



## Vietnam rice market & World

1. The heavy rain is favorable for the cultivation and growth of the summer - autumn rice in the Mekong River Delta
2. In creased agricultural material and rice price, farmers still suffer a loss
3. Promoting the inspection and examination of fertilizer quality in the market
4. First IPO of Vinh Long rice import-export company
5. Vietnam export rice price keeps at the high level
6. Asian rice market has few transaction

## Vietnam rice market

### Production

For the summer-autumn rice crop of this year, Dong Thap province has finished planting the summer-autumn rice crop. Total cultivated area is 192,569 hectares exceeding 100.3% compared to the plan and no caught rice area. Under the plan of the summer-autumn crop of this year, Quang Ngai province sows the seeds 27,500 and Ca Mau province sows the seeds 363,000, respectively. Last week, in the Mekong river delta, the weather was favorable with the early rain to assist farmers in making soil, field sanitation, and cultivation.

Currently, Mekong river delta provinces are at the peak point of seeding for the 2007 summer-autumn crop, most are in the period of fertilizer top



dressing and pumping , irrigating the water to protect productivity. In the last week, in the west-south, the high price of agricultural material and petroleum made cost of production increasing. Fertilizer price increased 20-30% compared to the same period and it was expected to further increase at the main crop. To date, over 387,000 hectares of the summer-autumn rice have cropped. By the end of June of 2007, it will plant and it is estimated that the required fertilizer volume will be 600,000 thousand tons, in which, nitrogenous fertilizer 250,000 tons, DAP fertilizer 180,000 tons, the remainder will be NPK fertilizer. Therefore, the increased export rice price resulted in the increased domestic rice price from 2,800-2,900 VND/kg, in reality, farmers are not beneficiaries.

### Policy

In the context of the increased fertilizer price causing the disadvantage for the agricultural production, the low- quality fertilizer and no any name in the list of the fertilizer to be allowed to produce, do business and use in Vietnam. On May 14th, 2007, Department of Cultivation - Ministry of Agriculture and Rural Development sent an official dispatch no 415/TT-CP to the provincial and municipal departments of Agriculture and Rural Development under the central level and demanded to promote the fertilizer quality inspection, examination in the area.

According to the statistics by 13/5/2007 of the southern steering committee of brown insect & yellow leaves, the total of brown insect caught rice area in the region over the past days have amounted to over 7,600 hectares, only decreasing 323 hectares compared to last week. The steering committee of brown insect-yellow leaves disease prevention in southern provinces is petitioning the Ministry of Agriculture and Rural Development to submit to the Prime Minister to promulgate immediately policy on epidemics support and prevention by the end of summer- autumn, autumn-winter crop of 2007

### Trade

On May 30th, 2007, Vinh Long import-export Company will auction stocks in the public to equitize with the starting price of 10,100 VND at Ho Chi Minh City securities transaction centre. This will be the first rice company to sell stocks in the public. After equitization, the chartered capital of company will be VND 45 billion and the capital structure as follow: the State owns 51%, the stocks is sold in a prioritized way for the staff is 11.92%, 1,668,500 of the stocks which is sold in the public accounted for 37.08% of the chartered capital, in which, foreign investors are allowed to buy 30% of the chartered capital. Annually, Vinh Long import-export Company exports around 100,000 tons of rice, the main consumption markets such as the Phillippines, Indonesia, Africa, Iran, Iraq A capacity of storehouses is 20,000 tons. Currently, two firms of the company open many places buying rice directly from the farmer, an average buying volume of two firms fluctuates 20-30% of the company's export rice, and the remaining part is bought by export rice suppliers in Vinh Long province and surrounding provinces.

Hau Giang province was assigned to export 3,000 tons of rice into Singaporean market in the first phase of 2007 through Hau Giang tourism-trade Company. Hau Giang is an agricultural province with the large rice output of the country, over 1.1 million tons/ per year on the average, the rice output for export is over 600,000 tons/ per year. In order to exploit this potential, Hau Giang is promoting rapidly the equitization of Vi Thanh high-quality rice processing plant into Hau Giang food processing joint-stock company, thus, this enterprise becomes a member of Vietnam food association and assigned to further export rice.



