

[Permanent Link to Rice export in 2013: three scenarios, one goal](http://www.intellasia.net/rice-export-in-2013-three-scenarios-one-goal-262640)

Rice export in 2013: three scenarios, one goal

No matter what way Vietnam follows to develop rice production and export, the way must ensure two things ♦ the benefits for farmers and the stability of the rice trade.

What will be the world market like in 2013?

The Vietnam Food Association (VFA) has warned about a difficult year for rice export in 2013.

In fact, 2012 was also an unsatisfactory year for Vietnamese rice exporters. Vietnam exported 7.72 million tonnes of rice, worth \$3.5 billion, representing an increase of 8.2 percent in quantity, but a decrease of two percent in value.

Where do Vietnam's rice products stand in the world market? According to the Food and Agriculture Organisation (FAO), Vietnam's 5 percent broken rice was traded at \$412 per tonne in December 2012. The price was higher than that of India and Pakistan. However, Vietnam's rice was cheaper than Thailand's which was traded at \$583 per tonne.

Especially, Indica rice from Hubei province in China was traded at 3,900 yuan in September 2012, or \$625 per tonne.

Meanwhile, Vietnamese experts believe that there would be no big changes with Vietnam's farm produce in 2013, which means that the more rice Vietnam produces, the biggest loss it will incur.

The three scenarios

In such circumstances, there are three choices for Vietnam.

First, Vietnam would follow the way being followed by India, which sells low quality rice at low price and tries to sell as much rice as possible.

If it chooses that way, it is the farmers growing rice who would suffer. The government has stated that it would apply necessary measures to ensure the 30 percent profit at minimum for rice farmers. However, farming still cannot support their lives, even though the rice they put out has been exported in big quantities, and at very low prices.

More importantly, experts said, with low quality and low

price rice, Vietnam would not be able to build up a strong brand for Vietnamese rice.

The second choice for Vietnam is to follow Thailand, which is selling high quality rice at high price.

However, this would also be thorny path to follow, because Vietnam is not a strong rice brand at all, while Vietnam still has to compete with cheap rice from India and Pakistan.

Especially, in the current conditions, consumers tend to choose low cost products to be full up, instead of high quality products. Thailand has lost Hong Kong and Chinese markets to Vietnamese and Indian enterprises, which should be seen a big lesson for Vietnam.

The third scenario will occur if Vietnam can conduct all the phases of the rice production process, from production to export, in a harmonisation. It would also need to join forces in seeking partners and negotiating export contracts so as to optimise their export profits.

Prof Vo Tong Xuan, who is considered the leading rice expert in Vietnam, when talking about the low-price Vietnam's rice, emphasized that there is one principle to follow: the export prices must bring benefits to the nation and to farmers, who account for 70 percent of Vietnamese population.

In order to ensure benefits for farmers, Vietnam should strive to sell high quality rice to make profit like the purpose of Thailand. However, it needs to follow a special way which allows implementing its strategy effectively.

Xuan believes that after Thailand announced the rice price increase of 50 percent, Vietnam should also increase its export prices.

