



1. Weak domestic supply, although Southern provinces finished harvesting and Northern provinces began harvesting the winter-spring rice crop.
2. Looking for development solutions for the economy of Mekong River Delta
3. Rice export enterprises experience difficulty finding affordable shipping
4. Rainfall is forecast to be higher than long-term average level
5. Thai rice prices higher; demand from Philippines, Iran eyed

## Vietnam's rice market

### Production

The GSO's May report indicated that estimated production may reach 10.8 million tons, with estimated yield of 5.86 ton per hectare, approximately the results of the previous winter-spring crop in 2006. In May, the Northern provinces began harvesting the winter-spring rice crop. In the South, rice production of provinces in the Plains of Reed (Dong Thap Muoi provinces) was quite good and increased compared to the same period last year (An Giang rice production reached 1.64 million tons, Kien Giang reached 1.6 million tons, Dong Thap reached 1.4 million tons). Meanwhile, due to rice diseases and unfavorable weather, the planted areas of winter-spring rice decreased in Coastal Central Southern provinces,

### Dong Thap Muoi (Plains of Reed) Map



Central Highland provinces and East Southern provinces, compared to last season.

The GSO's monthly statistical information in May indicated that up to 15 May, about 1031.3 thousand hectares of summer-autumn rice were seeded, about 16.6% lower compared to last season. Of this, the Mekong River Delta provinces seeded 948.1 thousand hectares, about 17.4% less than last season. The speed of rice seeding in the MRD region has been much slower than during the same period last year because of showers in May, so that some provinces issued guidelines for farmers to delay seeding rice.

In the Red River Delta provinces, the winter-spring rice is flowering in quite favorable weather conditions. About 10% of the planted area of rice in the region was harvested-- about 120.5 thousand hectares.

### Policy

On 1 June 2007, in HCMC, the Steering Committee of West Southern Provinces and the National Committee of International Economic Cooperation coordinated to organize an Economic Forum on the topic: "The economy of Mekong Delta Basin-Impacts from WTO integration." The forum participants found that, in order to develop and sustain the economy of Mekong Delta Basin provinces, policies need to be implemented such as: infrastructure investment, developing human resources, and improving the investment environment. The most important issue is to work out suitable policies to reorganize the supply chain to produce high-quality products, as well as to strengthen cooperation and scale in agricultural production. Other policy recommendations discussed by the forum include constructing tight linkages inside the region; establishing commodity associations to protect the interests of producers and businessmen. The commodity associations will help their mem-

**Table 1: Rice production up to 15 May 2007**

	Performance same period last year (thousand ha)	Performance this period (thousand ha)	This period vs. Same period last year (%)
Planted area of summer-autumn crop in the South	1236,2	1031,3	83,4
<i>Including:</i> Mekong Delta Basin	1147,9	948,1	82,6
Harvested areas of winter-spring rice crop	2023,4	1926,1	95,2
Northern provinces	195,6	120,5	61,6
Southern provinces	1827,8	1805,6	98,8

Source: General Statistics Office (GSO), Monthly statistical information, 05/2007

bers to build up their products' brand names and geographic indications.

### Exports and Prices

Up to now, Vietnamese enterprises have signed contracts to export about 3.5 millions ton of rice. Most of these are government contracts. However, within the 5 first months of the year, Vietnam has only exported 1.8 millions ton of rice, a decrease of 20% compared to the same period last year. The reason is a shortage of vessels; increases in transportation fees; and unfavorable weather that prevented loading rice on vessels. The transportation fee for destinations in Asian markets increased from 16-17 USD/ton to 25-30 USD/ton, for African destinations increases from 80-90 USD/ton to 110-120 USD/ton, compared to last year. However, the export price of Vietnam's rice is 40-50 USD/ton, much higher compared to the same period last year.

