



RICE ANNUAL REPORT

2023





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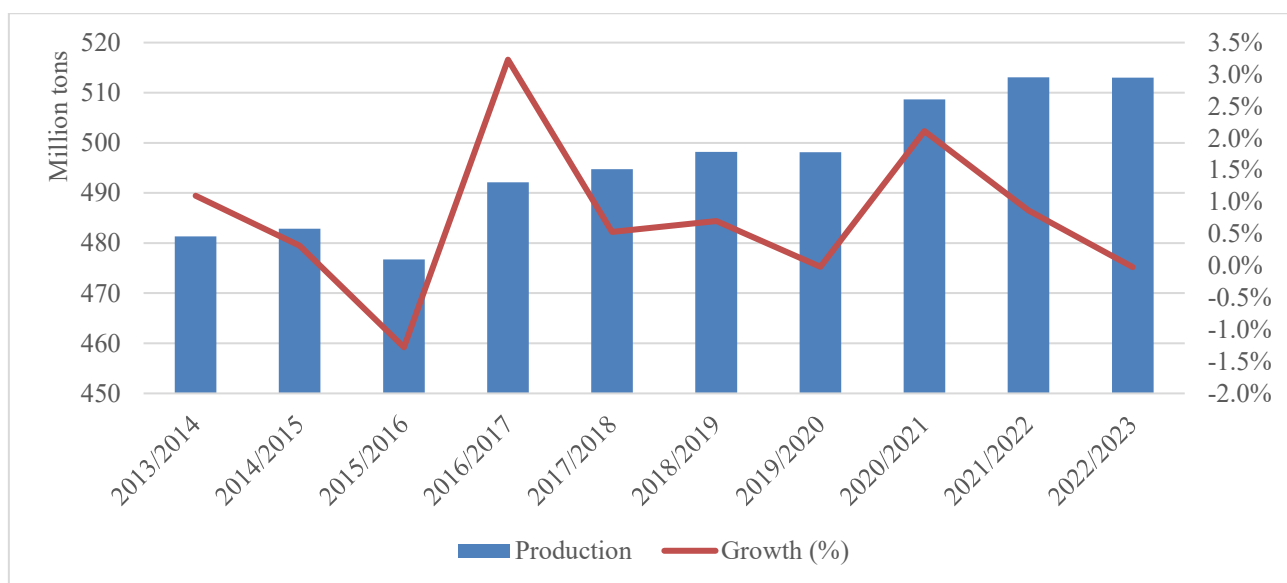
I. Rice supply and demand

1.1. World rice supply and demand

1.1.1. Production

According to the United States Department of Agriculture (USDA), world rice production has grown steadily over the past 10 years, with an average annual growth rate of 0.8%/year. Global production in 2022/2023 was at 513.0 million tons, a 0.02% decrease compared to 513.1 million tons in 2021/2022.

Figure 1: World rice production, 2013/2014 – 2022/2023



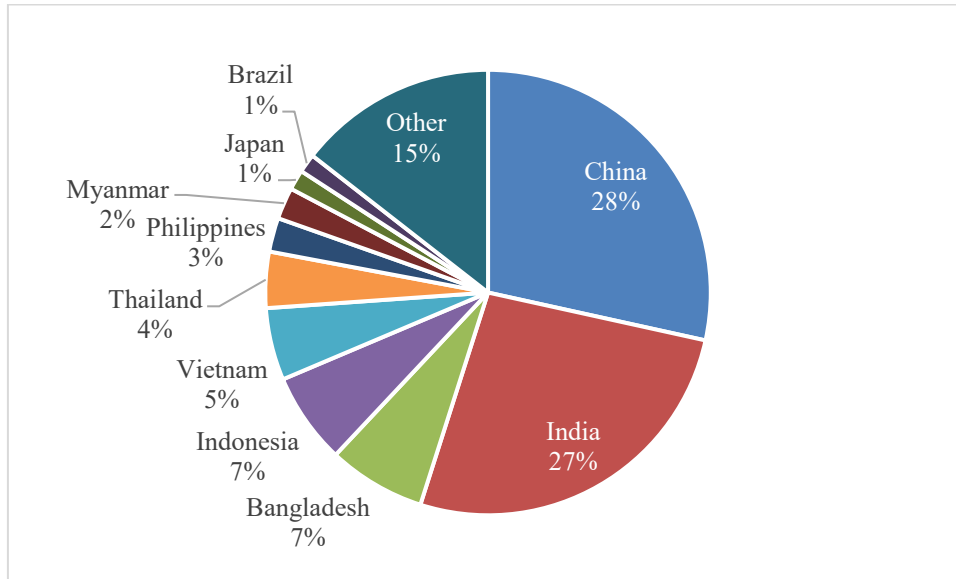
Source: USDA, 2024

The top ten countries with the highest rice production were China, India, Bangladesh, Indonesia, Vietnam, Thailand, Philippines, Myanmar, Japan, and Brazil. Among these, India had the highest growth rate in production from 2013/2014 to 2022/2023 at 2.6% per year, followed by the Philippines at 1.1% per year and Thailand at 0.9% per year. On the other hand, Brazil's growth rate has decreased by 1.0% per year, Indonesia by 0.7% per year, and Japan by 0.7% per year.

The top 10 countries in terms of rice production accounted for 85.5% of the world's total rice production. Among these, China led with a production of 145.9 million tons, making up 28.5% of the global rice production. India followed closely with 135.8 million tons, accounting for 26.5% of the world's total. Bangladesh, Indonesia, and Vietnam had output of 36.4 million tons (7.1%), 34.0 million tons (6.6%), and 26.9 million tons (5.3%), respectively.



Figure 2: Proportion of rice production by country, 2022/2023

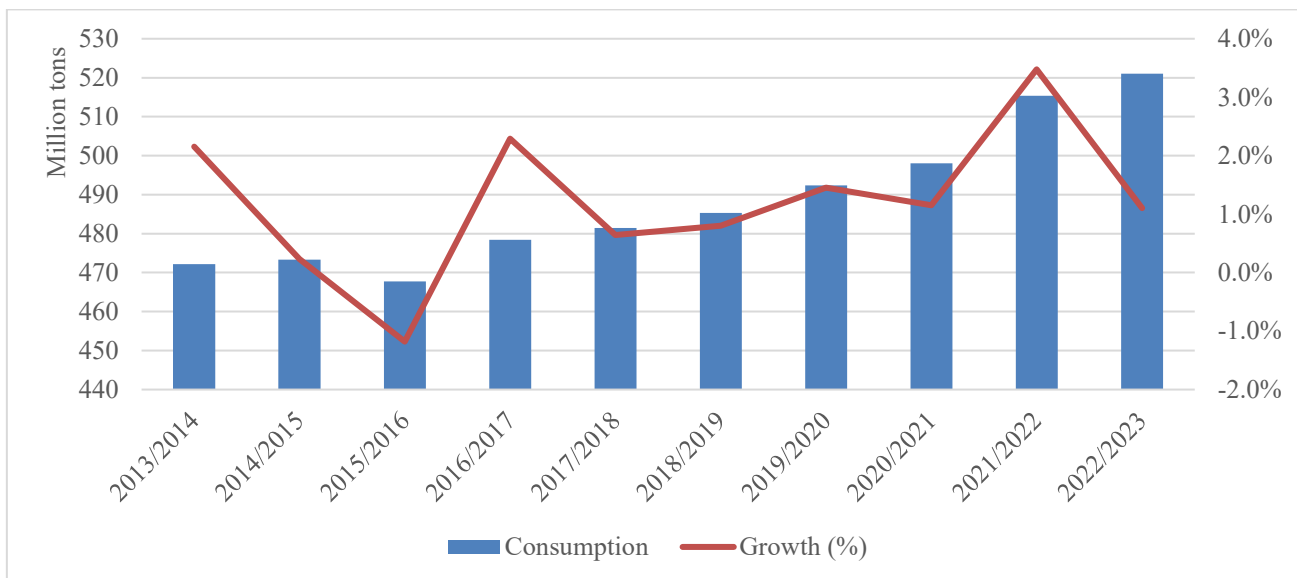


Source: USDA, 2024

1.1.2. Consumption

According to USDA, world rice consumption has grown steadily over the past 10 years, with an average annual growth rate of 1.2%/year. In 2022/2023, rice consumption reached 521.1 million tons, a slight increase of 1.1% compared to 2021/2022 of 515.4 million tons.

Figure 3: Global rice consumption, 2013/2014 – 2022/2023



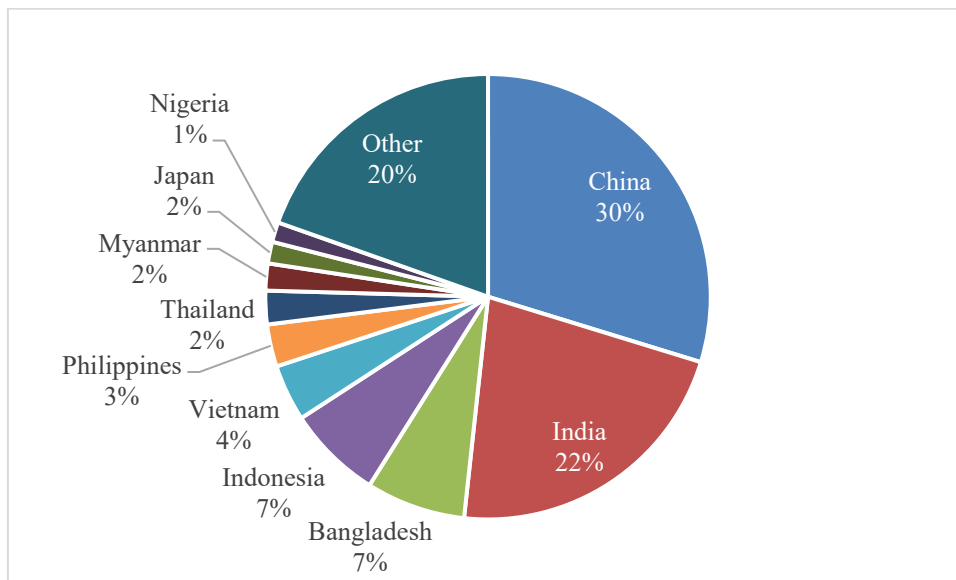
Source: USDA, 2024



The top ten countries with the highest rice consumption were China, India, Bangladesh, Indonesia, Vietnam, Philippines, Thailand, Myanmar, Japan, and Nigeria. Among these, Nigeria had the highest growth rate in consumption from 2013/2014 to 2022/2023 at 2.8% per year. Thailand and the Philippines followed with growth rates of 2.5% and 2.2% per year, respectively. On the other hand, Indonesia's growth rate has decreased by 0.6% per year, Japan's by 0.4% per year, and Vietnam's by 0.1% per year.

The top 10 countries in terms of rice consumption accounted for 80.4% of the world's total rice consumption. Among these, China led with consumption of 155.0 million tons, making up 29.7% of the global rice consumption. India followed closely with 114.5 million tons, accounting for 22.0% of the world's total. Bangladesh, Indonesia, and Vietnam consumed 37.6 million tons (7.2%), 35.9 million tons (6.9%), and 21.4 million tons (4.1%), respectively.