Rice exports to fall again in 2013

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Helvetica, sans-serif; letter-spacing: normal; line-height: 17px;">◆</p> <p class="preParagraph" style="margin-top: 0px; margin-bottom: 15px; outline: none; list-style-type: none; border: 0px; vertical-align: baseline; color: #363636; font-family: Arial, Helvetica, sans-serif; letter-spacing: normal; line-height: 17px;">Thai rice exports in 2013 are expected to fall for the second year to an estimated 6.5 million tonnes, due largely to strong market competition and thin demand, according to the Thai Rice Exporters Association.</p> <p style="margin-top: 0px; margin-bottom: 15px; outline: none; list-style-type: none; border: 0px; vertical-align: baseline; color: #363636; font-family: Arial, Helvetica, sans-serif; letter-spacing: normal; line-height: 17px;">◆</p> <p style="margin-top: 0px; margin-bottom: 15px; outline: none; list-style-type: none; border: 0px; vertical-align: baseline; color: #363636; font-family: Arial, Helvetica, sans-serif; letter-spacing: normal; line-height: 17px;">This is far◆lower than the 8.5 million tonnes projected by the Commerce Ministry.</p> <p style="margin-top: 0px; margin-bottom: 15px; outline: none; list-style-type: none; border: 0px; vertical-align: baseline; color: #363636; font-family: Arial, Helvetica, sans-serif; letter-spacing: normal; line-height: 17px;">Low demand from major buyers China, Indonesia and the Philippines, and higher demand for rice from Vietnam and India,◆were to blame for the decline, association president Korbsook Iamsuri said.</p> <p style="margin-top: 0px; margin-bottom: 15px; outline: none; list-style-type: none; border: 0px; vertical-align: baseline; color: #363636; font-family: Arial, Helvetica, sans-serif; letter-spacing: normal; line-height: 17px;">Thai rice exports dropped sharply by 35% to 6.9 million tonnes in 2012 and exporters put blame on the state's rice pledging policy, which paid over-the-market for pawned rice and meant the Thai crop was less competitive on the global market.</p> <p style="margin-top: 0px; margin-bottom: 15px; outline: none; list-style-type: none; border: 0px; vertical-align: baseline; color: #363636; font-family: Arial, Helvetica, sans-serif; letter-spacing: normal; line-height: 17px;">◆</p> <p style="margin-top: 0px; margin-bottom: 15px; outline: none; list-style-type: none; border: 0px; vertical-align: baseline; color: #363636; font-family: Arial, Helvetica, sans-serif; letter-spacing: normal; line-height: 17px;">.</p> </h3> <h5 style="color: #333333; font-size: 16px; margin-top: 0px; margin-bottom: 10px; font-family: Verdana, Geneva, sans-serif; letter-spacing: normal; line-height: 20.390625px;">VIETNAM SETS FLOOR PRICE FOR RICE EXPORTS</h5> <div style="color: #000000; font-family: Verdana, Geneva, sans-serif; font-size: 12px; letter-spacing: normal; line-height: 20.390625px; padding: 5px;"> <div class="addthis_toolbox addthis_default_style ">

</div> </div> <div style="color: #000000; font-family: Verdana, Geneva, sans-serif; font-size: 12px; letter-spacing: normal; line-height: 20.390625px;"> <p style="margin-top: 0px; margin-right: 30px; margin-bottom: 10px; text-align: justify;">HO CHI MINH CITY, Feb 6 (NNN-VNS) -- The Viet Nam Food Association (VFA) has announced new floor prices for rice exports that will take effect on Feb 6.

The minimum export price for five per cent broken rice will go up to US\$410 per tonne from the current prices of about \$390 per tonne, while 35 per cent broken rice will be exported at no less than \$365 per tonne.

The fixing of floor prices is to encourage rice exporters not to set lower prices since the prices of Vietnamese rice was now \$30-40 lower than that of Pakistan and Indian rice, the association said.

The VFA has called on rice exporters to strictly adhere to floor prices, adding that they can decide on their own prices for other varieties.

In January, rice export fell in both volume and value over last year, the association said.
Exporters shipped 404,095 tonnes for a free-on-board (FOB) value of \$183.4 million, a reduction of 35.68 per cent in volume and 36.94 per cent in value over December in 2012.
The average FOB price during the period was \$453.95 per tonne.

VFA chairman

Truong Thanh Phong said rice prices at the end of last month fell by \$20-30 per tonne compared to the end of December due to low demand in the world market and stiff competition among rice exporters. In January, VFA members signed contracts to export 1.24 million tonnes of rice, and delivery of 637,000 tonnes have to be made this year on contracts signed last year. This meant another 1.4 million tonnes of the grain (in addition to the 404,095 already sent in January) have to be shipped in the first quarter, he said. Currently, VFA member companies are buying rice under a plan to buy one million tonnes from the winter-spring crop to support farmers, Phong said. Paddy purchase prices have risen slightly to VND5,400-5,500 for a kilogramme, he said, adding that this was good for farmers.

The Myanmar Commerce Ministry expects the volume of rice export will hit the highest in 60 years with metric tonnes of 1.5 million for this year. Myanmar rice has been exported over 1.2 million metric tonnes within ten months of this fiscal year 2012-13. The ministry hopes to export another 300,000 metric tonnes before the closing of this fiscal. Myanmar measures April 1 to March 31 as the country fiscal year. Myanmar rice exporting has been down after 1956. Before that year, Myanmar exported average over one million metric tonnes annually. Last year Myanmar exported about 800,000 metric tonnes and this year export volume has increased to almost two-fold. The ministry said, as of today, Myanmar earns US\$500 million from rice export for this year and expects to be over US\$600 million when the fiscal year is ended this March. Myanmar will increase the export volume incoming years to meet the high demand of Japanese and European buyers. Myanmar is exporting with the price of US\$400 per tonnes for rice. Despite the high record for the country, Myanmar export volume is still down on the list compared to regional countries. Thailand has been exporting average over 10 million metric tonnes of rice annually followed by the Vietnam with 7 million tonnes a year.

