

Rice production in Vietnam: achievements and future development

- Achievements
- Rice export management policy
- Future development

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Vietnam as a major rice producer/exporter

Population: 86 mil.

Total area: 33.1 mil. ha

Agricultural land: 9.4 mil. ha

Arable land: 6.54 mil. ha

Forestry land: 13 mil. ha



Red River Delta
Rice land: 0.6 mil. ha
0.1 ha < farm < 1 ha

Rice land: 3.9 mil. ha
Sown area: 7.4 mil. ha
Yield: 42 mil. tons

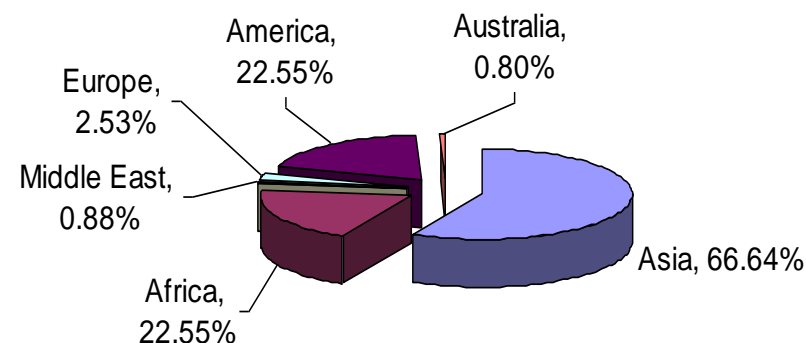
Mekong River Delta
Rice land: 1.87 mil. ha
0.3 ha < farm < 2 ha



Largest rice exporters in the world

Quantities in million metric tons

| No. | Largest exporters | 2010 | 2011 | 2012 |
|----------------------|-------------------|------|------|------|
| 1 | Thailand | 9 | 10.5 | 8.5 |
| 2 | Vietnam | 6.8 | 7.2 | 6.6 |
| 3 | India | 1.9 | 2.8 | 4.5 |
| 4 | Pakistan | 4 | 3.2 | 3.7 |
| 5 | United States | 3.5 | 3.4 | 3.1 |
| 6 | Brazil | 0.5 | 1.25 | 0.9 |
| 7 | Uraquay | 0.7 | 1 | 0.9 |
| 8 | Myanmar | 0.4 | 0.8 | 0.8 |
| 9 | Argentina | 0.5 | 0.6 | 0.7 |
| 10 | Egypt | 0.7 | 0.1 | 0.5 |
| World's total export | | 31.2 | 34.2 | 32.8 |