Figure 4: Proportion of rice consumption by country, 2022/2023



Source: USDA, 2024

1.2. Vietnam's rice production and consumption

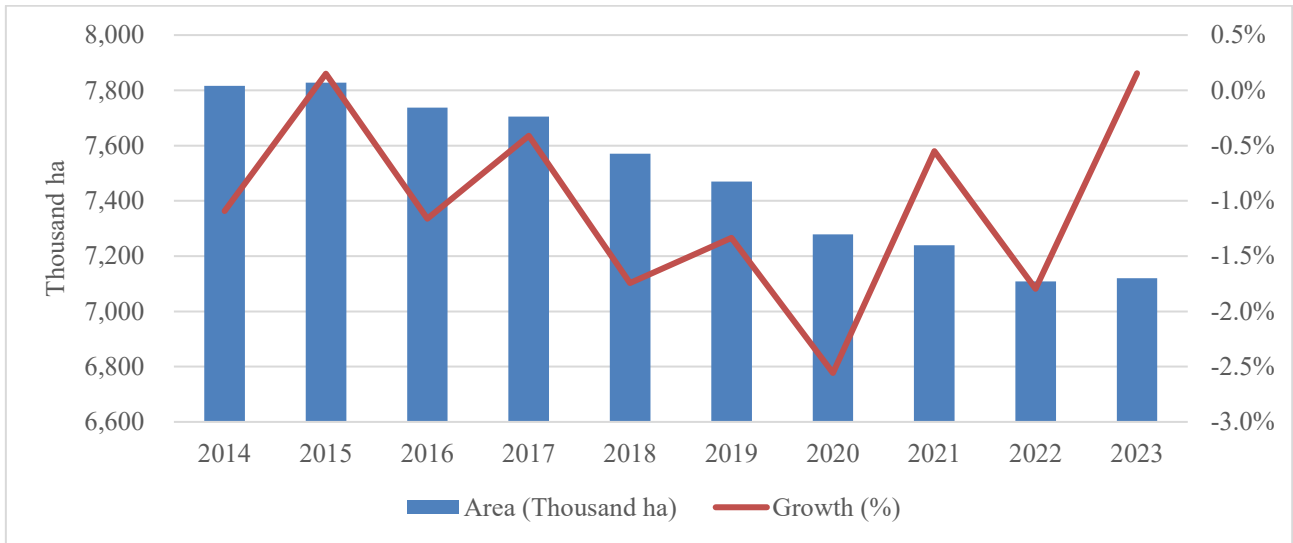
1.2.1. Production

Production for the whole year

According to the General Statistics Office, in 2023, the total paddy growing area for the whole year reached 7.1 million hectares, an increase of 0.2% compared to 2022. Of which, 3.0 million hectares were winter-spring crop, 2.6 million hectares were Summer-Autumn and Autumn-Winter crops, and 1.5 million hectares were Seasonal crop.



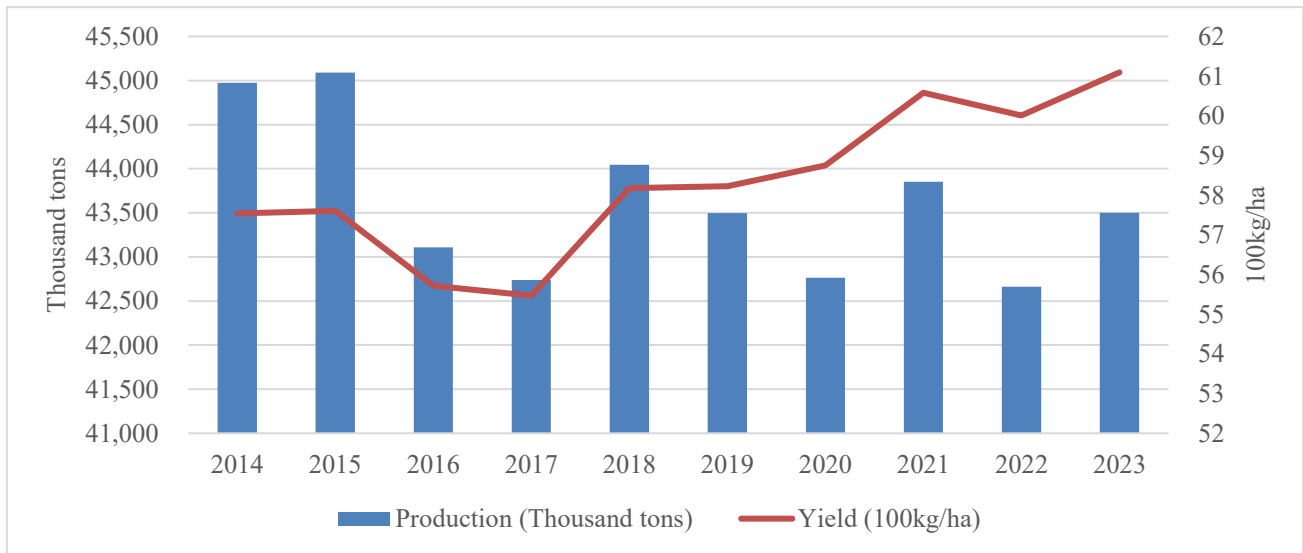
Figure 5: Total paddy growing area for the whole year in 2014 – 2023



Source: General Statistics Office, 2024

In 2023, the output of paddy reached 43.5 million tons, an increase of 2.0% compared to 2022. In addition, the yield also tends to increase slightly by about 1.0%/year in the last 5 years, reaching 6,1 tons/hectare in 2023, an increase of 1.8% compared to 2022.

Figure 6: Vietnam’s paddy output and yield, 2014 – 2023



Source: General Statistics Office, 2023

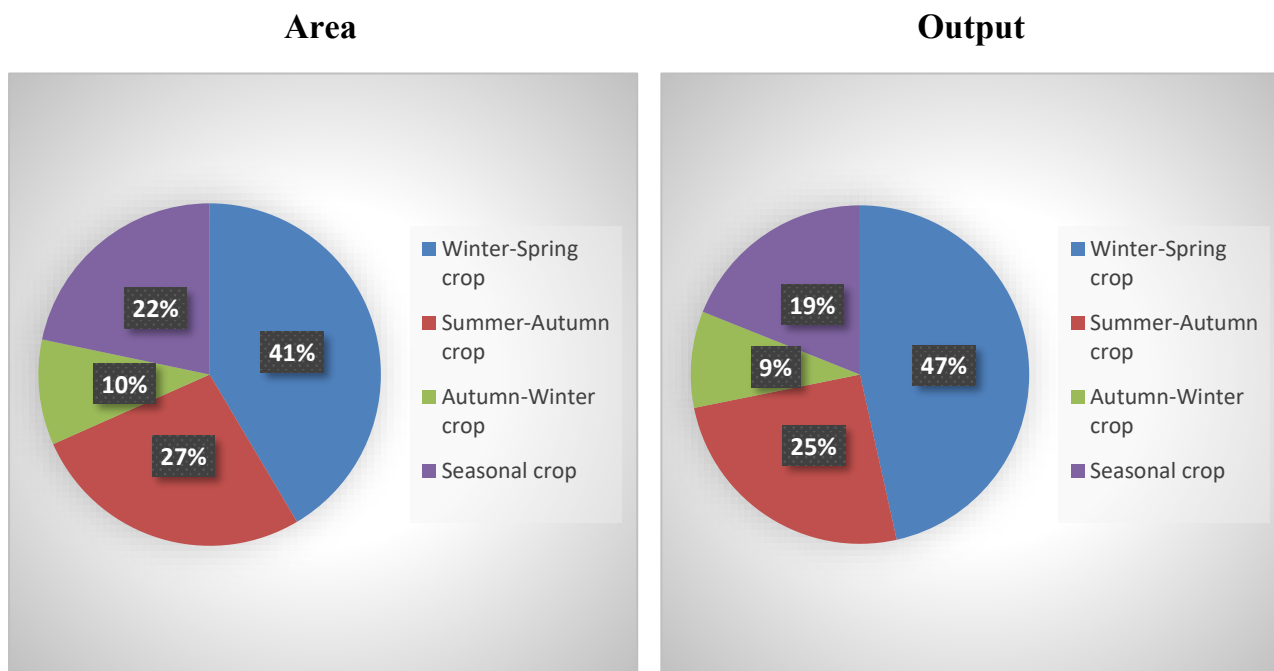
Production by rice crops

According to the General Statistics Office, the cultivation area of the Winter-Spring crop in 2023 decreased by 1.3% compared to 2022, reaching 2.95 million tons. However, the yield increased by 0.16 tons/ha to 6.84 tons/ha, which resulted in an output increase of 1.1%



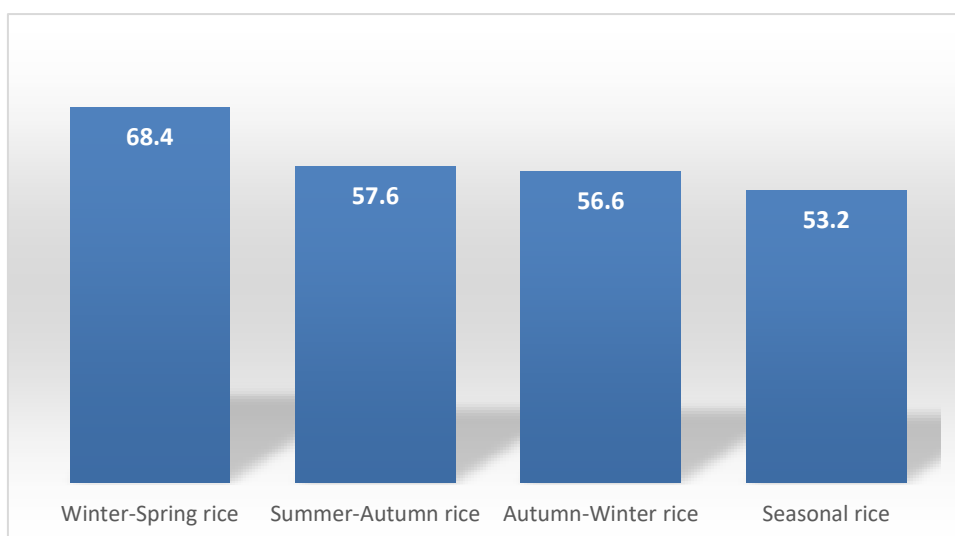
in 2023 compared to 2022, which reached 20.2 million tons. In terms of the proportion of the area and output of the Winter-Spring crop compared to the overall year, the rate reached 41.5% in area and 46.5% in output. Among the four crops in the year, the Winter-Spring crop had the highest yield, which was 18.8% higher than the Summer-Autumn crop, 20.8% higher than the Autumn-Winter crop, and 28.6% higher than the Seasonal crop.

