



1. Applying new varieties and modern cultivation technology help Ha Tay farmers reduce production costs
2. Prime Minister to develop agro & forestry products manufacturing industry by 2020
3. Rice exporters should delay signing new export deals
4. Hot and sunny days in Northern Central provinces and Highland provinces
5. Cambodia could become leading rice exporter by next year

Vietnam's rice market

Production

In the of industrialization and modernization, agricultural land has been converted into industrial and handicraft uses Ha Tay province has constructed and scaled up rice agricultural extension models which aim at reducing costs by researching and applying new varieties and modern cultivation technology.

In the 2007 winter crop, 150 hectares in all 14 localities of Ha Tay province were seeded with high-quality rice variety N46. This is a short-grain variety of rice. is high yielding, easy to grow, fast maturing, sweet- smelling and high prices. The average price of N46 rough rice is commonly about 4600 VND/kg. It takes about 100 days to produce a mature crop.

Red river delta map



This is the first season Ha Tay farmers have mechanized their production activities by using machines in rice seeding and cutting rice. Thanks to mechanization efforts, the seeding speed is in the range of 0.6-1 hectare//day, seeding density from 50 to 120 kg/hectare. It takes 3-4 hours to cut 1 hectare of rice by machine consuming about 1.8 liters of petrol per hour. cost is half manual harvesting.

Policy

On 18 May 2007, Vietnam Prime Minister approved scheme (Decision No.69/2007) to develop agro & forestry products manufacturing to 2010 and to 2020. The development objectives are to build high competitive capacity for manufacturing both domestic and international market, raise value added agro & forestry products, create foundation for development of agro& forestry production, create more jobs and income, produce high quality products met SPS requirements. Major indicators of the scheme include:

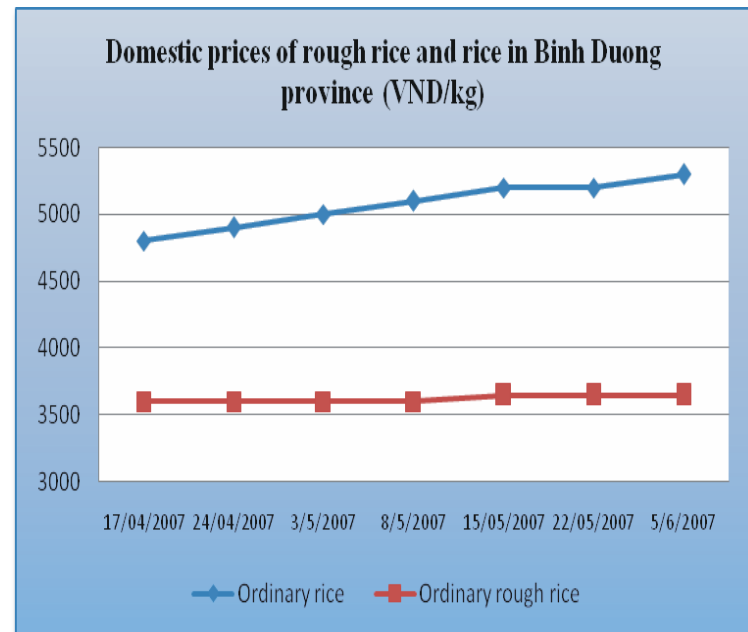
(i) Increase industrial manufacture for agroforestry : grains, coffee, rubber, tea, cane, fruits & vegetable, cashew nut, meats, milk, vegetable oils, alcohol , tobacco, paper. In rice sector, by the year 2010, it's expected that 100% rough rice will be processed, 55% of which will for domestic uses and export. By the year 2020, the portion will increase to 60-65%.

(ii) Annual agricultural production value will 10.7% now 2010 and 11.7% the next period 2020.

(iii) Total export value is expected to reach \$11 billion by 2010 and \$16.5 billion by 2020 to help fulfill these indicators: input zones scheme, science and technology, investment and credit, marketing and trade promotion, renew and agricultural and forestry production, land policies.

Exports and Prices

In 5 months, prices of rough rice have sharply increased. The prices have increased by 12% in the Northern provinces and by 22% in the Southern provinces, which rough rice prices the whole country. Thus the domestic rice price was also pushed up. The Vietnamese trade ministry has told rice exporters to delay signing new export deals in the next few months to capitalize on possible global price hikes later on due to bad weather and pests in some major rice producing nations, but focus on rice production for good results for export in next quarter 2007.



Source: www.agro.gov.vn

Rice exporters are edging closer to the export cap set by the government of 4-4.5 million tons. The limit could be raised to 5 million tons if harvests are good this year. Ministry data show rice exports will touch 2.2 million tons by .