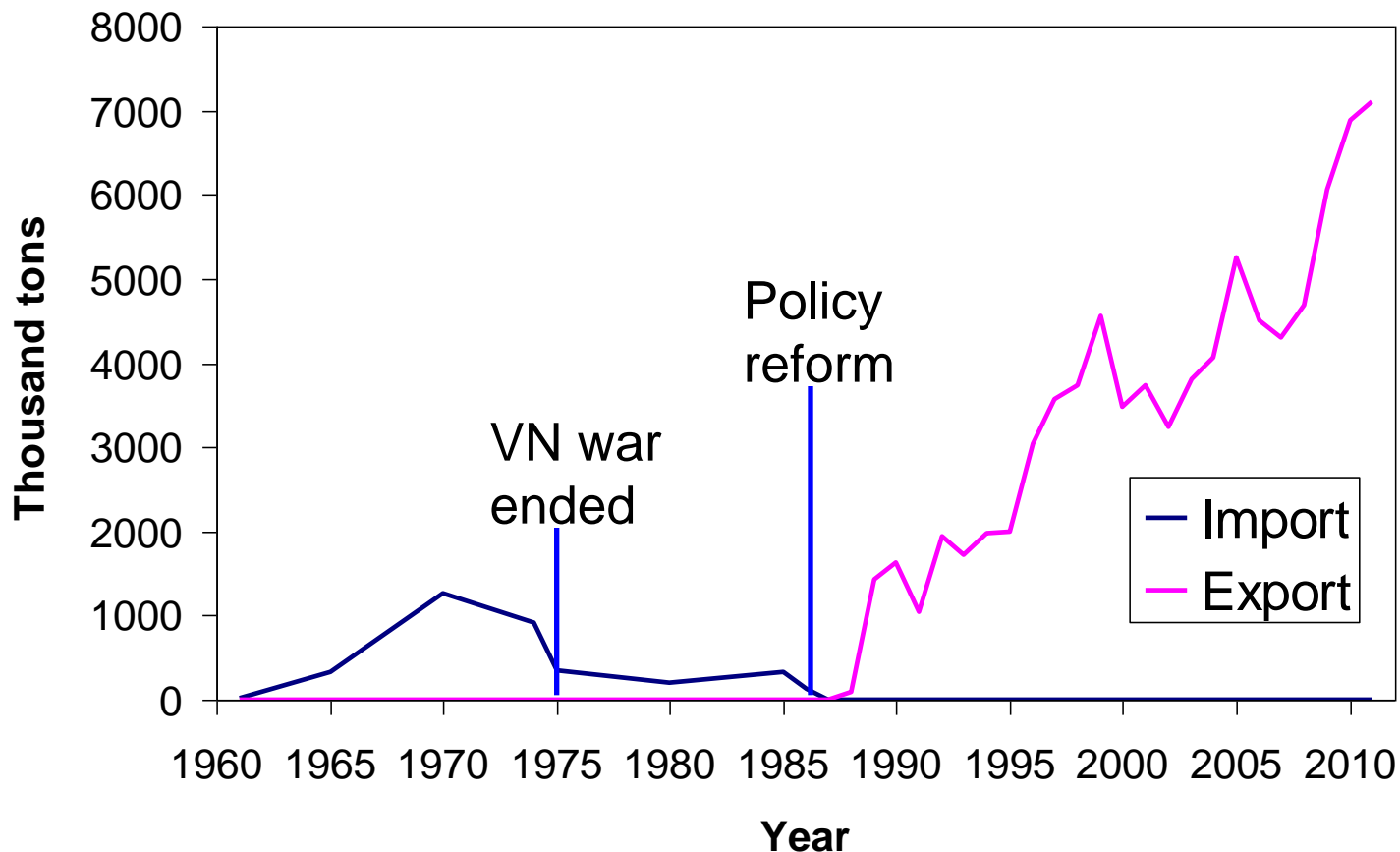


VN rice export market structure, 2011

Source: FAO Rice Market Monitor 2011, AgrolInfo, VFA

Breakthrough from rice import to export began in 1989

- Land reforms began 1981 to introduce contract farming
- Trade liberalization after 1989



Source: FAOSTAT, General Statistics Office

Major policy reforms

Land reforms (1981 – 2003): step-by-step decollectivization process

Collective farm



Individual household

1. Contract system
2. Land lease: 10, 15, 20 years
3. Free market in land use right
4. Privatization of output & input markets

Investment and credit policy:

- Large investment in infrastructure: transport & irrigation systems
- Financial support for rural road construction, machinery buying
- Setting up floor paddy prices to ensure a minimum profit margin of 30% for rice growers

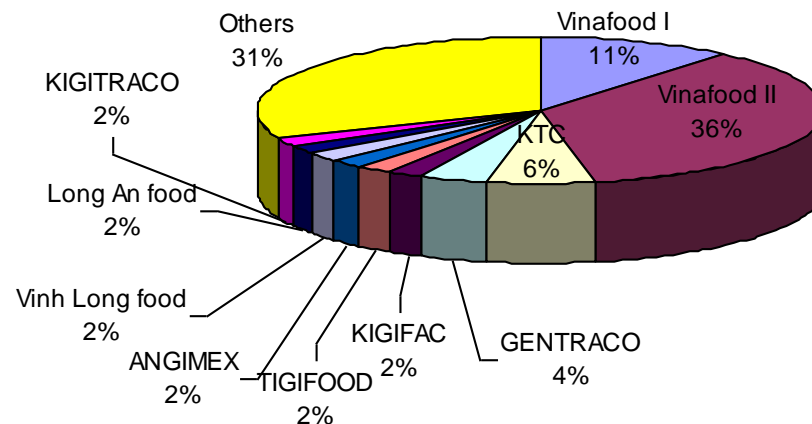
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Rice market liberalization 1989

