of 2020 as they expected prices to ease when the bulk harvest of the Spring crop arrives in the coming months.

Figure 3: Vietnam White Rice Export Prices, January 2018-November 2020

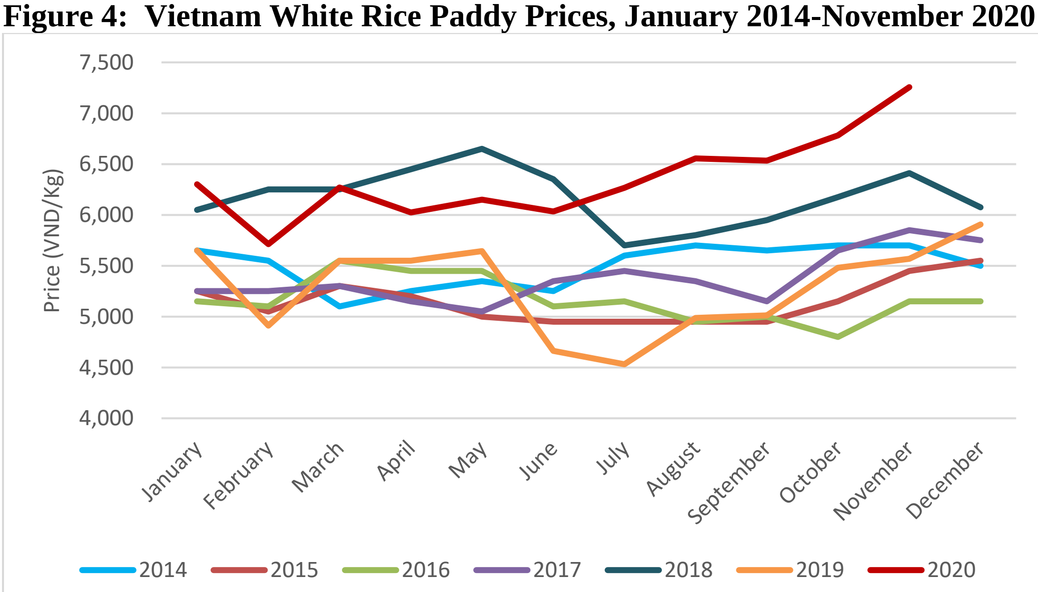


Source: Trade
Note: Prices in April 2020 were not available due to the Government of Vietnam's rice export ban.

Domestic Prices

White rice paddy prices also increased steadily to a decade high due to the same combination of factors referenced in the above Export Prices section (Figure 4). Industry expects prices to ease following the bulk harvest of the Spring crop in the coming months.

Figure 4: Vietnam White Rice Paddy Prices, January 2014-November 2020



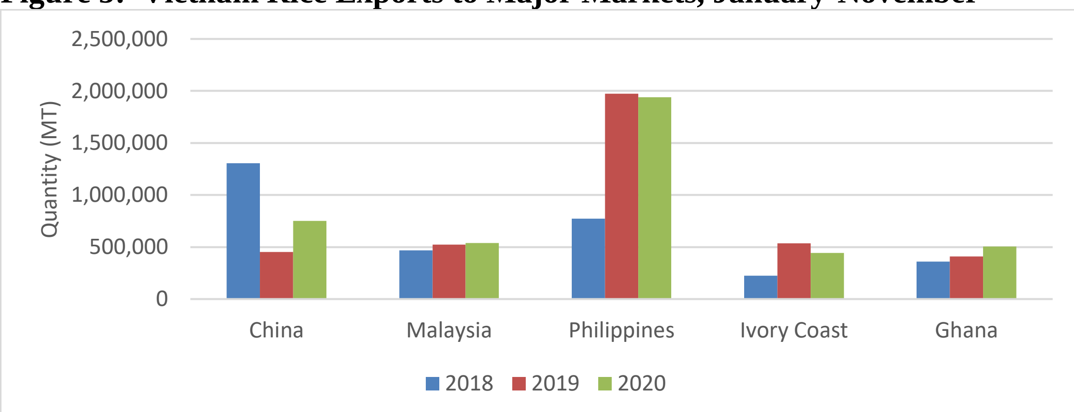
Source: Trade

Exports

As noted above, demand for Vietnamese rice slowed in the final months of MY19/20 due to uncompetitive prices. International media reported that Chinese buyers concluded deals to import 100,000MT of broken rice from India for the first time in the last three decades for December 2020 to February 2021 delivery at very competitive prices ($300/MT). Vietnamese broken rice prices recently ranged from $400-435/MT.