Figure 7: Proportion of area and output of paddy crops in 2023



Source: General Statistics Office, 2024

Figure 8: Yield of paddy crops in 2023



Source: General Statistics Office, 2024

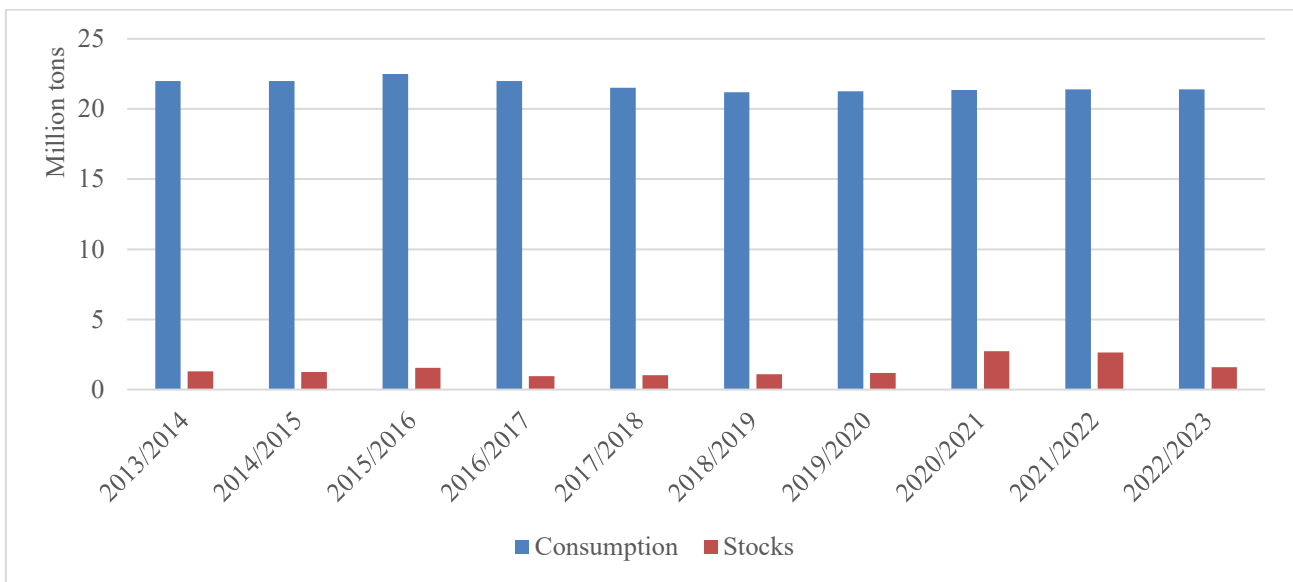


1.2.2. Consumption

Vietnam's rice consumption decreased slightly by 0.1% per year from 2013/2014 to 2022/2023, according to the USDA. In 2022/2023, the country consumed approximately 21.4 million tons of rice, which includes rice used for food, livestock feed, and other food industries. This amount is equivalent to the consumption in 2021/2022.

Vietnam's rice stocks in 2022/2023 decreased by 39.9% to 1.6 million tons compared to 2021/2022. In 2013/2014 and 2022/2023, Vietnam has increased its rice stocks by 10.4% per year.

Figure 9: Vietnam's rice consumption and stocks, 2013/2014 – 2022/2023



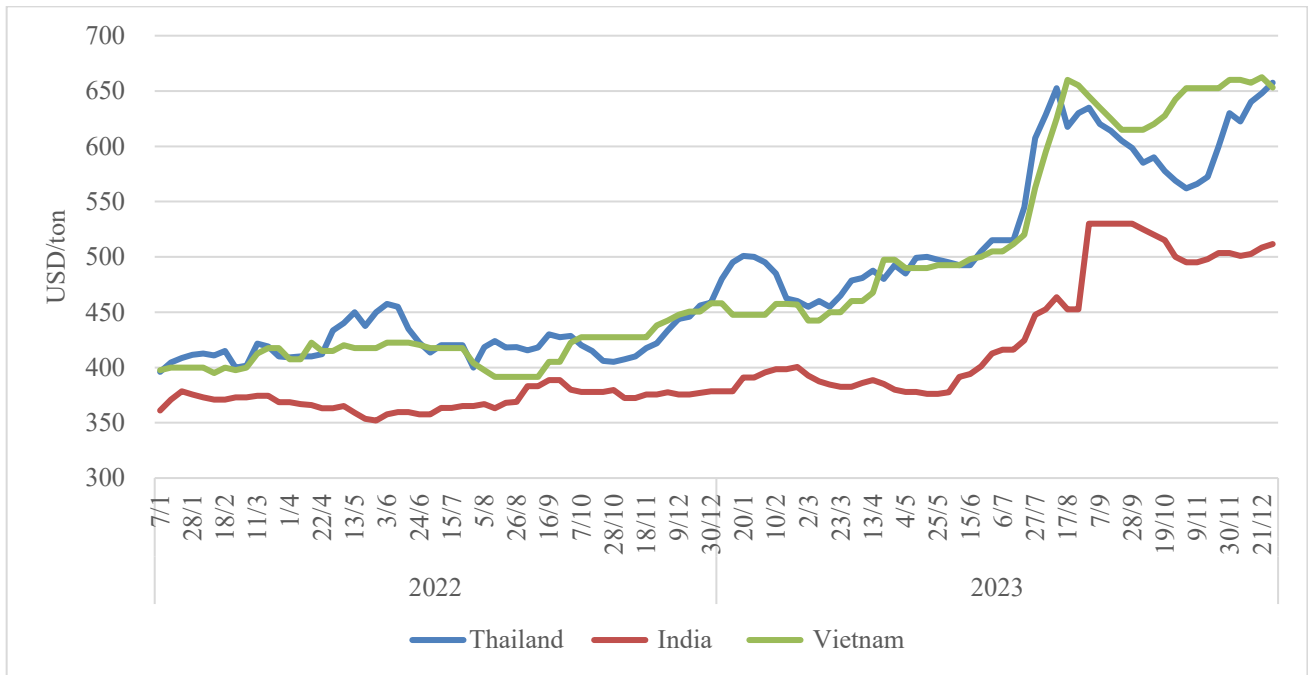
Source: USDA, 2024

1.3. World rice prices

According to Reuters, the price of rice across the world has seen a sharp surge in most major producing countries in 2023. This is due to India's decision to ban the export of non-basmati rice, which came into effect on July 20, 2023, and an increase in demand for rice from countries around the world. In particular, Vietnamese rice prices for 5% broken rice have increased by about 31.5% compared to 2022, while Thailand's prices have increased by 28.6% and India's by 18.6%.



Figure 10: Prices of 5% broken rice in Vietnam, Thailand, and India by week, 2022 – 2023



Source: Reuters

It can be seen that during the first half of 2023, the price of rice in Vietnam was nearly the same as that of Thai rice. However, starting from August 2023, the average price of Vietnamese rice tends to be higher than that of Thai rice. Specifically, the average price of Vietnamese rice in 2023 reached about 546 USD/ton, which was 0.7% more than the price of Thai rice (543 USD/ton), and approximately 24.4% higher than the price of Indian rice (439 USD/ton).



II. Rice trade

2.1. Global rice trade

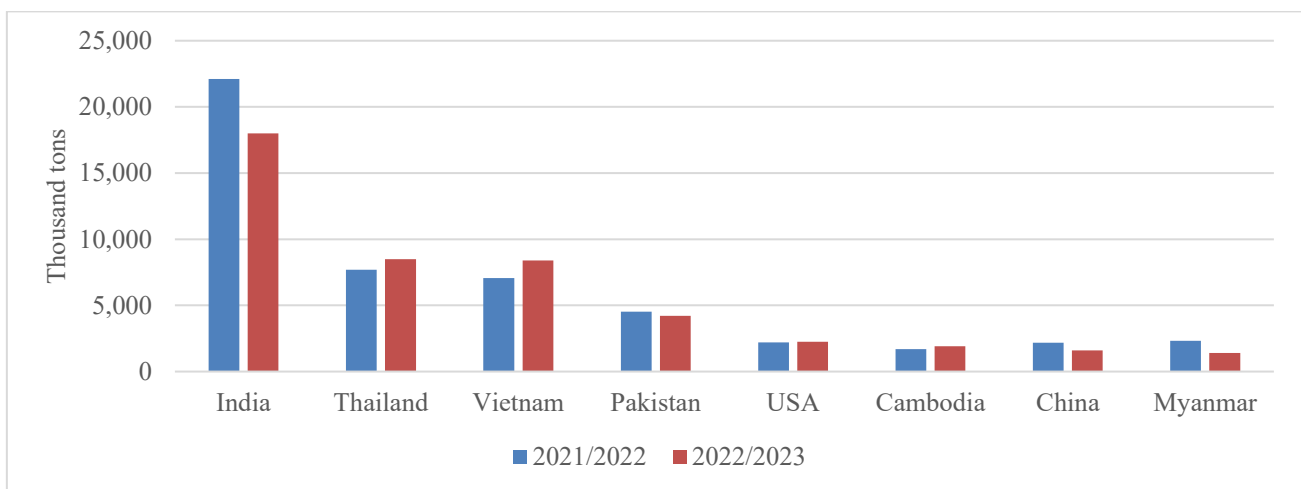
Global rice trade witnessed a decline of 7.6% in the year 2022/2023 when compared to the previous year. The world's three largest rice import markets were the Philippines, Indonesia, and China, while India, Thailand, and Vietnam were still the top three rice exporting countries globally.

2.1.1. Export

According to USDA, global rice exports increased steadily in the period 2013/2014 - 2022/2023 with an average annual growth rate of 3.3%/year. In 2022/2023, total world rice exports reached 52.4 million tons, a decrease of 6.6% compared to the previous year. Major exporters included India, Thailand, Vietnam, Pakistan, the United States, Cambodia, China, and Myanmar.

The top 8 countries accounted for 88.2% of the world’s total rice exports. Of which, in 2022/2023, India’s rice exports reached 18.0 million tons (accounting for 34.3% of the world’s total rice export); Thailand exported 8.5 million tons (16.2%), Vietnam exported 8.4 million tons (16.0%), Pakistan exported 4.2 million tons (8.0%), the United States exported 2.3 million tons (4.3%), Cambodia exported 1.9 million tons (3.6%), China exported 1.6 million tons (3.1%), and Myanmar exported 1.4 million tons (2.7%). Notably, the exports of India, Thailand, and Vietnam decreased compared to the previous year, while other countries increased their exports.