outline: 0px; font-size: 13px; vertical-align: baseline; background-color: transparent; background-position: initial initial; background-repeat: no-repeat no-repeat;"> <h1 style="margin-top: 0px; margin-bottom: 0px; padding-top: 7px; padding-bottom: 11px; border: 0px; outline: 0px; font-size: 30px; vertical-align: baseline; background-color: transparent; clear: both; line-height: 1.3em; color: #333333; background-repeat: no-repeat no-repeat;">Biryani Rice Exports From India Set to Miss Target on Prices</h1> </div> <div id="story_content" class="clearfix" style="margin: 0px 0px 10px; padding: 0px 10px 0px 0px; border: 0px; outline: 0px; font-size: 14px; vertical-align: baseline; font-family: Georgia, 'Times New Roman', Times, serif; line-height: 1.6em; color: #000000; text-align: start; background-repeat: no-repeat no-repeat;"> <div id="story_display" style="margin: 0px; padding: 0px; border: 0px; outline: 0px; font-size: 14px; vertical-align: baseline; background-color: transparent; background-position: initial initial; background-repeat: no-repeat no-repeat;"> <p style="margin-top: 0px; margin-bottom: 0px; padding-top: 10px; padding-bottom: 10px; border: 0px; outline: 0px; font-size: 15px; vertical-align: baseline; background-color: transparent; font-family: Arial; line-height: 1.6em;">India, the world's largest producer of aromatic basmati rice, may miss a target to boost exports 25 percent this year as a rally in domestic prices curbs demand from buyers in Europe and theMiddle East, a trade group said.</p> <p style="margin-top: 0px; margin-bottom: 0px; padding-top: 10px; padding-bottom: 10px; border: 0px; outline: 0px; font-size: 15px; vertical-align: baseline; background-color: transparent; font-family: Arial; line-height: 1.6em;">Shipments of the grain, which can fetch about double the rate of traditional white rice, may total 3.5 million metric tons in the year ending March 31, less than the 4 million tons forecast in August, M.P. Jindal, president of the All India Rice Exporters Association, said in an interview on Jan. 28. Exports were 3.2 million tons in 2011-2012, he said.</p> <p style="margin-top: 0px; margin-bottom: 0px; padding-top: 10px; padding-bottom: 10px; border: 0px; outline: 0px; font-size: 15px; vertical-align: baseline; background-color: transparent; font-family: Arial; line-height: 1.6em;">Prices in India rallied 38 percent this year after the government raised rates for the non-basmati variety to a record, potentially hurting earnings at exporters such asKRBL Ltd. (KRB),Kohinoor Foods Ltd. (KFL) andLT Foods Ltd. (LTFO) Farmers may boost planting to benefit from the surging cost of the grain used to make dishes including biryani and pilaf, potentially doubling the harvest and increasing exports, said Vijay Setia, a former president of the association.</p> <p style="margin-top: 0px; margin-bottom: 0px; padding-top: 10px; padding-bottom: 10px; border: 0px; outline: 0px; font-size: 15px; vertical-align: baseline; background-color: transparent; font-family: Arial; line-height: 1.6em;">Buyers are placing smaller orders because of higher prices, Setia said in a phone interview. I don't see improvement in exports this quarter.</p> <p style="margin-top: 0px; margin-bottom: 0px; padding-top: 10px; padding-bottom: 10px; border: 0px; outline: 0px; font-size: 15px; vertical-align: baseline; background-color: transparent; font-family: Arial; line-height: 1.6em;">The average price of basmati has climbed to \$1,100 a ton from \$800 a year earlier, said R.S. Seshadri, a director at Tilda Riceland Pvt., a New Delhi-based exporter. Benchmark 100 percent grade-B Thai rice costs \$616 a ton.</p> <p style="margin-top: 0px;

margin-bottom: 0px; padding-top: 10px; padding-bottom: 10px; border: 0px; outline: 0px; font-size: 15px; vertical-align: baseline; background-color: transparent; font-family: Arial; line-height: 1.6em;">Shares of Kohinoor [fell](http://www.bloomberg.com/quote/KFL:IN "Get Quote") 0.3 percent to 29.80 rupees, while KRBL climbed 5.4 percent to 26.60 rupees in Mumbai today.