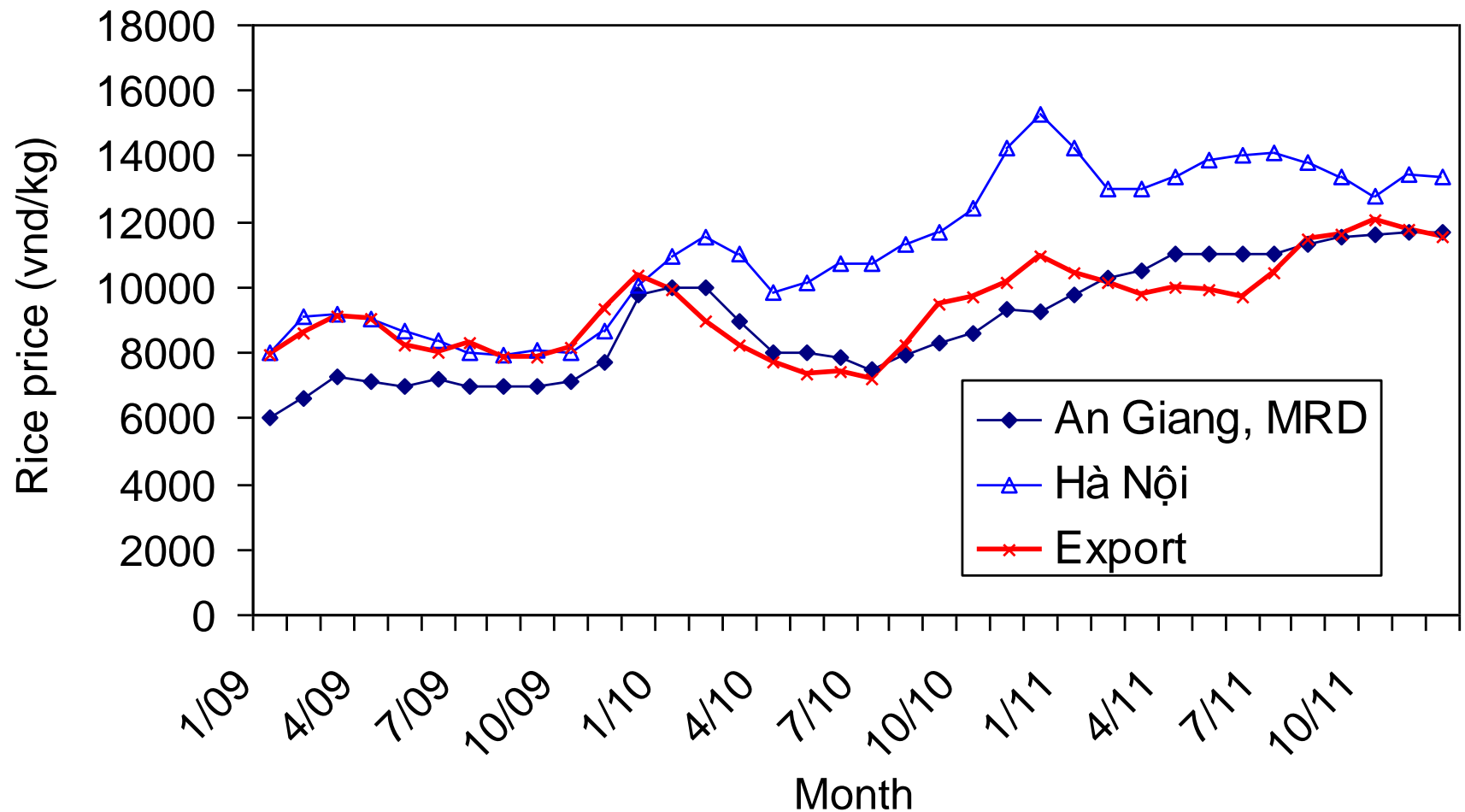
- Privat rice traders were allowed to deliver paddy rice out of the provinces
- The milling facilities, nationalized a decade before, were returned to private owners, who re-entered milling business
- The Vietnamese Food Association (VFA) was established in 1989 in order to support both state and private rice traders