Figure 11: Rice exports of top 8 largest rice exporting countries, 2021/2022 – 2022/2023

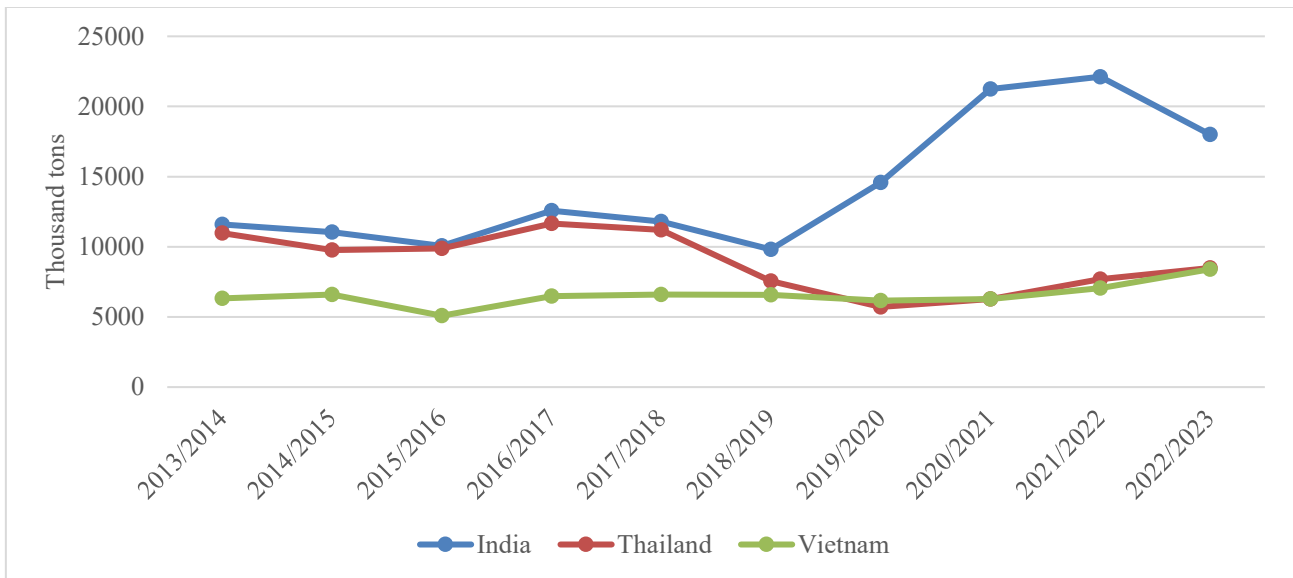


Source: USDA, 2024



Out of the three largest rice exporting countries, India had the highest export growth rate from 2013/2014 to 2022/2023 with an average of 7.9% per year, followed by Thailand with 5.3% per year and Vietnam with 3.2% per year.

Figure 12: Rice exports of top 3 largest rice exporting countries, 2013/2014 – 2022/2023



Source: USDA, 2024

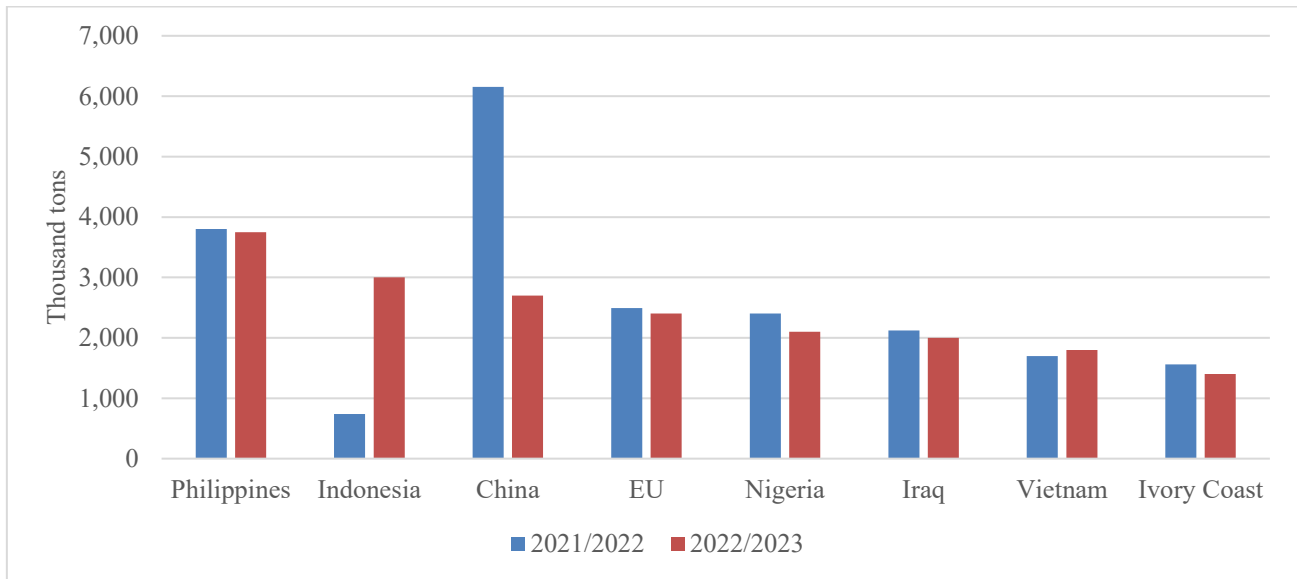
2.1.2. Import

In 2022/2023, global rice imports dropped by 8.6% to 50.2 million tons, compared to the previous year. The average annual growth rate of world rice imports in the last decade was 3.7%.

In the 2022/2023 crop year, the Philippines was the top country importing the most rice in the world, with a total of 3.8 million tons, accounting for 7.5% of the world's total rice imports. Indonesia followed closely with 3.0 million tons, which was 6.0% of the world's total rice imports, and China ranked third with 2.7 million tons, accounting for 5.4% of the world's total rice imports. Out of the Top 8 countries that import the most rice in the world, Indonesia and Vietnam increased their import volume compared to 2021/2022, while other countries decreased their import volume.



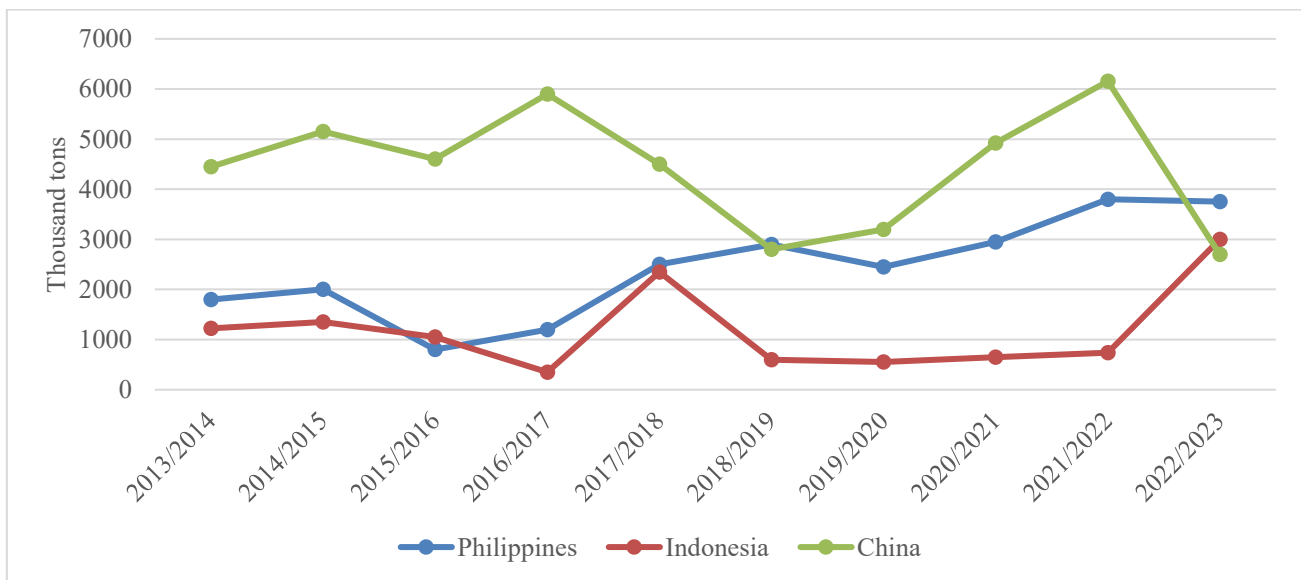
Figure 13: Rice imports of top 8 largest rice importing countries, 2021/2022 – 2022/2023



Source: USDA, 2024

Out of the three largest rice importing countries, Indonesia had the highest import growth rate from 2013/2014 to 2022/2023 with an average of 83.6%/year, followed by the Philippines with 23.8%/year and China with 3.6%/year.

Figure 14: Rice imports of top 3 largest rice importing countries, 2013/2014 – 2022/2023



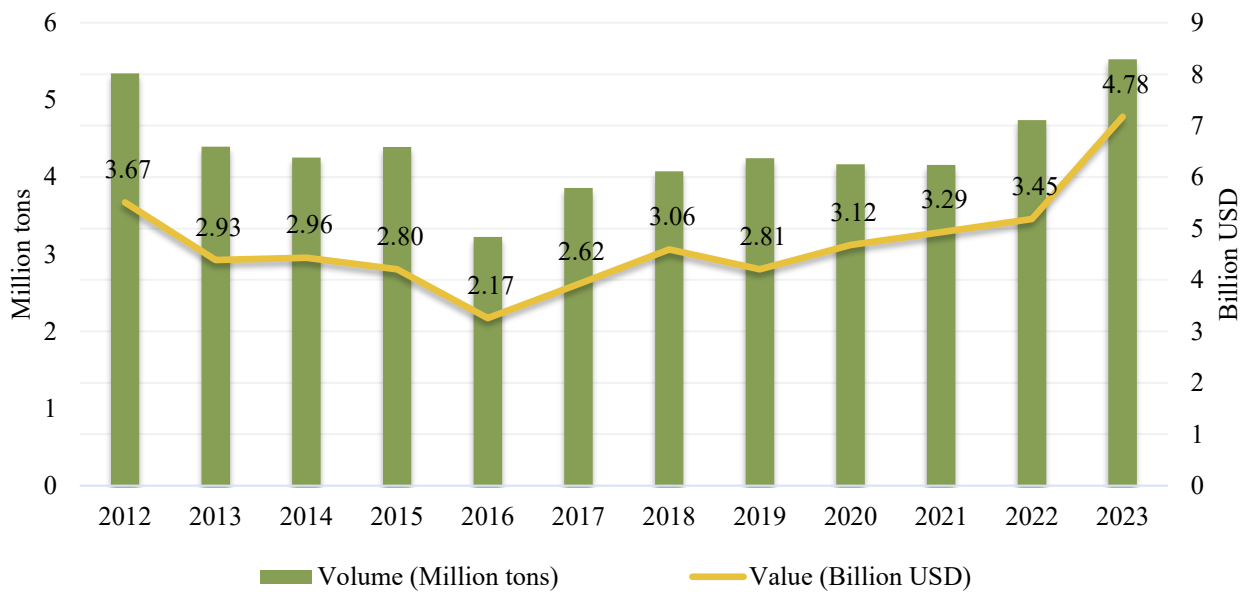
Source: USDA, 2024



2.2. Vietnam’s rice export

Vietnam is consistently ranked among the top three largest rice exporting countries in the world. The country produces more than 40 million tons of paddy annually, which is equivalent to roughly 27-28 million tons of rice. This means that Vietnam has the potential to increase its rice export activities while still ensuring that there is enough rice for domestic consumption.

Figure 15: Vietnam rice export volume and value, 2012 – 2023



Source: General Department of Customs, Center for Digital Transformation and Agricultural Statistics

According to the Center for Digital Transformation and Agricultural Statistics, Vietnam's rice exports in 2023 reached 8.29 million tons with a value of 4.78 billion USD, an increase of 16.7% in volume and a 38.4% increase in value compared to 2022 (higher than the record level in 2012).