According to Vietnam Customs, rice exports in January to November 2020 reached 5.70MMT, down 2.9 percent from the previous year, and $2.83 billion, up 9.7 percent from the previous year due to higher prices. The Philippines was the largest importer, buying 1.94MMT (down 1.7 percent year on year), followed by China with 752TMT (up 66.3 percent), Malaysia with 538TMT (up 3.1 percent), Ghana with 506TMT (up 23.9 percent), and Cote d'Ivoire with 443TMT (down 17.1 percent) (Figure 5).

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

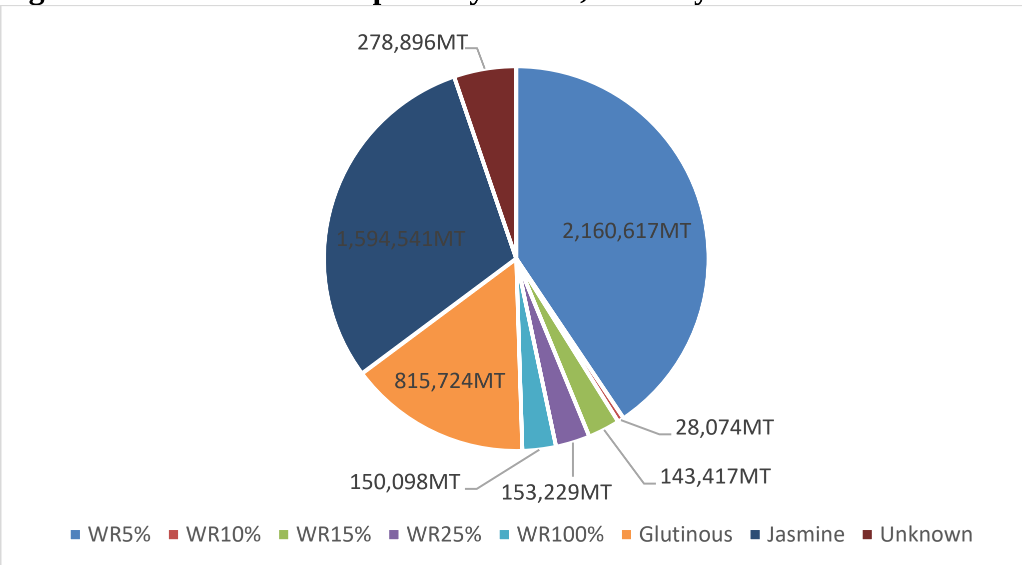


Source: Vietnam Customs

In the first 11 months of MY19/20, Australia increased rice imports from Vietnam by 56.6 percent year on year to 25,735MT. According to media sources, short domestic supplies of rice in Australia urged the country to ramp up imports, including from Vietnam, which has tariff-free access under the ASEAN-Australia-New Zealand Free Trade Agreement.

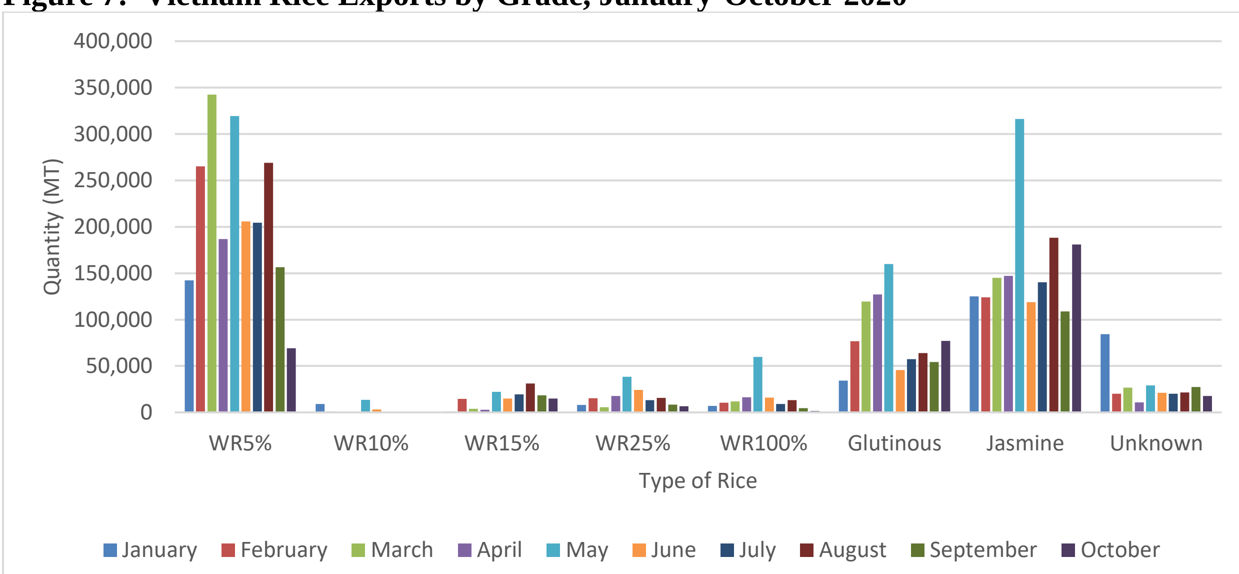
In the first 10 months of MY19/20, exports of white rice accounted for 49 percent of total exports, followed by jasmine at 30 percent, and glutinous at 15 percent (Figure 6 and 7). Chinese destinations made up 71.5 percent of Vietnam's total glutinous rice exports. In October 2020, Chinese authorities announced that calendar year (CY) 2021 tariff rate quotas (TRQs) for major imported grains would remain unchanged from CY2020. This includes 5.32MT of rice (2.66MT of long grain rice and 2.66MT of medium and short grain rice), with state-owned enterprises controlling 50 percent of the rice TRQs.

