

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 2/25/2013

GAIN Report Number: MY3002

Malaysia

Grain and Feed Annual

2013

Approved By:

Chris P. Rittgers

Prepared By:

Abdul Ghani Wahab

Report Highlights:

Corn and rice imports are forecast to grow only marginally through 2013/14, while wheat imports are expected to decline in 2012/13, then rebound in 2013/14. Beginning in 2013, importers of feed ingredients, including grain commodities, are now required to obtain a license and list any feed ingredients they wish to distribute. Only a small number of biotech corn events have been reviewed and approved for market release. The U.S. faces stiff competition from other suppliers for wheat, corn, and rice market share. DDGs is the leading U.S. feed grain product exported to Malaysia.

Table of Contents

Executive Summary	3
Corn.....	4
Wheat	4
Rice.....	4

Executive Summary:

Both wheat and corn imports are forecast to grow marginally through 2013/14 due to expansion in the baking and poultry sectors, respectively. Rice imports are expected to remain relatively stable. Rice production (the only grain produced in significant quantities) is forecast to hover around 1.7 million tons. Both the broiler and pork sectors are facing oversupply, which is limiting any additional import demand for corn. Argentina remains the major corn supplier, with market share of more than 40 percent, with little exports recorded from U.S. The baking sector remains vibrant, with new outlets being opened and products developed at a rapid pace. Following a dip in 2010/11, wheat from Australia returned to its dominant position in 2011/12 and should remain there through 2014. While sales lagged in 2012, local bakers recognize the quality of US wheat. Historically, the US has sold little rice to Malaysia but in 2012, the U.S. exported about 9,400 tons of rice to Malaysia. The Ministry of Agriculture is implementing a new law related to animal feed, which among other things, requires importers to register and list any feed ingredients they wish to distribute. While ostensibly required prior to distribution for feed or manufacturing, the Biosafety Committee has reviewed and approved only a small list of genetically modified corn events.

Exchange Rate: US\$1.00 = RM3.028 (Feb 13, 2012); RM3.086 (Feb 14, 2013)

		Production	Imports	Exports	Domestic. Disappearance
(In 1,000 MT)					
Corn	2011/12	97	2957	11	3152
	2012/13	100	3170	5	3245
	2013/14	100	3280	8	3347
Wheat	2011/12	0	1500	125	1340
	2012/13	0	1380	100	1420
	2013/14	0	1470	100	1442
Rice	2011	1690	1031	1	2710
	2012	1700	1050	1	2819
	2013	1730	1128	1	2835

Commodities:**Corn****Production:**

Domestic corn production in Malaysia is insignificant.

Consumption:

With a continued robust economy, demand for poultry meat in Malaysia remains firm, which underpins feed grain demand. As consumers' demand for both pork and broiler meat grows, corn consumption is forecast to increase marginally in 2013/14.

Broiler prices rose from \$1.16/kg in February 2012 to \$1.55/kg in January 2013 as a result of higher production costs, mostly caused by higher feed costs. The ex-farm prices for eggs, however, remained the same at RM0.33 per unit in February 2012 as in February 2013. Most major broiler and layer farmers in the sector plan to slightly expand production in 2013/2014, but the growth will be limited as the sector is just recovering from a cyclical overproduction stage.

Pork consumption grew from 2.44 million tons in 2011 to 2.48 million tons in 2012, but prices have been stable, hovering around \$230/100kg in January 2012 to \$232/100kg in January 2013. For 2013/14, no growth in the 1.9 million standing hog population is anticipated.

Trade:

In line with expectations for demand from the domestic poultry and meat industries, corn imports are forecast to grow only marginally 2013/2014. Argentina is still the dominant supplier with over 40 percent market share, followed by India and Brazil. The freight disadvantage hinders U.S. sales.

U.S. DDGs sales to Malaysia continue to grow, reaching 62,000 tons in 2012. Feed compounders are becoming increasingly familiar with the product, and showing a growing willingness to increase usage rates in feed rations.

Policy:

As of January 2013, Malaysia has officially approved six biotech events for corn NK603 Roundup Ready Corn™, Mon 810 YieldGard Corn™ and Mon 863 Yieldguard Corn®, SYN-BT11-1 Yieldguard, T25 Herbicide tolerant corn (LibertyLink ® Corn) and TC1507 Insect resistant & herbicide tolerant Corn. Under Malaysia's biosafety regulations approval is required for any biotech imports, including for feed and industrial use.

Malaysia's Department of Veterinary Services (DVS) recently began implementing a "Feed Act." Among other things, this act requires that all importers and domestic distributors become licensed with DVS and that feed nutrient content and certificates of analysis be submitted. As of January 2013, DVS was consulting with stakeholders on the Act before fully enforcing it on April 2013.