Government officials concern about a number of issues which can impact on Vietnamese rice supply in the long-term. First, the planted in Vietnam has been , because of industrializationmoderniza-

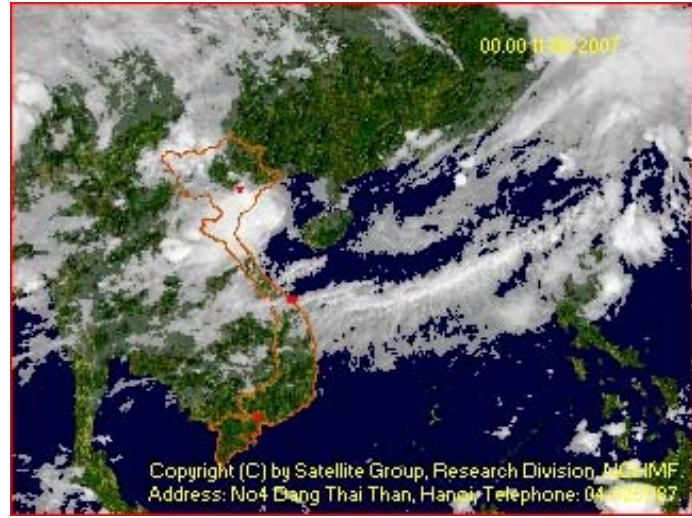
tion and urbanization. Second, farmers their rice field in some localities in the NorthThai Binh province is an example. that domestic rice prices will continue to increase.

Meanwhile, world rice supply has been affected severely by natural disasters. The warmer global atmosphere has severe impact on grain production in the world. , countries have developed ethanol production , which consume a huge volume of corn, cassava, and raise the prices of these agricultural products. The increasing prices of corn and cassava will affect demand for rice,corn and cassava.

Weather

period of hot and sunny days from 1 June 8 June average daily temperature reach more than 40oC in many areas: highland provinces such as Cua Rao (Nghe An province), Huong Khe (Ha Tinh province), Con Cuong (Vinh city), Dong Ha (Quang Tri province); and also high in Northern provinces such as Hanoi, Nam Dinh, Ha Tay, Ha Nam The

National Centre for Hydro-meteorological Forecasting. Within week, many areas in Southern provinces received rain and heavy rain (20-90 mm) cause flood in many areas. It's forecast that from 11 to 20 June provinces in the North and Highland will many hot and sunny days.



Source: National Centre for Hydrometeorological Forecasting



World rice market

Cambodia

(Riceonline) More than 80 percent of Cambodia's population farmers who enjoy a generally favorable climate, so they produce a surplus of over million tons of unmilled rice annually, but up until now they have not exported as much milled rice to the world markets as other producers due to a shortage of capital. Cambodian farmers annually export more than one million tons of unmilled rice, particularly to neighboring Vietnam and Thailand. Cambodia could achieve its ambition to become one of the world's leading milled rice exporters by 2008 if it has sufficient capital to buy unmilled rice from local farmers. According to President of the Rice

Milling Association of Cambodia, Cambodian local mills currently require 40 million U.S. dollars in capital to purchase unmilled rice from farmers to raise stocks for production of milled rice. But the capital is only 10 million U.S. dollars. The country's 280 mills, which have an average capital each of 30,000 to 100,000 U.S. dollars, can currently buy and stock only enough unmilled rice for production to serve local markets and small exports. Cambodia can export milled rice to the world market by 2008 or 2009. Types of milled rice known to be exported from Cambodia include the Neang Minh, Phka K'nhei and Phka Romduol varieties.



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

	Vietnam			Thailand		
	Week 28 - 31/5/2007	Week 04 - 09/06/2007	Changes	Week 28 - 31/5/2007	Week 04 - 09/06/2007	Changes
5% broken rice	302.5	304	1.5	317.8	319	1.2
10% broken rice	298	299.5	1.5	325.2	317	1.8
15% broken rice	298.3	295	1.2	308.17	311	2.83
25% broken rice	288.4	287.5	-0.9	290.5	291	0.5

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 28- 31/5/2007	Week 04- 09/06/2007	Changes		Week 28- 31/5/2007	Week 04- 09/06/2007	Changes
(1)	(2)	(3)	(4)=(3)-(2)	(5)	(6)	(7)	(8)=(7)-(6)
An Giang	5000	5000	0	Nam Dinh	3400	3400	0
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	5300	100	Binh Duong	3650	3650	0
Lam Dong	5200	5200	0	Ca Mau	2850	2850	0

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