Figure 6: Vietnam Rice Exports by Grade, January-October 2020



Source: Vietnam Customs; Trade; Post calculation
Note: WR – White rice

Figure 7: Vietnam Rice Exports by Grade, January-October 2020



Source: Vietnam Customs; Trade; Post calculation
Note: WR – White rice

On December 8, 2020, South Korea's Agro-Fisheries and Food Trade Corporation announced tender results for a total of 45,458MT of rice, of which, 10,124MT was awarded to Vietnamese brown rice and 11,500MT to Vietnamese milled rice for shipment in April and May 2021. Recently, international media sources reported that the Bangladesh government was going to allow additional imports of rice at a preferential import duty of 25 percent (much lower than the current 62.5 percent) to stabilize the domestic market. However, traders forecast that rice exports from India will remain dominant in the next year due to competitive prices and robust demand in key markets in Africa and the Middle East, edging out Vietnamese exports.

In recent months, a steep surge in shipping demand, due to the quick rebound of trade in some parts of the world, resulted in a severe shortage of containers and rocketing freight rates. Local logistic and transportation industry sources reported that container rates more than doubled for certain routes and destinations and noted that a peak season surcharge could be applied. In addition, container unavailability could likely impede exporters from delivering on time or result in losses for exporters who sold on cost and freight terms. Industry forecasts that this situation could affect Vietnam's rice exports should the situation carry over to the first quarter of CY2021. Bulk freights also increased, but at a lower rate, and could be an alternative option for rice shipments out of Vietnam in the coming months. Post revised Vietnam's MY19/20 rice exports estimate to 6.3MMT and its MY20/21 forecast to 6.4MMT, 100TMT higher than the USDA official number.