Top ten rice export companies in Vietnam and their share values

Source: IPSARD

Rice price series of Mekong delta, export price and Hanoi, 2009 - 2011



Source: AGROINFO

Cost/benefit balance for winter-spring crop 2009-2010 in Mekong delta (data collected from 20 households/region)

| Expense / Income items | Dong | | | |
|--|---------------|---------------|---------------|---------------|
| | An Giang | Can Tho | HCM city | Thap Muoi |
| Seed | 51.8 | 50.6 | 54.0 | 44.6 |
| Land preparation | 52.5 | 41.1 | 40.8 | 29.4 |
| Irrigation | 34.8 | 17.5 | 17.4 | 29.9 |
| Harvest | 117.5 | 109.8 | 110.7 | 99.4 |
| Fertilizer | 188.0 | 166.5 | 168.8 | 194.9 |
| Pesticide | 175.8 | 120.5 | 142.6 | 228.5 |
| Total expense (USD/ha) | 620.5 | 506.0 | 534.3 | 626.8 |
| Labor (USD/ha) | 90.7 | 54.3 | 74.5 | 74.5 |
| Yield (tons/ha) | 6.7 | 6.7 | 6.9 | 7.1 |
| Paddy price (USD/kg) | 0.2 | 0.2 | 0.2 | 0.2 |
| Gross revenue (USD/ha) | 1481.5 | 1498.8 | 1540.9 | 1603.2 |
| Returns to home labor and land (USD/ha) | 861.0 | 992.9 | 1006.6 | 976.4 |