India, Pakistan

Basmati paddy production may double next year from 5.7 million tons in 2012-2013, Setia said. Exports were 2.5 million tons in the nine months ended Dec. 31, compared with 2.2 million tons a year earlier, he said.

India controls 65 percent of the overseas basmati market, according to the state-run Agricultural and Processed Food Products Export Development Authority, while [Pakistan](http://topics.bloomberg.com/pakistan/), the only other main producer in the world, accounts for the rest.

The aromatic rice variety, specific to a geographic region, is cultivated in the states of Haryana, [Uttar Pradesh](http://topics.bloomberg.com/uttar-pradesh/) and Uttarakhand in India, and in Punjab that straddles both the South Asian countries.

Saudi Arabia and Iran are two major buyers of Indian basmati. The U.S., Europe and Africa also purchase the grain.

India's rice exports including the non-basmati variety, are set to drop 23 percent to 8 million tons in 2012-2013 from 10.4 million tons in 2011-2012, according to the [U.S. Department of Agriculture](http://topics.bloomberg.com/u.s.-department-of-agriculture/). Production may fall to 99 million tons from 104.3 million tons, according to the agency.

Vietnam may become world leader this year in rice export.

</p><h1 class="migratedtitle" style="z-index: 501; color: #000000; font-family: Arial, Helvetica, Verdana, sans-serif; line-height: normal;">Lao Rice Yield Falls Short</h1><h5 style="font-size: 8pt; margin-top: 0px; margin-bottom: 0px; padding-left: 2px; padding-right: 2px; font-family: Arial, Helvetica, Verdana, sans-serif; line-height: normal;">2013-01-24</h5><p style="margin-bottom: 3px; margin-top: 0px; padding: 4px; font-family: Arial, Helvetica, Verdana, sans-serif; font-size: 13px; line-height: normal;">Production of the paddy crop misses official

targets.</p> <div class="storyimage" style="min-width: 305px; line-height: normal; width: 305px; font-family: Arial, Helvetica, Verdana, sans-serif; margin-bottom: 10px; font-size: 13px; border: #59af04 1px solid;"> <p class="photobyline" style="margin-top: 0px; margin-right: 2px; margin-bottom: 0px; padding: 4px; background-color: transparent; text-align: right; font-size: 10px;">Photononstop</p> <p class="photocaption" style="margin: 0px 2px 2px; padding: 4px; background-color: transparent; font-style: italic; font-size: 12px; background-position: initial initial; background-repeat: initial initial;">A rice field in Laos, Sept. 22, 2011.</p> </div> <div id="story_body" style="font-family: Arial, Helvetica, Verdana, sans-serif; font-size: 13px; line-height: normal; position: relative;"> <p style="margin-bottom: 3px; margin-top: 0px; padding: 4px; background-color: transparent; background-position: initial initial; background-repeat: initial initial;">Laos's rice production has fallen short of government targets for the second year running due to natural disasters and a seed shortage, dealing a potential blow to the Southeast Asian nation's ambition of becoming a rice exporter.</p> <p style="margin-bottom: 3px; margin-top: 0px; padding: 4px; background-color: transparent; background-position: initial initial; background-repeat: initial initial;">It produced 2.70 million tons of rice in 2012, 10,000 tons short of the official goal, according to official figures.</p> <p style="margin-bottom: 3px; margin-top: 0px; padding: 4px; background-color: transparent; background-position: initial initial; background-repeat: initial initial;">The figure marks a decline in total rice production for the second year in a row.</p> <p style="margin-bottom: 3px; margin-top: 0px; padding: 4px; background-color: transparent; background-position: initial initial; background-repeat: initial initial;">An agriculture official said Laos had missed the 2012 target because the country lacks seed to distribute to farmers and farmers are uninformed about the best cultivation methods.</p> <p style="margin-bottom: 3px; margin-top: 0px; padding: 4px; background-color: transparent; background-position: initial initial; background-repeat: initial initial;">Laos was not able to produce enough rice to meet the target because of a lack of seed, and in particular because farmers do not understand how to use the seed correctly, which reduces the quality of the rice yield, he told RFA's Lao Service, speaking on condition of anonymity.</p> <p style="margin-bottom: 3px; margin-top: 0px; padding: 4px; background-color: transparent; background-position: initial initial; background-repeat: initial initial;">Floods were another factor, mostly in the low-lying areas along Mekong River, he said.</p> <p style="margin-bottom: 3px; margin-top: 0px; padding: 4px; background-color: transparent; background-position: initial initial; background-repeat: initial initial;">Most of the country's rice comes from the lowland areas, which can support cultivation during both the wet and dry seasons, while upland areas rely on irrigation.</p> <p style="margin-bottom: 3px; margin-top: 0px; padding: 4px; background-color: transparent; background-position: initial initial; background-repeat: initial initial;">Export plans</p> <p style="margin-bottom: 3px; margin-top: 0px; padding: 4px; background-color: transparent; background-position: initial initial; background-repeat: initial initial;">Laos is aiming to produce 4.2 million tons of rice by 2015 and turn itself into a rice exporter alongside its neighbors.</p> <p style="margin-bottom: 3px; margin-top: 0px; padding: 4px; background-color: transparent; background-position: initial initial; background-repeat: initial initial;">Population growth has triggered greater demand in recent years for the staple grain in Southeast Asian and world markets, creating the possibility for Laos to export rice within the region.</p> <p style="margin-bottom: 3px; margin-top: 0px; padding: 4px; background-color: transparent; background-position: initial initial;