Table 3: Vietnam's Rice Exports by Grade and Destination, January-October 2020

Destination	5%	10%	15%	25%	100%	Glutinous	Jasmine	Unknown	Total
ASIA	**1,734,837**	**24,685**	**129,048**	**120,868**	**74,779**	**801,974**	**603,095**	**119,268**	**3,608,553**
Indonesia	13,635	6,040	14,350	-	500	70,465	19,724	1,793	126,506
Philippines	1,264,736	6,484	66,446	107,539	44,566	58,546	246,578	14,623	1,809,519
Malaysia	374,221	3,098	4,730	7,744	1,880	50,519	71,399	6,732	520,322
Singapore	23,321	464	943	116	2,831	4,943	53,443	6,535	92,597
East Timor	-	-	41,315	500	-	-	78	-	41,893
Iraq	-	-	-	-	-	-	60,000	-	60,000
Iran	-	-	-	-	-	-	-	49	49
Syria	25,462	-	-	-	-	-	25	125	25,612
Yemen	-	-	-	-	-	-	-	-	-
South Korea	154	341	-	2,665	-	10	384	37,721	41,276
Japan	24	-	-	0	-	26	19	403	472
Cambodia	-	-	-	-	-	420	-	80	500
Hong Kong	9,176	-	47	377	2	1,432	55,213	2,486	68,734
UAE	5,230	-	125	147	-	588	26,591	6,270	38,951
Taiwan	1,565	1,147	360	-	-	9,250	2,613	1,436	16,371
Bahrain	140	-	-	-	-	8	2,285	45	2,478
Bangladesh	-	-	-	-	-	12	153	400	565
Saudi Arabia	4,975	-	-	168	-	310	16,834	6,627	28,913
China	4,345	1,049	-	-	14,850	583,645	28,627	12,937	645,452
Brunei	-	-	-	-	-	-	300	21	321
Others*	7,852	6,063	732	1,610	10,150	21,801	18,828	20,986	88,022
AFRICA	**165,277**	**100**	**1,065**	**3,445**	**69,540**	**80**	**836,512**	**18,850**	**1,094,871**
Tanzania	5,963	-	375	-	-	-	8,835	-	15,173
Senegal	143	-	-	-	25,000	-	17,014	-	42,157
Angola	2,924	-	75	-	-	4	339	-	3,342
Rwanda	-	-	-	-	-	-	-	-	-
Ghana	74,697	-	-	-	13,693	-	398,142	1,760	488,291
Uganda	-	-	-	-	-	-	-	-	-
Cote d'Ivoire	55,835	-	515	2,881	28,055	-	307,372	10,000	404,658
Reunion	125	-	-	-	-	-	5,526	264	5,915
West Africa	-	-	-	-	-	-	115	-	115
Mozambique	9,447	-	100	-	-	-	43,059	781	53,387
Kenya	4,940	-	-	520	360	-	2,767	-	8,587
Congo	7,151	100	-	-	146	-	2,334	26	9,757
Libya	-	-	-	-	-	-	-	104	104
Algeria	-	-	-	-	25	-	10	299	334
Benin	209	-	-	-	130	-	2,362	-	2,701
Burkina Faso	-	-	-	-	-	-	-	-	-
Cameroon	703	-	-	-	2,002	-	5,291	27	8,023

Gambia	-	-	-	26	-	-	1,066	-	1,092
Guinea	-	-	-	-	-	-	657	1,094	1,750
Guinea Bissau	-	-	-	-	-	-	-	-	-
Madagascar	18	-	-	-	-	3	44	30	95
Mali	-	-	-	-	-	-	-	-	-
Mauritania	-	-	-	-	-	-	810	-	810
Nigeria	-	-	-	19	-	-	674	-	692
Sierra Leone	-	-	-	-	-	-	257	-	257
Somali	-	-	-	-	-	-	-	-	-
South Africa	104	-	-	-	-	18	3,473	1,900	5,494
Togo	-	-	-	-	-	-	-	-	-
Zambia	-	-	-	-	-	-	-	-	-
Others*	3,020	-	-	-	130	55	36,367	2,567	42,139
EUROPE	**9,065**	**24**	**630**	**985**	**218**	**1,043**	**44,408**	**11,965**	**68,337**
Russia	4,051	-	400	46	98	139	336	2,178	7,248
Ukraine	-	-	-	-	-	52	240	1,901	2,193
Poland	0	-	-	-	-	8	5,719	3,250	8,978
Others*	5,014	24	230	939	120	844	38,112	4,636	49,918
AMERICAS	**215,404**	**68**	**4,000**	**6,151**	**-**	**863**	**42,709**	**3,773**	**272,968**
Cuba	205,150	-	4,000	-	-	-	2	-	209,152
Brazil	2,697	-	-	3	-	83	199	531	3,512
Haiti	-	-	-	-	-	-	59	-	59
Mexico	440	-	-	-	-	-	-	20	460
Chile	1,350	-	-	-	-	-	-	440	1,791
Puerto Rico	-	-	-	-	-	-	-	-	-
Others*	5,766	68	-	6,148	-	779	42,450	2,782	57,993
OCEANIA	**25,598**	**3,197**	**8,264**	**17,345**	**4,402**	**1,611**	**56,256**	**122,015**	**238,687**
Australia	5,119	398	147	1,536	207	457	10,165	7,279	25,307
New Caledonia	26	-	-	23	-	11	156	3,026	3,242
New Zealand	908	18	-	541	115	17	2,412	3,884	7,895
Others*	19,545	2,781	8,117	15,246	4,080	1,125	43,523	107,826	202,242
UNKNOWN	**10,435**	**-**	**410**	**4,435**	**1,159**	**10,153**	**11,561**	**3,025**	**41,178**
TOTAL	**2,160,617**	**28,074**	**143,417**	**153,229**	**150,098**	**815,724**	**1,594,541**	**278,896**	**5,324,594**

* Others indicates that no clear destination is declared. It may/may not include the countries in the list of the same region.
Unit: MT
Source: Trade; Customs; Post calculation

Attachments:

No Attachments