**Production, Supply and Demand Data Statistics:
Corn:**

Corn Malaysia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: May 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	27	27	28	28		28
Beginning Stocks	439	439	526	330		350
Production	97	97	100	100		100
MY Imports	3,200	2,957	3,100	3,170		3,280
TY Imports	3,200	2,957	3,100	3,170		3,280
TY Imp. from U.S.	32	9	0	5		6
Total Supply	3,736	3,493	3,726	3,600		3,730
MY Exports	10	11	5	5		8
TY Exports	10	11	5	5		8
Feed and Residual	3,000	2,970	3,000	3,060		3,160
FSI Consumption	200	182	200	185		187
Total Consumption	3,200	3,152	3,200	3,245		3,347
Ending Stocks	526	330	521	350		375
Total Distribution	3,736	3,493	3,726	3,600		3,730
1000 HA, 1000 MT, MT/HA						

Corn Imports:

Import Trade Matrix			
Country	Malaysia		
Commodity	Corn		
Time Period	Oct11/Sep12 for 2011, Oct12/Sep13 for 2012 Not Available	Units:	1000MT
Imports for:	2011		2012
U.S.	9	U.S.	
Others		Others	
Argentina	1303		
India	847		
Brazil	533		
Pakistan	158		
Thailand	41		
Ukraine	25		
Paraguay	25		
Uruguay	8		
Australia	3		
Taiwan	2		
Total for Others	2945		0
Others not Listed	3		
Grand Total	2957		0

Commodities:

Wheat

Production:

Wheat is not produced in Malaysia.

Consumption:

The economy is expected to grow about 5 percent in 2013, driven primarily by growth in domestic demand, which is partially fueled by the local election season. Anticipation of General Election on last quarter of 2012, saw increased in import in 3rd and 4th quarters of 2012, which in turn lead to increase in the beginning stock for 2012/13. In line with the growth in consumer demand, interest in good quality pastries and bread is rising, and the number of specialties cafes and pastry shops serving bakery products is similarly increasing. From January till September 2012, total production of wheat flour in Malaysia was 75,000 tons up by 0.56% from January till September 2011 which totaled at 74,500 tons. More consumers are opting for high-fiber whole meal bread. All these factors are boosting wheat imports.

In addition, instant noodles and sweet biscuits manufacturing for both domestic and export markets is growing.

The government (GOM) controls domestic wheat prices for low income consumers. The retail general-purpose wheat flour price remains at RM1.35 (US\$0.45) per kilo (since May 14, 2007). However, the price of wheat flour for industrial uses is not controlled. When necessary, the GOM has given subsidies to the bread industry in order to alleviate declining margins caused by any increase in wheat prices.

Trade:

As domestic consumption stabilize and needs to reduce stock, wheat imports are forecast to drop by 8 percent in 2012/13 and subsequently increased by 6.5 percent in 2013/14. Australia remained the biggest exporter to Malaysia, holding an estimated 65 percent market share in 2012/13. U.S. exports are expected to be about 75,000 tons in 2012/13. Nonetheless, local millers continue to appreciate the quality of US wheat. In recent years, Malaysia has purchased a limited amount of competitively priced wheat from Pakistan, Russia and Ukraine.

Malaysia exports about 77,000 tons (wheat equivalent) of wheat flour to Singapore, Thailand and Brunei.

Production, Supply and Demand Data Statistics:

Wheat:

Wheat Malaysia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0		0
Beginning Stocks	350	350	350	385		245
Production	0	0	0	0		0
MY Imports	1,500	1,500	1,400	1,380		1,470
TY Imports	1,500	1,500	1,400	1,380		1,470
TY Imp. from U.S.	188	269	0	270		272
Total Supply	1,850	1,850	1,750	1,765		1,715
MY Exports	125	125	100	100		100
TY Exports	125	125	100	100		100
Feed and Residual	50	40	40	40		42
FSI Consumption	1,325	1,300	1,325	1,380		1,400
Total Consumption	1,375	1,340	1,365	1,420		1,442
Ending Stocks	350	385	285	245		173
Total Distribution	1,850	1,850	1,750	1,765		1,715
1000 HA, 1000 MT, MT/HA						

Commodities:**Rice, Milled****Production:**

Production in 2013 is expected to be slightly better than 2012 due to some increase in planted area, more use of high-yielding paddy varieties, improved infrastructure, and better management.

