

Vietnam's rice price now equal to Thailand's: Vietfood

VNECONOMY updated: 03/10/2007



Truong Thanh Phong, Chairman of the Vietnam Food Association (Vietfood), said that Vietnam's rice price was now equal to Thailand's.

There is conflicting information about rice export regulations. What is the true information about rice exports towards the year's end?

The Ministry of Agriculture and Rural Development MARD has officially announced that it did not release any document that ordered companies to stop exporting rice until the end of the year.

By the end of September, 3.7 million tonnes of rice had been exported.

In fact, as per the instruction from the government, at the end of July, MARD and the Ministry of Industry and Trade agreed to tell Vietfood to ask its members to halt signing more contracts for rice exports in 2007. As for the signed contracts, exporters will deliver as agreed upon.

However, deliveries have been slowed down due to difficulties in chartering ships and higher transportation fees. By the end of August, Vietnamese exporters had delivered 3.59 million tonnes, and by the end of September, some 3.7 million tonnes of rice had been exported.

According to MARD, the southern region can reap 20.7 million tonnes of paddy this year, an increase of 700,000 tonnes over 2006. Earlier this year, the government planned to export 4.5 million tonnes of rice in 2007. However, in mid July, officials said that the targeted export volume should be lowered to 4 million tonnes in order to ensure food security. The government, after a lot of surveys, decided upon the export volume of 4.4 million tonnes of rice for this year.

How about the profit of farmers and exporters with the prices of materials continuing to escalate in the world's market?

In 2006, Vietnam exported 5.1mil tonnes of rice, reaping \$1.154mil, making rice export turnover exceed the US\$1 billion threshold, once again after several years of falling down. In the first eight months of 2007, Vietnam exported 3.6mil tonnes, and the export turnover has already exceeded the sum for 2006 as a whole.

Vietfood is happy to announce that now, Vietnam's rice price, for the first time in some time, is equal to Thailand's. Previously, Vietnam's rice went for a better price than Thailand's. In recent years, Vietnam's rice has always been US\$30-40/tonne cheaper than Thailand's. Most recently, when joining the bids for exporting 15,000 tonnes of rice to the Philippines, Vietnam's rice was valued at US\$313/tonne, while Thailand's at US\$305/tonne only.

Vietnam's rice export price is US\$293/tonne on average, an increase of US\$42/tonnes over last year. The production cost for one kilogramme of paddy now is VND1,600, higher than the VND1,100/kg level of the previous two years.

The merchandise paddy price of the winter-spring crop was VND3,000/kg in previous years, while it is now VND3,400/kg, which brings more profit to farmers. In general, exporters face a lot of difficulties due to higher shipping fees.

What do you think about rice exports in 2008 as the prices of farm produce are forecast to keep escalating?

A bright picture of rice exports has been forecast for 2008. There is no need to worry about markets as the demand is very high. What we have to do is to focus on production. The Ministry of Industry and Trade has forecast the total turnover of US\$1.4 billion for 2008.

Foreign partners are now ordering Jasmine rice in large quantities. Exporters exported Jasmine at US\$340/tonne recently.

What do we do to lower production costs and raise yield capacity?

We found out from a visit to Hong Kong that Nutragreen is being used in the US and countries which have modern agriculture. We have imported Nutragreen already and have used it in several areas in Tien Giang province. The paddy fields which were sprayed with Nutragreen provided 800-900/kg for the winter-spring crop, and 1tonne/ha for the summer-autumn crop. We had working sessions with a foreign partner and the partner is ready to transfer technology. The Vietnam Food Corporation is going to hold a conference to examine the effects of Nutragreen in Vietnamese fields. If MARD approves the use of this substance, we will use it on a large scale.