The Philippines has secured the top spot in Vietnam's rice export market in 2023 with a market share of 36.3%. The export to this market has reached 3.1 million tons and 1.74 billion USD, showing a 4.1% decrease in volume but a 13.4% increase in value compared to 2022. Indonesia ranked second with a market share of 14.2%, exporting 1.22 million tons and 677.78 million USD, which is a significant increase of 1538.7% in volume and 1716.0% in value over 2022. China took the third spot with an 11.9% market share, exporting 971.8 thousand tons and 570.8 million USD, showing a growth of 10.9% in volume and 26.7% in value over 2022.



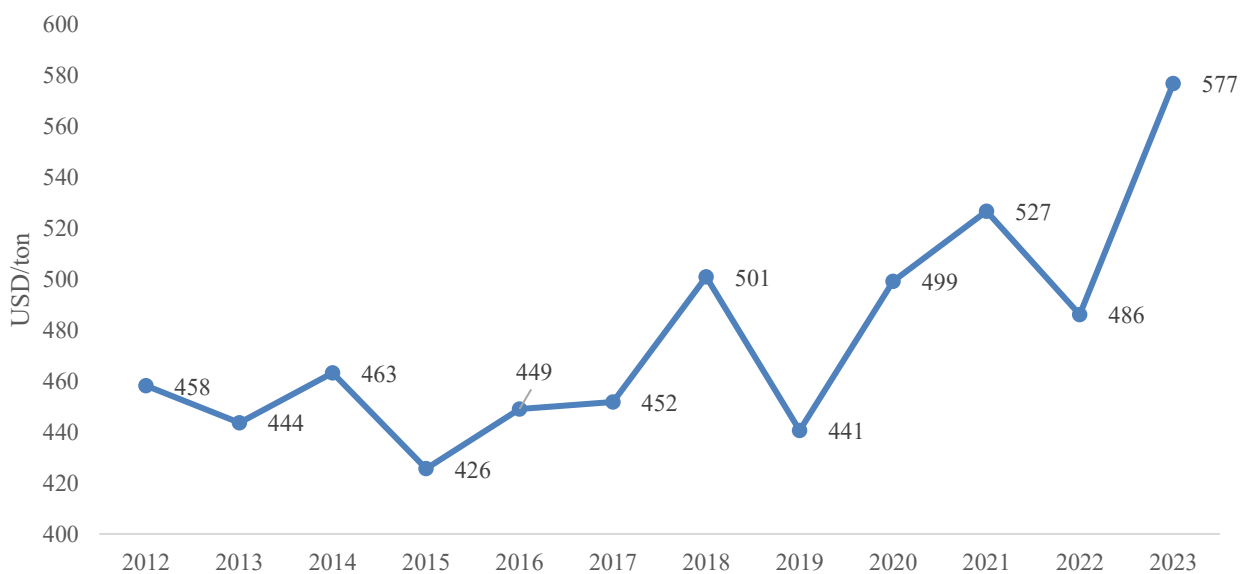
In 2023, the majority of rice exports were white rice, which accounted for 58.1% of the total export value. Fragrant rice came in second, accounting for 25.9%, followed by sticky rice at 9.8% and japonica rice at 4.9%. The remaining portion consisted of black rice and red rice.

2.3. Vietnam’s rice price

2.3.1. Export rice price

Between 2013 and 2023, the export prices of rice increased slightly by an average of 2.5% per year. By 2023, the estimated export price for rice was 577 USD/ton - representing an increase of 18.7% when compared to 2022. The primary reason behind this increase in rice prices is that India, the world's leading exporter of rice, has banned the export of non-basmati white rice, which has led to a shortage in the international market. Furthermore, the El Nino weather pattern has also impacted rice production in major rice-importing countries such as Indonesia.

Figure 16: Vietnam's average annual rice export price, 2012 – 2023



Source: General Department of Customs, 2023

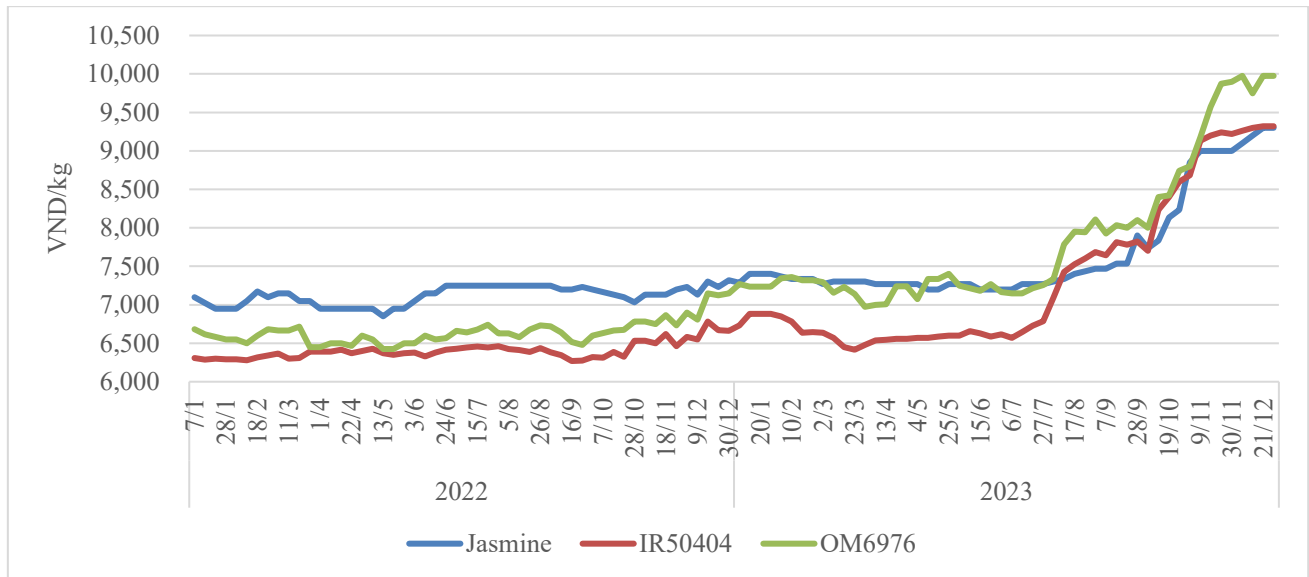
2.3.2. Domestic rice price

The price of paddy in the Mekong Delta region followed the same pattern as the global rice prices, with a sharp rise expected from August 2023 until the end of the year. In 2023, the average price of Jasmine in the Mekong Delta region was around 7,683 VND/kg, which was 7.9% higher than the previous year. Additionally, the price of IR50404 was roughly 7,369



VND/kg, marking a 15% increase from the previous year. Furthermore, the price of OM6976 reached 7,853 VND/kg, representing an 18.1% increase from the previous year.

Figure 17: Average rice price in the Mekong Delta by week, 2022 – 2023



Source: Collaborators in the Mekong Delta

2.4. Rice export enterprises

According to data from the General Department of Customs, by 2023, Vietnam had 182 rice export enterprises. The top 10 rice exporting enterprises accounted for about 50% of Vietnam's rice export turnover.

On December 14, 2023, the Ministry of Industry and Trade issued Decision No. 3235/QD-BCT approving the list of "Reputable Export Enterprises" for the year 2022. This list was compiled and announced based on the recommendations of relevant agencies, and the selection criteria prescribed by the Ministry of Industry and Trade. The selected enterprises have a minimum export turnover and a good business reputation with foreign partners. They have also complied with their obligations to the State in areas such as customs, tax, and environment. The rice industry had 22 enterprises that were selected according to these criteria as follows:

No	Enterprises	Selection Unit
1	Intimex Group Joint Stock Company	Ho Chi Minh City's Department of Industry and Trade



No	Enterprises	Selection Unit
2	Northern Food Corporation	Ha Noi City's Department of Industry and Trade
3	Phuong Dong Food Company Limited	Dong Thap Province's Department of Industry and Trade
4	Kien Giang Import Export Joint Stock Company	Kien Giang Province's Department of Industry and Trade
5	Hiep Loi Joint Stock Company	Can Tho City's Department of Industry and Trade
6	Panoramas Company Limited	Ho Chi Minh City's Department of Industry and Trade
7	Kien Giang Trading Joint Stock Company	Kien Giang Province's Department of Industry and Trade
8	Loc Troi Group Joint Stock Company	Binh Dinh Province's Department of Industry and Trade
9	Ngoc Loi Food Import-Export Company Limited	Can Tho City's Department of Industry and Trade
10	Star Rice Company Limited	Tien Giang Province's Department of Industry and Trade
11	Tien Phat Nong Company Limited	Soc Trang Province's Department of Industry and Trade
12	Viet Hung Company Limited	An Giang Province's Department of Industry and Trade
13	Cam Nguyen Rice Milling and Trading Company Limited	Department of Industry and Trade of Dong Thap Province
14	Tien Giang Food Company	Tien Giang Province's Department of Industry and Trade
15	Vilaconic Joint Stock Company	Nghe An Province's Department of Industry and Trade
16	Ricegrowers Vietnam Company Limited	Dong Thap Province's Department of Industry and Trade



No	Enterprises	Selection Unit
17	Trung An High-Tech Agriculture Joint Stock Company	Can Tho City's Department of Industry and Trade
18	Vinh Phat Wilmar Rice Company Limited	An Giang Province's Department of Industry and Trade
19	Tan Long Group Joint Stock Company	Hanoi City's Department of Industry and Trade
20	Xuan Thang Food Company Limited	Can Tho City's Department of Industry and Trade
21	Angimex - Kitoku Company Limited	An Giang Province's Department of Industry and Trade
22	Hoang Minh Nhat Joint Stock Company	Can Tho City's Department of Industry and Trade



III. Policies affecting the rice industry in 2023

3.1. International policies

3.1.1. India

On July 20, 2023, the Directorate General of Foreign Trade, which is an agency under the Indian Ministry of Commerce and Industry, released Notice No. 20/2023. The Notice prohibits the export of non-basmati white rice. Non-basmati white rice makes up about 25-30% of India's total rice exports. In terms of value, India exported 4.2 million USD of this type of rice in 2022/2023, compared to 2.62 million USD in the previous year. The main destinations for Indian non-basmati white rice are Thailand, Italy, Spain, Sri Lanka, and the US. In terms of volume, India exported 6.5 million tons of this type of rice in 2022/2023, representing a 22% increase compared to the previous year's 5.3 million tons.

India has recently imposed a ban on the export of rice due to a significant increase in rice prices. In the last year, the prices have risen by over 11.5%, and in the last month, the rise has been 3%. The Indian Government has taken this decision because of unfavorable weather conditions during the spring-summer rice crop. Important agricultural states such as Bihar, Odisha, and Jharkhand have experienced decreased rainfall by 40%, 15%, and 44%, respectively. On the other hand, some other agricultural states such as Punjab and Haryana have seen an increase in rainfall beyond normal levels by 52% and 65%, respectively. This situation has affected the output and quality of food and grain products. The export ban aims to increase the domestic food supply and help control inflation.