Although the new rice supplies source has put into circulation in the market, the farmer has just finished harvesting one main crop in the year but domestic price still keeps at the high level. Trading companies is buying actively 15% and 25% broken rice to sell for the customer in Africa. In the last week, Vietnam export rice price kept at the high level, thanks to the increased rice demand of the Asian East South and African countries, meanwhile, India and Pakistan did not ask rice at this time. It is forecasted that the rice price would increase in the coming month as soon as farmers in the Mekong river delta would harvest the winter - spring rice crop and the harvested rice for export. At present, Vietnam export of 5% the broken rice (FOB-

SaiGon) is asked at the price of 296 -303 USD/ton. Vietnam's 5% broken rice is asked stably at the price of 300 USD/ton, FOB-HCMC, 10% broken rice is asked at the price of 295 USD/ton, 25% broken rice is unchanged at the price of 285 USD/ton

Vietnam is the second largest rice export country in the world, it is expected that it will export 5 millions ton this year increasing 500,000 ton compared to the primary objective thanks to the sharply increased rice demand in foreign countries. Thailand sets the target to export 8.5 million ton rice in 2007 increasing compared to 7.5 million ton rice of last year.



## World rice market

The export rice price in the Asian market unchanged at the week-end. It is expected that this situation would still keep until Thailand signs the export contracts with Iran, Iraq. Iran trading companies are negotiating to buy 300,000 tons of rice from Thailand export companies

According to the information of the U.S Department of Agriculture, this year, the world rice consumption is estimated around 417 million tons; meanwhile, the world rice production is affected by the weather and decreased down 415 million tons

According to the forecast, the Thailand and Vietnam rice output for the 2007-2008 period will change inconsiderably compared to last year. The rice output for the 2007-2008 periods of two countries will be projected to increase up 2% over the 2006-2207 periods, meaning that, about 23.5 million tons of rice for Thailand and 36 million tons of rice for Vietnam, respectively. Vietnam and Thailand big export companies will be main rice suppliers for Indonesia. Thailand rice export turnover in the first quarter of 2007 increased 26.3% and Vietnam one did 14% compared to last year

### Thailand

Thailand rice export in 2007 will be likely to increase up 9 million tons compared to 7.7 million tons of last year. On the sideline of the Thailand rice sector

meeting in Bangkok, Mr. Chookiat Ophasawongse- The head of association of rice export companies said that "Thailand rice export is expected to increase thanks to the sharply increased foreign rice demand, while the world rice output is projected to go down in this year ". Thailand expects Indonesia which will be a main rice import country in this year because this country needs to import further to support the limited domestic supplies source.

White rice 100% type B of Thailand is asked at the price of 325 - 327 USD/ton, FOB, Bangkok, 5% broken rice is asked stably at the price of 314 - 316 USD/ton, 100% sortexed rice keeps at the price of 320-324 USD/ton. Rice demand in the Asian market and increase in Vietnam export rice price might push up Thailand export rice price at the high level.

### Indonesia

The climatic phenominum El Nino affects adversely to the rice production in Indonesia. At that time, in this year, according to the information of Indonesian Ministry of Agriculture, rice consumption is expected to reach about 33.6 million tons; meanwhile, the expected output is 32.5 million tons lacking 1.1 million tons to satisfy the domestic consumption demand. Therefore, a volume of import rice of Indonesia increases by 2.2 million tons in this year sharply increasing compared to 600,000 tonnes of last year.



### Rice export price of Vietnam and Thailand (USD/tấn - Soure: www.agro.gov.vn)

	Vietnam			Thailand		
	Week 8 - 14/5/2007	Week 14 - 20/05/2007	Changes	Week 8 - 14/5/2007	Week 14 - 20/05/2007	Changes
5% broken rice	296	306.2	10.2	312.33	312.4	0.07
10% broken rice	288.5	297.5	15.1	309.33	309	-0.33
15% broken rice	281.67	297.5	15.83	302.33	306	3.67
25% broken rice	278	290	12	290.33	294	3.67

### Domestic price of paddy, rice in selected provinces (VND/kg - Source: www.agro.gov.vn)

Province	Ordinary Rice			Province	Ordinary Rice		
	Week 8- 14/5/2007	Week 14- 20/05/2007	Changes		Week 8- 14/5/2007	Week 14- 20/05/2007	Changes
(1)	(2)	(3)	(4)=(3)-(2)	(5)	(6)	(7)	(8)=(7)-(6)
An Giang	-	4700	-	Vinh Long	-	-	-
Kien Giang	-	4600	-	Tay Ninh	-	3150	-
Bac Lieu	-	4700	-	Bac Lieu	-	2850	-
Lam Dong	-	5200	-	Nghe An	-	-	-
Ben Tre	-	-	-	Ben Tre	-	-	-
Tien Giang	-	4050	-	Dong Nai	-	3000	-

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