background-repeat: initial initial;">Last year, it announced plans to join neighboring Vietnam, Cambodia, Burma, and Thailand in establishing a rice exporting cooperative aimed at gaining leverage on the international rice market.</p> <p style="margin-bottom: 3px; margin-top: 0px; padding: 4px; background-color: transparent; background-position: initial initial; background-repeat: initial initial;">A report by the Asian Development Bank predicted Laos will be able to shift its status from rice importer to a minor rice exporter over the next decade if it can maintain current grain production and consumption growth rates.</p> <p style="margin-bottom: 3px; margin-top: 0px; padding: 4px; background-color: transparent; background-position: initial initial; background-repeat: initial initial;">But the U.S. Department of Agriculture has warned that Laos faces considerable constraints for future rice production, including limited arable land suitable for rice cultivation, a vastly underdeveloped irrigation capacity, and extreme underfunding for agricultural crop extension programs.</p> <p style="margin-bottom: 3px; margin-top: 0px; padding: 4px; background-color: transparent; background-position: initial initial; background-repeat: initial initial;">Paddy land</p> <p style="margin-bottom: 3px; margin-top: 0px; padding: 4px; background-color: transparent; background-position: initial initial; background-repeat: initial initial;">In order to raise the growth, Laos has plans to devote more land to rice cultivation, raising the current 821,000 hectares to over 1 million hectares.</p> <p style="margin-bottom: 3px; margin-top: 0px; padding: 4px; background-color: transparent; background-position: initial initial; background-repeat: initial initial;">A majority of Laos's agricultural land is devoted to the crop, with an average rice production capacity of 1.76 tons per hectare.</p> <p style="margin-bottom: 3px; margin-top: 0px; padding: 4px; background-color: transparent; background-position: initial initial; background-repeat: initial initial;">But large swathes of rice paddy land are also being turned over to property development, sparking concern that better management of agricultural land is needed to protect the country's food security, the Vientiane Times newspaper reported Thursday.</p> <p style="margin-bottom: 3px; margin-top: 0px; padding: 4px; background-color: transparent; background-position: initial initial; background-repeat: initial initial;">Although last year's 2.7 million tons of rice produced fell short of target, it came closer to the mark than the year before.</p> <p style="margin-bottom: 3px; margin-top: 0px; padding: 4px; background-color: transparent; background-position: initial initial; background-repeat: initial initial;">In 2011, which saw severe floods and droughts, Laos produced 2.9 million tons of rice out of a targeted 3.64 million, according to official figures.</p> <p style="margin-bottom: 3px; margin-top: 0px; padding: 4px; background-color: transparent; background-position: initial initial; background-repeat: initial initial;">In 2010, it produced 3.26 million tons out of a targeted 3.3 million</p> </div> <p></p> <p style="margin-top: 0px; margin-bottom: 0px; padding-top: 10px; padding-bottom: 10px; border: 0px; outline: 0px; font-size: 15px; vertical-align: baseline; background-color: transparent; font-family: Arial; line-height: 1.6em;"></p> </div> </div> <p></p> <p style="margin-top: 0.5em; margin-bottom: 0.5em; border: 0px; outline: 0px; font-size: 13px; vertical-align: baseline; font-family: Georgia; color: #444444; line-height: 23px;"></p> <p></p> </div> <p></p> </div> <div class="content clear-block"></div>