India is the largest exporter of rice in the world, accounting for 40% of the global market. Recently, India has banned the export of rice, which has resulted in significant changes in prices on the international market. This has particularly affected the food supply chains, which have already been impacted by the ongoing conflict in Ukraine.

Since August 28, 2023, India has imposed a 20% export tax on parboiled rice in order to maintain sufficient domestic rice reserves and control domestic prices. With this restriction, India has now imposed restrictions on all types of non-basmati rice. This export tax was effective until October 16, 2023. However, on October 13, 2023, India extended the 20% export tax on parboiled rice until March 31, 2024.

On August 27, 2023, India's Ministry of Commerce and Industry announced that the government set a floor price of 1,200 USD/ton for basmati rice (a long-grain fragrant rice popular in India) for export. This measure aims to deter certain traders from attempting to



illicitly export non-basmati white rice, which has been prohibited from export, by disguising it as the more valuable basmati rice during customs clearance processes.

3.1.2. Philippines

On September 1, 2023, Philippine President Ferdinand Marcos Jr has set a ceiling price for rice to stabilize the price of the national staple. The ceiling price for regular milled rice at 41 pesos/kg (0.72 USD/kg), while the price of well-milled rice is set at 45 pesos/kg (0.79 USD/kg). These ceiling prices remain in effect until further presidential decision. The Philippines is one of the largest rice importing countries in the world.

Rapid increase in rice prices could cause inflation here to accelerate again, after falling to a 16-month low in July 2023. Rice currently accounts for 9% of the basket of goods used to calculate inflation in this country. The Philippine Central Bank estimates that inflation accelerated last month for the first time in seven months, due to high fuel and rice prices.

The Philippine Department of Agriculture has reported a “widespread practice of alleged illegal price manipulation, such as hoarding by opportunistic traders and collusion among industry cartels in light of the lean season”. The Russia-Ukraine conflict, India’s ban on rice exports, and the unpredictability of oil prices have caused a surge in retail rice prices.

On October 4, 2023, the Philippines lifted the price ceiling for both regular-milled rice and well-milled rice. The Philippine government’s removal of the domestic rice price ceiling was introduced after domestic rice prices decreased by 15%. The Philippine Government’s move to remove the domestic rice price ceiling is expected to have a positive impact on the export rice market in general and the price of Vietnamese rice exports in particular.

3.1.3. Indonesia

On November 23, 2023, the Minister of Agriculture of Indonesia said that the country plans to import 5 million tons of rice until 2024 due to the impact of the El Nino climate phenomenon affecting rice production. In addition to El Nino, geopolitical conflicts have also worsened the situation, disrupting distribution and causing export restrictions from food-producing countries. Food prices have soared in the wake of the COVID-19 pandemic, which could lead to a global food emergency and potentially threaten political, economic and social stability in Indonesia.

Faced with a forecast decline in rice output, the Indonesian Ministry of Agriculture has saved 1,000 billion rupiah (63.7 million USD) from this year’s total budget of 15,000 billion rupiah to provide additional finance to the General Department of Crop Production. In addition,



the Ministry of Agriculture also proposed that the House of Representatives and the Government add an additional 5,830 billion rupiah to next year's budget, to promote cultivation and increase rice production.

3.1.4. Other countries

On July 28, 2023, the United Arab Emirates (UAE) announced a suspension of rice exports for 4 months. The ban takes effect from July 28, 2023 and applies to all types of rice, including brown rice, white rice and broken rice. According to the UAE Ministry of Economy, companies that want to export or re-export rice must apply for an export license.

The Russian government on July 29, 2023 also announced a temporary suspension of rice exports until the end of this year. The government temporarily banned the export of raw and processed rice. The restriction will be in effect until December 31, 2023. The decision was made to maintain stability in the domestic market. Russia said the ban does not apply to member countries of the Eurasian Economic Union (Armenia, Belarus, Kazakhstan and Kyrgyzstan) as well as Abkhazia and South Ossetia (two territories that declared secession from Georgia in the years 1990). Additionally, rice can still be shipped abroad for humanitarian aid purposes.

3.2. National policies

3.2.1. Strategy for developing Vietnam's rice export market until 2030

On May 26, 2023, Deputy Prime Minister Le Minh Khai signed Decision No 583/QĐ-TTg approving Strategy for developing Vietnam's rice export market until 2030.

The overall goal of the Strategy is to develop and diversify rice export markets with reasonable, stable, sustainable and effective scale, market structure and export product structure; consolidate traditional and key export markets and develop new and potential export markets and FTA markets; increasing market share of Vietnamese rice in export markets, especially in developed countries.

Associating the export market with domestic production according to the value chain, ensuring the quality and safety of exported rice; increasing the introduction of Vietnamese rice products and products processed from rice into direct distribution channels in markets; exporting rice and rice-based products with high quality and high value, improving value, ensuring sustainable export efficiency, affirming the prestige and brand of Vietnamese rice.

Specific goals are to increase added value, improve the export value of rice, and reduce



export volume by 2030 to about 4 million tonnes with a turnover of about 2.62 billion USD. The average export growth rate will decrease by about 2.4% in 2023-2025 and 3.6% in 2026-2030.

Restructuring export rice types

Between 2023 and 2025, the proportion of low- and medium-grade white rice will not exceed 15%; high-grade white rice will account for about 20%; fragrant rice, japonica rice and specialty rice 40%; sticky rice 20%; rice products with high added value such as nutritious rice, parboiled rice, organic rice, rice flour, rice-processed products, rice bran and some other rice by-products 5%. Striving for the proportion of rice with brand names above 20%.

Between 2026 and 2030, the proportion of low- and medium-grade white rice will not exceed 10%; high-grade white rice will account for about 15%; fragrant rice, japonica rice and specialty rice 45%; sticky rice 20%; rice products with high added value such as nutritious rice, parboiled rice, organic rice, rice flour, rice-processed products, rice bran and some other rice by-products 10%. Striving for the proportion of rice with brand names above 40%.

Increase the proportion of rice exported directly to distribution systems

Rice exported directly to distribution systems of markets accounts for about 60%; enhance export efficiency through intermediary channels, particularly for markets with challenging transportation and payment conditions.

About 25% of exported rice is expected to bear the brand name of Vietnam rice by 2030.

The market structure is adjusted in accordance with the goal of restructuring the export market and the trend of the world rice market.

By 2025, the Asian market will account for about 60% of the country's total rice export turnover, Africa 22%, the Middle East 4%, Europe 3%, America 7%, and the Oceania 4%.

By 2030, the Asian market will account for about 55% of the country's total rice export turnover, Africa 23%, the Middle East 5%, Europe 5%, America 8%, and the Oceania 4%.

Restructuring export markets towards sustainability

The general orientation of the Strategy is to restructure the export markets towards sustainable direction, effectively exploiting the rice import demand of key and traditional markets, and at the same time focusing on developing markets with high demand for high quality rice and products processed from rice, markets with sustainable partnerships in trade and investment, and FTA markets.



Take advantage of competitive advantages to strengthen the position and effectively exploit near, traditional and key markets that have rice import needs in accordance with current production conditions; develop new and potential markets, increase the proportion of markets importing quality rice with high added value; increase exports to FTA with preferential treatment for rice; gradually reduce the proportion of rice import markets with low and unstable quality, added value and efficiency; make good use of suitable market niches in all market regions.

Keep the proportion of high-grade white and long-grain rice at a reasonable level (about 15 - 20%), reduce the proportion of medium and low-grade rice; increase the proportion of fragrant rice, parboiled rice, Japonica rice, and organic rice; diversify products processed from rice, rice with micronutrients, rice flour, and cosmetics from rice.

5 groups of solutions to develop rice export markets

The decision stated that, in the context of increasing competition between exporting countries and the world rice trade facing many unpredictable developments such as natural disasters, epidemics, military conflicts, trade wars, etc. To develop Vietnam's rice export market, taking the needs and tastes of the market to orient production and export, ministries, branches, localities, associations and rice export traders need to implement synchronize 5 groups of specific solutions: 1- Perfecting institutions; 2- Solution on rice supply; 3- Solution on the demand side; 4- Solutions on export support; 5- Solutions on capacity development of the private sector.

3.2.2. Directive on firmly ensuring national food security and promoting sustainable rice production and export in the current period

On August 5, 2023, Prime Minister Pham Minh Chinh signed Directive No. 24/CT-TTg on firmly ensuring national food security and promoting sustainable rice production and export in the current period. Specifically:

In recent times, the global food trade situation has been complicated with rice prices tending to increase because of some countries' export bans and reduction in the amount of rice sold, some others' growing purchases for rice reserves, the expired Black Sea Grain Deal, and extreme weather phenomena, natural disasters and droughts. In Vietnam, massive trading of rice occurs in some localities, causing local supply-demand imbalance, and pushing up domestic rice prices unreasonably.

To firmly ensure national food security in all situations, while promoting the potential



and advantages in rice production and the opportunities of the export market, increasing people's incomes, and avoiding the situation of speculating and taking illegal profits, causing market instability and affecting the reputation of Vietnamese rice, the Prime Minister asked ministers, heads of ministry-level agencies, chairpersons of People's Committees of provinces and centrally-run cities, the President of the Vietnam Food Association and rice exporters to take more drastic measures.

Orientation for planning and development of large-scale and high-quality rice production areas

The Minister of Agriculture and Rural Development coordinates with the Minister of Natural Resources and Environment to direct localities to review planning orientations and develop large-scale and high-quality commercial rice production areas, ensuring land area for rice cultivation, closely monitoring weather, natural disasters, and epidemics to promptly adjust production, ensuring the production target of over 43 million tons of paddy per year in the coming years. Urgently develop and implement on schedule and effectively the Project "Sustainable development of one million hectares specializing in high-quality and low-emission rice cultivation associated with green growth in the Mekong Delta until 2030".

At the same time, the Ministry of Agriculture and Rural Development coordinates with the Minister of Industry and Trade, Chairman of the People's Committees of provinces and cities, and Chairman of the Vietnam Food Association to closely monitor regional and world rice market developments, production situation, rice output by each type and season of the year to balance rice sources to serve domestic and export rice consumption needs, firmly ensuring national food security in all situations.

Coordinate with the Minister of Industry and Trade and Heads of relevant agencies to monitor and promote negotiations and remove technical barriers to expand Vietnam's rice export market. Timely guide and advise localities, businesses and farming households to strictly comply with regulations of Vietnam and importing countries.

Urgently complete and submit to the Government a draft Decree amending and supplementing Decree No. 107/2018/ND-CP on rice export business

The Minister of Industry and Trade coordinates with the Minister of Agriculture and Rural Development, the Minister of Foreign Affairs and relevant agencies to direct, inspect and supervise rice export business activities, ensuring national food security and complying with the law; closely monitor the market situation, world rice trade, and moves of producing



and exporting countries, promptly inform ministries, branches, Vietnam Food Association, and rice export traders to proactively regulate rice production, business and export activities, ensuring suitability and efficiency.