Source: Angiang Plant Protection Joint-Stock Company

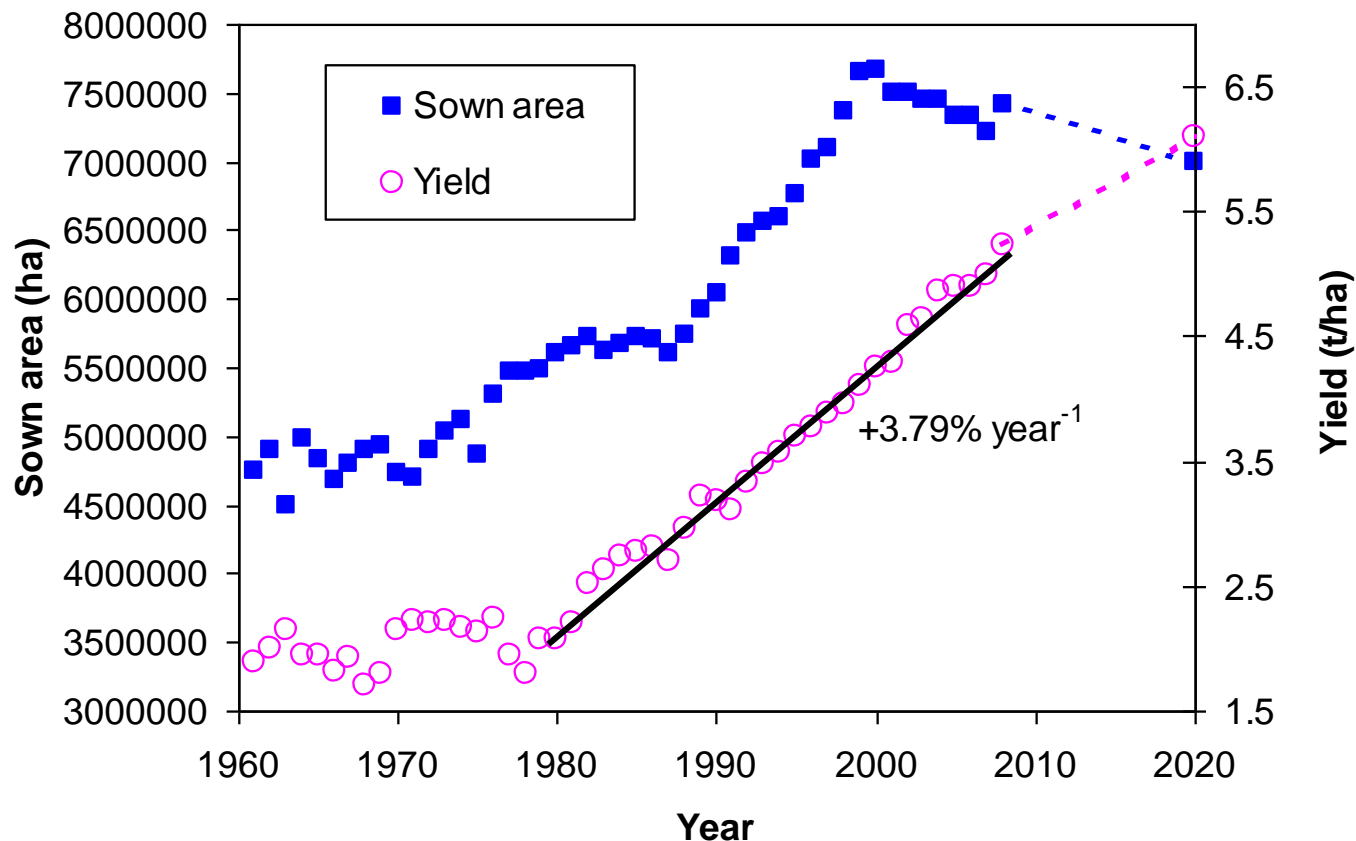
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Trend of rice sown area and production to 2020