The domestic rice market has been active in

May. The supply of rice is scarce both in Northern and Southern markets; meanwhile there is high demand from export enterprises to buy rice to fulfill their contracts. Domestic prices of rough and milled rice are high. Rough rice prices are commonly in the range of 3,000-3,400 VND/kg, and the price of rice for polishing is in the range of 3,850-3,950 VND/kg.

### Weather

Many areas received rain from typhoons in late May and the beginning of June, especially in Northern provinces of Vietnam. The National Centre for Hydro-meteorological Forecasting reported that total rainfall in May was about 40-70% higher compared to the long-term average level, and particularly about 80-120% higher in South Central provinces. In the Northern mountain

and West Northern areas, the rainfall was 30-60% lower, compared to the long-term average level. Up to now, the drought has been ending in most regions, except Northern mountain areas, West Northern and North Central provinces. Also in May, severe weather--whirlwind, hail, squalls, --struck in the provinces of Ha Giang, Lao Cai, Yen Bai, Dak Lak, Lam Dong, Tra Vinh and damaged about 1,300 hectares of planted rice and crops, as well as more than 2000 km of canal.

In June, the rainfall level is expected to be high compared to the long-term average level. In mid-June, small river flooding is forecast in Northern, North Central, Central Highland and Southern provinces. Some showers and squalls will alternate with hot and sunny days.



## World rice market

### Thailand

(Dow Jones) Thai rice prices were higher in the week to Monday, with expected demand from the Philippines and Iran helping to boost prices. The Philippines National Food Authority, or NFA, plans to buy 300,000 metric tons of rice (comprising 275,000 tons of 25% broken white rice and 25,000 tons of iron-fortified rice) for shipments between June and August.

Most buyers have returned to the Thai market as offers in Vietnam, its main competitor in the rice export trade, are at high levels and exportable supply is beginning to thin.

Iran, a major buyer of Thai rice, has been seeking to buy more rice from Thailand after having

bought 300,000 tons of rice last month in a government-to-government deal. Iran is estimated to have contracted to buy as much 580,000 tons of Thai rice for confirmed transactions so far this year. It is forecast to buy up to 800,000 tons of rice from Thailand.

Elsewhere, Japan bought 10,000 tons of Thai rice for processing and alcohol manufacturing. The shipments are for between end-June and mid-August.

Indonesia will have to import rice as its domestic reserves are running thin, traders said. However, the Indonesian government hasn't made any decision regarding rice imports.



### Export prices of Vietnam and Thailand rice (USD/ton - source: www.agro.gov.vn)

	Vietnam			Thailand		
	Week 21 - 25/5/2007	Week 28 - 31/05/2007	Changes	Week 21 - 25/5/2007	Week 28 - 31/05/2007	Changes
5% broken rice	300,7	302,5	1,8	316,8	317,8	1
10% broken rice	294,9	298	3,1	314,6	315,2	0,6
15% broken rice	291,6	293,8	2,2	306,6	308,17	1,57
25% broken rice	286	288,4	2,4	291	290,33	-0,67

### Domestic price of rough rice and rice in selected province (VND/kg - nguồn: www.agro.gov.vn)

Province	Ordinary Rice			Province	Ordinary rough rice		
	Week 21- 25/5/2007	Week 28- 31/05/2007	Changes		Week 21- 25/5/2007	Week 28- 31/05/2007	Changes
(1)	(2)	(3)	(4)=(3)-(2)	(5)	(6)	(7)	(8)=(7)-(6)
Ba Ria- Vung Tau	6000	6000	0	Ba Ria- Vung Tau	3500	3500	0
Ben Tre	4700	4700	0	Ben Tre	3200	3200	0
Binh Duong	5200	5200	0	Binh Duong	3650	3650	0
Ca Mau	5500	5000	0	Ca Mau	2850	2850	0
Kien Giang	5000	5000	0	Dong Nai	3200	3200	0
An Giang	5000	5000	0	An Giang	3400	3400	0
Lam Dong	5200	5200	0				
Tien Giang	4400	4400	0				

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