In 2012, the GOM launched the National Agro-Food Policy (NAFP) 2011-2020, part of which is designed to increase paddy production. In 2012, a total of RM19.6 million was spent to improve paddy yields by introducing high-yielding paddy varieties and improved irrigation infrastructure. Through the measures under NAFP, GOM hopes to boost paddy yields to 4 tons per hectare, compared to the 2.5 tons/HA currently. Apart from providing assistances in fertilizer, insecticide and basic infrastructure, GOM also provides financial assistance due to weather phenomenon, such as flood and drought. In addition, as part of NAFP for food security initiative, a new planted area had been identified in East Malaysia involving planting an area with high yielded paddy. The goal here is also to produce four metric tons/HA with crops per year. GOM has targeted to plant 5,100 ha by the year 2020.

Consumption:

Consumption is forecast to increase slightly in 2012/13 and 2013/14, in tandem with population growth in addition to increase in number of tourist arrival and immigrant workers in Malaysia. The domestic consumption per capita for Malaysia is at 95.9kg in 2011/12 and expected at 94.8kg in 2012/13.

The retail price of ST15-grade rice (15% broken) is controlled at RM1.65 (US\$0.55) to RM1.80 (US\$0.60) per kg (depending on transportation cost) to benefit the low-income group.

Trade:

Vietnam still dominates rice imports, with Thailand in the second spot. Imports from Myanmar nearly doubled in 2011/12, and it will be a matter of time before it becomes a major exporter to Malaysia. In 2012, the U.S. shipped about 9,400 tons of rice to Malaysia, mainly short-grain Calrose rice variety consumed by Japanese and Korean expatriates.

Policy:

The need to increase self-sufficiency level for rice had prompt the GOM to take few initiatives such as the Ninth Malaysia Plan (2006-2010). The Ninth Malaysia Plan supposed to increase self-sufficiency to

90% by 2010 this however fail to materialize .As such under the tenth Malaysia Plan (2011-2015), the GOM had revised their approach by ensuring the availability, accessibility and affordability of food particularly rice to the general public. This approach required the GOM, to maintain a stockpile of rice at 292,000 metric tons or sustained consumption for 45 days. In addition GOM also works with private sector such as Padi Beras Nasional Bhd (a private entity given the sole right to import rice to Malaysia) to develop new paddy fields in East Malaysia and integration of small farm into large-scale farming in Peninsular Malaysia. Such initiatives along with proactive approach by federal and states government agencies are part of the National Agro-Food Policy (NAFP) 2011-2020 introduced in 2011.

The support price for paddy rice increased from RM55 to RM65 per 100 kg in 2005. In addition, all rice farmers receive a subsidy of RM25 per 100 kg of paddy delivered to a licensed mill or drying facility.

Marketing:

Rice imports from the United States are mainly Calrose rice consumed by Japanese and Korean expatriates. Contributing factors to the U.S. absence from the market include lower prices from regional and neighboring suppliers, the desire to enhance regional relationships and cheaper freight & shorter shipping times for competitors’ rice. While the opportunities for sales of U.S. rice in Malaysia are still limited, the absence of a price ceiling on imported high grade rice may help to create a small niche market for imports of branded, packaged rice, especially for the organic food sector in the United States. The last USA Rice Federation’s visit to Malaysia was in August 2009.

Production, Supply and Demand Data Statistics:

Rice:

Rice, Milled Malaysia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jan 2012		Market Year Begin: May 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	675	675	677	678	680	

Beginning Stocks	733	733	796	742		672
Milled Production	1,690	1,690	1,700	1,700		1,755
Rough Production	2,600	2,600	2,615	2,615		2,700
Milling Rate (.9999)	6,500	6,500	6,500	6,500		6,500
MY Imports	1,085	1,031	1,050	1,050		1,103
TY Imports	1,085	1,031	1,050	1,050		1,103
TY Imp. from U.S.	0	2	0	1		2
Total Supply	3,508	3,454	3,546	3,492		3,530
MY Exports	2	2	0	1		1
TY Exports	2	2	0	1		1
Consumption and Residual	2,710	2,710	2,819	2,819		2,850
Ending Stocks	796	742	727	672		679
Total Distribution	3,508	3,454	3,546	3,492		3,530
1000 HA, 1000 MT, MT/HA						

Rice Imports

Import Trade Matrix			
Country	Malaysia		
Commodity	Rice		
Time Period	Jan-Dec for CY11, Jan-Sep for CY12	Units:	1000MT

Imports for:	2011		2012
U.S.		U.S.	2
Others		Others	
Vietnam	551	Vietnam	539
Thailand	325	Pakistan	112
Pakistan	129	Thailand	56
Cambodia	11	Cambodia	19
India	11	India	7
Burma	1	Burma	2
Australia	1	Australia	1
Total for Others	1029		736
Others not Listed	2		
Grand Total	1031		738

END OF REPORTS.