Urgently complete and submit to the Government a draft Decree amending and supplementing Decree No. 107/2018/ND-CP dated August 15, 2018 of the Government on rice export business. Of which, it needs strict, specific, feasible regulations in terms of rice export business conditions, rice quality. Besides, traders must link with rice growers in building raw material areas, rice production and consumption,..., creating an open, transparent, fair, favorable business environment and ensuring the legitimate interests of rice farmers, maintaining the reputation of Vietnam's rice products.

The Minister of Industry and Trade coordinates with Heads of relevant agencies to implement programs and trade activities, promote Vietnamese Rice products and brands, and promote rice trade in accordance with the new situation to enhance the value of Vietnam's rice products; effectively exploit preferential mechanisms of FTAs that our country is a member of to diversify, dominate new, potential markets and improve the competitiveness of Vietnam's rice industry. Guide and support rice traders and exporters to improve their production and business capacity, ability to negotiate, sign and implement export contracts and effectively handle international trade disputes, enhancing the reputation and value of the Vietnamese rice brand in the international market.

The Prime Minister also requested the Minister of Finance and Governor of the State Bank of Vietnam, according to the functions, tasks and powers assigned by the Government, to proactively and promptly direct the implementation of measures to stabilize prices and support rice producers, rice exporters and traders according to the provisions of law.

The Minister of Finance coordinates with the Minister of Agriculture and Rural Development and the Minister of Industry and Trade to calculate and balance rice reserves appropriately and effectively, not letting people lack rice during grain shortage, natural disasters, epidemics...

Strictly handle cases of speculation and illegal profiteering, pushing up rice prices unreasonably, causing market instability

The Prime Minister also requested the Chairmen of the People's Committees of provinces and centrally-run cities to proactively direct and manage the organization of rice production to ensure productivity, quality and output targets as planned. Timely provide



information to relevant ministries on output, types of rice to serve the management of rice export.

Along with that, direct the authorities to closely monitor the situation, inspect and supervise the production, and consumption of rice in the area and maintain the minimum reserve level of rice export traders according to regulations; strictly handle cases of speculation and illegal profiteering, pushing up rice prices unreasonably, causing instability in the domestic market and the reputation of Vietnamese rice brands in the international market.

Proactively grasp the situation and new information, promptly respond to situations that arise locally to report periodically or unexpectedly at the request of the Government and relevant ministries on output and types of rice, commodity rice backlog and expected yield and output of rice by each type and season in the area in order to promote rice production and export and ensure national food security.

The President of the Vietnam Food Association strengthens coordination with functional agencies of ministries, and localities to promptly update and convey information on the supply and demand situation of rice, regulations, new policies of foreign markets to members of the association. Timely report to relevant ministries on arising problems and propose solutions to ensure national food security and efficiency in rice export management.

Strengthen coordination with ministries and localities in directing and guiding association members to purchase paddy and rice, maintain mandatory reserves, and stabilize the market according to the provisions of laws; focus on organizing training courses on skills to penetrate target markets and exploit preferential commitments in FTAs; guide and support rice exporters to effectively respond to technical barriers of new markets and trade defense measures; coordinate at all levels and in all forums against excessive trade protection measures inconsistent with international commitments of import markets, protecting the legal and legitimate rights of businesses.

Rice export traders strictly maintain the minimum level of reserves, and periodically and irregularly report at the request of relevant ministries and according to the Government's regulations; proactively monitor the global rice trade situation, exchange information with the Vietnam Food Association to promptly report to relevant ministries on arising problems and propose solutions. Research carefully on partners before signing a contract, be especially careful in delivering, receiving and paying for shipments to avoid being scammed.

Ministers, Heads of relevant agencies and Chairmen of People's Committees of



provinces and centrally-run cities, according to their assigned functions, tasks and powers, organize serious, drastic and coordinated implementation of this Directive and the tasks and solutions directed by the Prime Minister in: Official Dispatch No. 610/CD-TTg dated July 3, 2023 on strengthening the implementation of tasks and measures to promote rice production and export; Decision No. 583/QD-TTg dated May 26, 2023 approving Vietnam's rice export market development strategy until 2030.

3.2.3. Directive on strengthening market information, trade promotion, developing rice export markets and stabilizing the domestic market in the current period

On August 15, 2023, the Ministry of Industry and Trade issued Directive No. 07/CT-BCT on strengthening market information, trade promotion, developing rice export markets and stabilizing the domestic market in the current period.

According to the Directive, the Ministry of Industry and Trade requires the Departments of Industry and Trade of provinces/cities to focus on implementing the following specific tasks and solutions:

- Coordinate with the Department of Agriculture and Rural Development to review the situation of local paddy and rice production and inform the Ministry of Industry and Trade about the output, types of paddy, rice in stock, and expected yield in the area.

- Urge businesses participating in the Market Stabilization Program in the area to have plans for paddy and rice sources to ensure supply to the market from now until the end of the year; strictly handle cases of speculation and illegal profiteering, pushing rice prices up unreasonably, causing instability in the domestic market.

- Direct rice export enterprises in the area to maintain paddy and rice reserves to stabilize the market according to regulations to be ready to supply to the market when necessary.

- Proactively coordinate with units under the Ministry of Industry and Trade to provide information on situations arising locally to propose relevant solutions to promote rice production and export and ensure the national food security.

- Continue to perform relevant tasks as prescribed in Decree No. 107/2018/ND-CP and perform tasks in Directive No. 24/CT-TTg on strengthening inspection and supervision of rice production, and consumption in the area and the maintenance of minimum reserves of rice export traders according to regulations; strictly handle cases of speculation and illegal profiteering, pushing up rice prices unreasonably, causing instability in the domestic market, and affecting the reputation of Vietnamese rice in the international market.



In addition, the Ministry of Industry and Trade also assigned specific tasks to the General Department of Market Management, the Import-Export Department, the Trade Defense Department, the Multilateral Trade Policy Department, the Legal Department, and the Asia-Africa Market Department, European-American Market Department, Domestic Market Department, Vietnam Food Association, Rice export traders and units under relevant ministries.

3.2.4. Project for sustainable development of one million hectares specializing in high-quality and low-emission rice cultivation associated with green growth in the Mekong Delta until 2030

On November 27, 2023, the Prime Minister issued Decision 1490/QĐ-TTg approving the Project "Sustainable development of one million hectares specializing in high-quality and low-emissions rice cultivation associated with green growth in the Mekong Delta until 2030"

General goals of the Project:

- Forming one million hectares of high-quality and low-emission rice growing areas associated with reorganizing the production system along the value chain, applying sustainable farming processes to increase value and develop sustainably of the rice industry, improving production and business efficiency, income and livelihood of rice growers, protecting the environment, adapting to climate change and reducing greenhouse gas emissions, contributing to implementing Vietnam's international commitments.

Specific goals

Target until 2025

- Scale: The cultivated area of the high-quality and low-emission rice growing area reached 180,000 hectares.

- Regarding sustainable farming: In areas specializing in high-quality and low-emissions rice cultivation, reduce the amount of rice seeds sown to 80 - 100 kg/hectare, reduce the amount of chemical fertilizers and pesticides by 20%, reduce irrigation water by 20% compared to traditional farming, 100% of the area applies at least one sustainable farming process such as 1 must 5 reduction, alternating wet and dry irrigation, sustainable rice production (Sustainable Rice Platform - SRP), good agricultural practice standards are certified and the planting area code is granted.

- Regarding production reorganization:



+ 100% of production areas specializing in high-quality and low-emission rice cultivation have links between businesses and cooperative groups, cooperatives or farmer organizations in product production and consumption.

+ Synchronous mechanization rate reaches over 50% of the area.

+ Over 200,000 households apply sustainable farming processes.

- Regarding environmental protection and green growth:

+ Post-harvest loss rate is less than 10%.

+ 70% of straw in specialized farming areas is collected from the fields and processed for reuse.

+ Reduce greenhouse gas emissions by over 10% compared to traditional rice farming.

- Regarding rice growers' income, added value: Added value in the rice chain increased by 30%, of which the profit margin of rice growers reached over 40%;

- Brand building and export: The amount of exported rice with high quality and low emissions accounts for over 20% of the total amount of rice exported in the entire specialized farming region.

Target until 2030

- Scale: The cultivated area of the high-quality and low-emission rice growing area reached one million hectares.

- Regarding sustainable farming: Reduce the amount of rice seeds sown to less than 70 kg/hectare, reduce the amount of chemical fertilizers and pesticides by 30%, reduce the amount of irrigation water by 20% compared to traditional farming, 100% of the area applies at least one sustainable farming process such as 1 must 5 reduction, SRP, alternating wet and dry irrigation and good agricultural practice standards are certified and given a planting area code.

- Regarding production organization:

+ 100% of production areas specializing in high-quality and low-emission rice cultivation have links between businesses and cooperative groups, cooperatives or farmer organizations in product production and consumption.

+ Synchronous mechanization rate reaches over 70% of the area.

+ Over 1,000,000 households apply sustainable farming processes.



- Regarding environmental protection and green growth:
 - + Post-harvest loss rate is less than 8%.
 - + 100% of straw is collected from the fields and processed for reuse.
 - + Reduce greenhouse gas emissions by over 10% compared to traditional rice farming.
- Regarding rice growers' income, added value: added value in the rice chain increased by 40%, of which the profit margin for rice growers reached over 50%.
- Brand building and export: The amount of rice exported with high quality, low emission brands accounts for over 20% of the total rice export volume of the entire specialized farming region.

Project implementation area

Location: In 12 Mekong Delta provinces: An Giang, Kien Giang, Dong Thap, Long An, Soc Trang, Can Tho, Bac Lieu, Tra Vinh, Hau Giang, Ca Mau, Tien Giang and Vinh Long, with an area of one million hectares.

The project will be implemented in 2 phases:

Phase 1 (2024 - 2025): Focus on consolidating the existing areas of the Vietnam Sustainable Agricultural Transformation Project (VnSAT) of 180,000 hectares, including training and planning, building a Measuring - Reporting - Verification (MRV) system, calculating and piloting carbon credits for qualified rice areas, strengthening cooperatives, maintaining a number of projects and prepare plans for the period 2026 - 2030.

Phase 2 (2026 - 2030): Identify specifically focus areas to establish investment projects to develop new high-quality and low-emission specialized rice areas outside the VnSAT Project area and expand an additional 820,000 hectares. This phase will focus on main activities such as investing in completing infrastructure for new areas, reorganizing production, building value chains, perfecting the MRV system, and at the same time maintain sustainable production in the Project areas in the period 2024 - 2025.

3.2.5. Establishment of the Vietnam Rice Sector Association

On December 11 , 2023 , in Can Tho City, a congress to establish the Vietnam Rice Sector Association for the term 2023 - 2028 took place. The Vietnam Rice Sector Association has been allowed to establish by the Ministry of Home Affairs, Abbreviated name is VIETRISA (Vietnam Rice Sector Association).



According to the charter, this association is a socio-professional organization of organizations, businesses, cooperatives, farms, and individuals operating in the fields of research, production, processing, and trading of rice, by-products and products processed from rice; production and trading of agricultural materials, mechanization, high technology, digital technology, logistics services to serve the development of the rice industry.