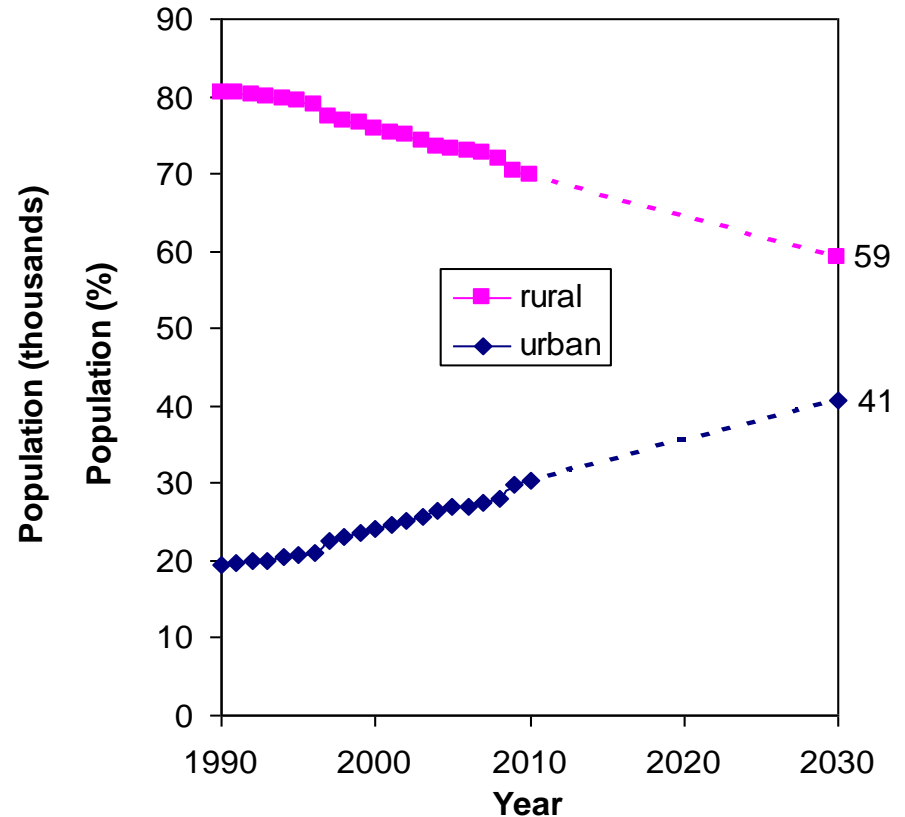
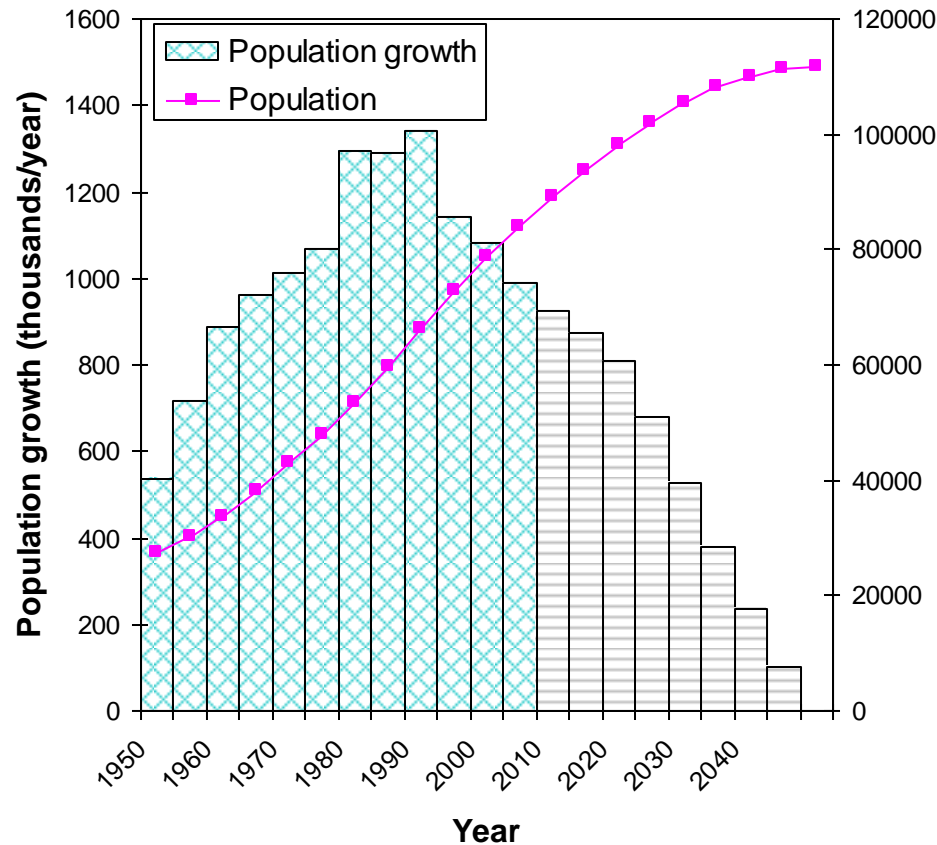
- Rice land is limited and should be protected by law
3.8 mil. ha → 380 m²/capita after 2020
- Yield per hectare is the main output driver



Source: FAOSTAT

Long term driving forces for food demand

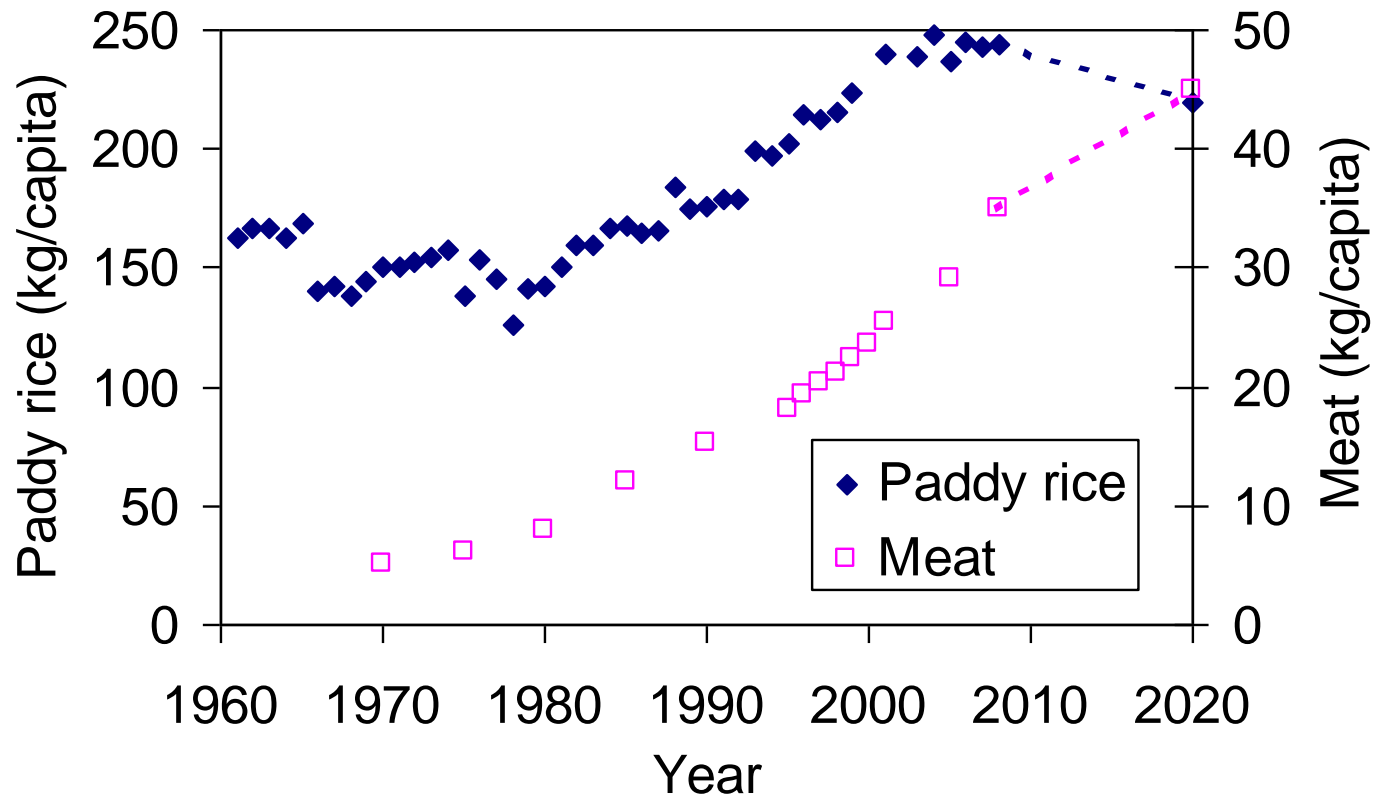
- Population will peak at approx. 115 mil. in 2050 although a drastic slow-down in population growth
- Economic growth and increased urbanization will drive up food consumption



Source: esa.un.org/unpp, VN population bureau

Trend of rice and meat consumption


- Rice surplus is still to produce after 2020, but decreasing export
- Growing demand of meat \Rightarrow increasing import of corn, soja etc.



Source: Calculated by the author from FAOSTAT & MARD (Ministry of Agriculture and Rural Development) data

Future measures to ensure rice-based food security

- Strictly control of rice land use
- Sustaining the growth of rice yield
- Reduction of post-harvest loss
- Rice export policy



Thank you for
your kind interest