The Congress elected an executive committee of 33 members who are representatives from all sectors in the industry chain, including experts, scientists, cooperatives, businesses, and managers, electing Mr. Bui Ba Bong - former deputy minister of Ministry of Agriculture and Rural Development – as chairman of the Vietnam Rice Sector Association for the term 2023 - 2028.

The Congress also elected six vice chairmen including: Mr. Le Quoc Doanh - former Deputy Minister of Agriculture and Rural Development; Mr. Le Thanh Tung - Deputy Director of the Department of Crop Production; Mr. Tran Minh Hai - vice principal of the School of Public Policy and Rural Development; Ms. Tran Thi Lien - General Director of Vinaseed Group; Mr. Huynh Van Thon - Chairman of the Board of Directors of Loc Troi Group; Mr. Ngo Van Dong - General Director of Binh Dien Fertilizer Joint Stock Company. Mr. Le Thanh Tung concurrently holds the responsibility of general secretary of the Vietnam Rice Sector Association.



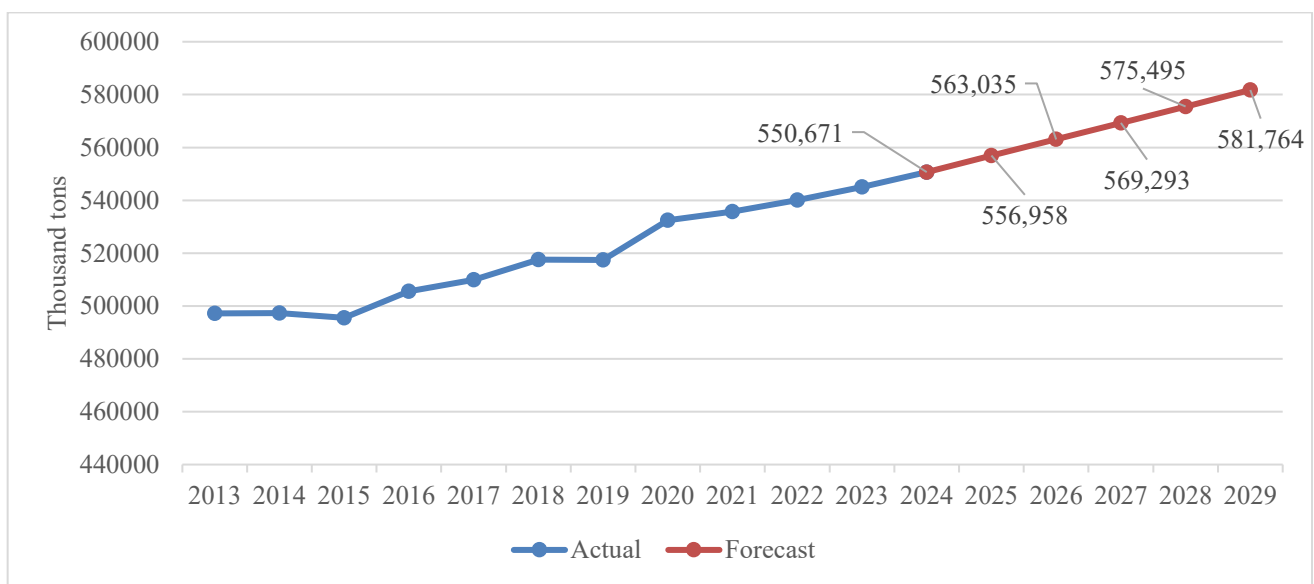
IV. Rice industry outlook

4.1. World production and export

a/ Forecast of global rice production and consumption in 2023

According to OECD, global rice output is forecast to increase by 1.0% in 2024, reaching 550.7 million tons compared to 2023 at 545.1 million tons. This growth trend will continue until 2029.

Figure 18: Global rice production forecast from 2024 to 2029

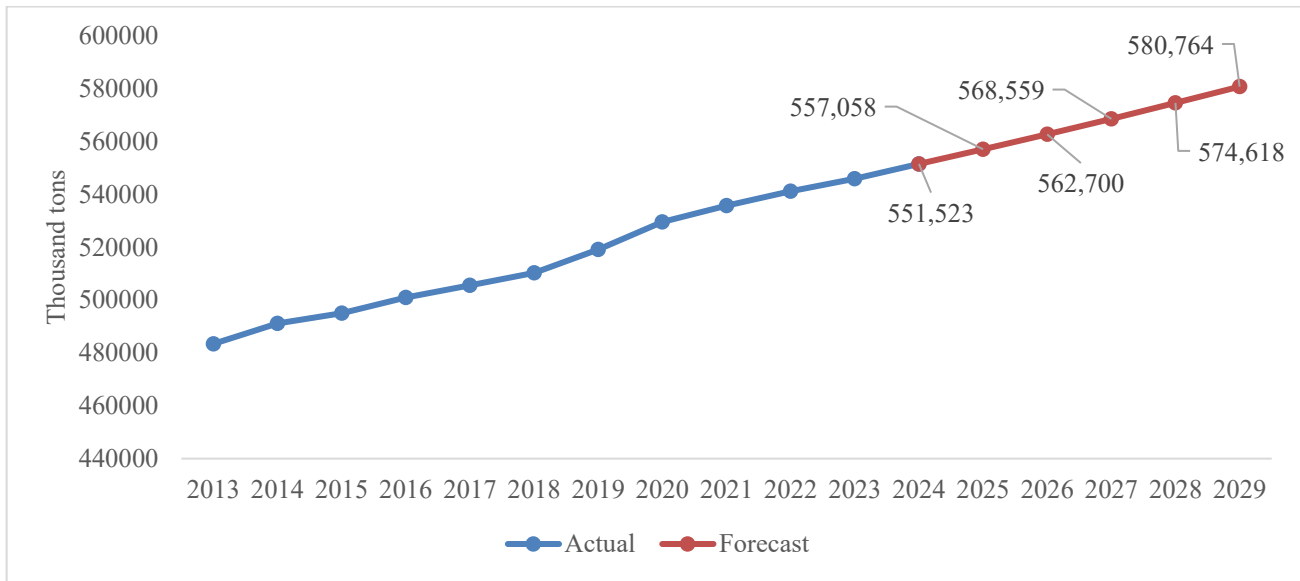


Source: OECD, 2024

Also, global rice consumption is forecast to increase by 1.0% in 2024, reaching 551.5 million tons compared to 2023 at 545.9 million tons. This growth trend will continue until 2029.



Figure 19: Global rice consumption forecast from 2024 to 2029



Source: OECD, 2023

b/ World rice import/export in 2024

According to USDA, global rice export/import in 2023/2024 is forecast to reach 51.1 million tons, a 0.5 decrease compared to the previous year. In terms of export, forecasts are lowered for India, Thailand, Vietnam and Paraguay, but raised for Pakistan, China, Myanmar. However, the total increase is still lower than the total decrease.

In terms of import, reduced import forecasts for Indonesia, Vietnam, Kenya, Mozambique more than offset increases for China, Bangladesh, Iran, Nepal. Therefore, global rice imports has a downward trend.

4.2. Vietnam’s rice production and export

a/ Production forecast

According to the Ministry of Agriculture and Rural Development, paddy production area in 2024 will reach about 7.1-7.2 million hectares, with an output of about 43-44 million tons, a slight increase compared to 2023.

b/ Export forecast

According to the Vietnam Food Association (VFA), in 2024, rice export is projected to continue to grow as the world has a shortage of 5 million tons of rice and India is likely to maintain restrictions on rice export until 2024. Meanwhile, some countries that traditionally import Vietnamese rice such as Indonesia and the Philippines need to increase rice imports



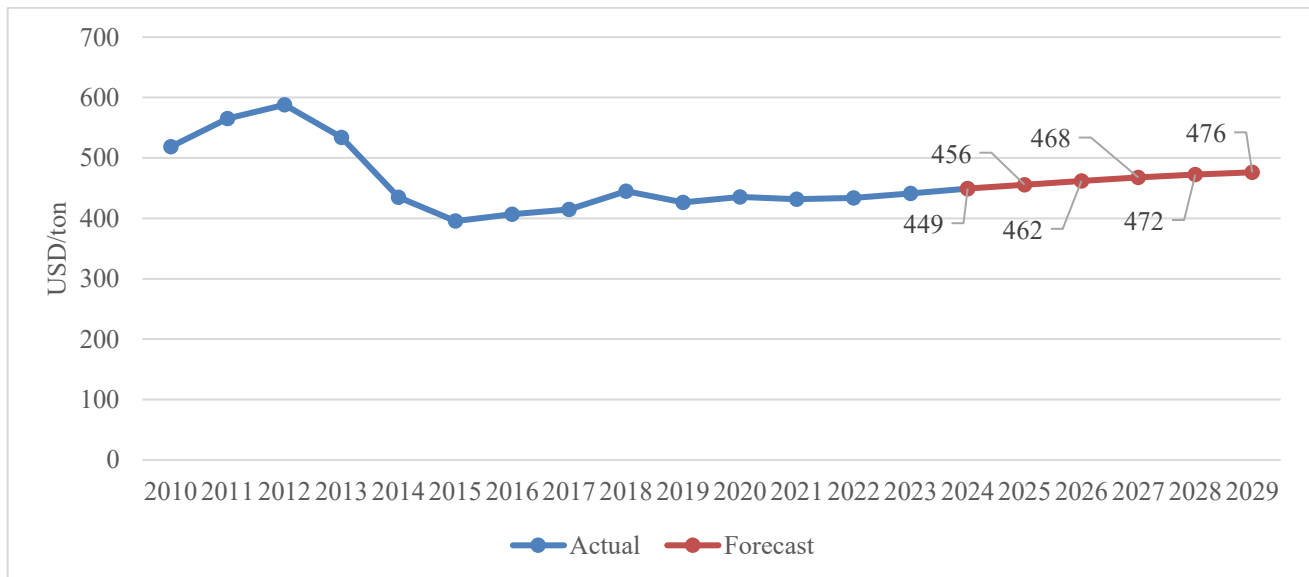
(Vietnam's major partner, Indonesia, is forecast to increase imports by about 600,000 tons). Accordingly, rice exports in 2024 are expected to bring in 5.3 billion USD, an increase of nearly 13% compared to 2023.

4.3. Rice price forecast 2024

a/ World rice market

According to OECD, world rice price in 2024 is projected to increase by 1.8% compared to 2023, from 441 USD/tons to 449 USD/ton. In 2025 and 2026, it is forecasted that world rice price will continue to increase to 456 USD (2025) and 462 (2026). The main reasons for the surge in world rice prices are that: (i) India continues to maintain the ban on non-basmati rice exports; (ii) El Nino phenomenon reduces output and increases storage demand.

Figure 20: Forecast of world rice prices from 2024 to 2029



Source: OECD, 2024

b/ Vietnam

According to the Vietnam Commodity Exchange, Vietnam’s rice export prices are forecast to continue to increase in 2024. Theoretically, when rice prices are high, countries are encouraged to increase production. However, due to unfavorable weather in many areas, many countries will experience reduced output in 2024. El Nino will continue in mid-2024, leading to low supply, so this is still a factor supporting high rice prices in the near future.

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