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Malaysia

Grain and Feed Annual

Corn, Wheat, and Rice Update

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Report Highlights:

Corn, wheat and, rice imports are expected to grow only marginally through 2015/16 in line with expectations for slow demand growth. Growth in pork and poultry production is slow, limiting growth in compound feed demand and therefore corn imports as well. The expected pace of increase in wheat imports is a function of population and income growth. Land constraints limit increases in rice area and production.

Executive Summary:

Improved living standards and more middle income earners in urban areas lead to modest growth in demand for pork, bread and poultry products. This contributed to marginal increase in demand for corn and wheat. Wheat imports are forecast to grow marginally to 1.6 million tons in 2015/16. Although Australian exports the most wheat to Malaysia, US wheat is still preferred by some Malaysian millers as it provides protein and other quality characteristics unavailable in other imported wheat. Limited growth is expected on corn imports with corn imports forecasted at 3.45 million tons as demand for pork is stagnant and poultry sector is only growing slowly. Production for rice is limited by land availability, high production costs, and availability of labor.

The implementation of Goods and Services Tax (GST) in April 2015 and the depreciation of Malaysian currency relative to other major currencies will likely to dampen any increment in demand for corn and wheat.

Argentina and Brazil remain the major suppliers of corn controlling over 70 percent, while Australia dominates the wheat market. Southeast Asian countries such as Thailand and Vietnam supply most of imported rice in Malaysia. Import of DDGs and Corn Gluten Meal from the US were 46,000 tons and 36,000 tons respectively in 2014.

Beginning 1st January 2015, corn importers are required to obtain import approvals from both the Department of Veterinary Services and Department of Agriculture and also provide a phytosanitary certificate from the exporting country.

Under the Feed Law, importers are required to apply for import license from the Department of Veterinary Services. The import license required the importers to provide:

- 1- Certificate of Origin
- 2- Certified composition by a competent agency of exporting country.
- 3- Relevant packaging, manufacturing and labelling requirement.
- 4- Import registration.

In addition to the feed law, corn imports are also subject to the Agriculture Quarantine Law, which requires registration with Department of Agriculture for an import license, and the need for a Phytosanitary Certificate for every consignment.

Corn

	2013/2014		2014/2015		2015/2016	
	Market Year Begin: Oct 2013		Market Year Begin: Oct 2014		Market Year Begin: Oct 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	10	10	10	10		10
Beginning Stocks	328	328	378	454		400
Production	60	60	56	56		58
MY Imports	3,400	3,476	3,400	3,500		3,510
TY Imports	3,400	3,476	3,400	3,500		3,510
TY Imp. from U.S.	9	10	0	10		0
Total Supply	3,788	3,864	3,834	4,010		3,968
MY Exports	10	10	10	10		10
TY Exports	10	10	10	10		10
Feed and Residual	3,200	3,200	3,300	3,400		3,400
FSI Consumption	200	200	200	200		200
Total Consumption	3,400	3,400	3,500	3,600		3,600
Ending Stocks	378	454	324	400		358
Total Distribution	3,788	3,864	3,834	4,010		3,968

Corn imports are forecast to grow modestly to 3.5 million tons in 2014/15 and then slight growth again in 2015/16. For the current marketing year, uncertainties on the implementation of GST and steep depreciation of Malaysian currency are leading poultry integrators to be cautious on expansion. Although demand for poultry and pork remains firm, consumers may be cautious as the price of pork and chicken parts are subjected to GST. Only dressed whole chicken is exempt from GST.

Brazil was the largest supplier in the previous marketing year, with over 40 percent market share, followed by Argentina and India. Even though local importers often cite quality concerns about Indian corn, local importers still opt to buy it due to low price. For U.S. corn, most local importers continue to assert that U.S. corn's high moisture prevents imports.

To address this perception, in 2015 Post is offering a course under the Cochrane Fellowship Program for grain storage personnel to undertake grain storage management course.

In terms of import requirements, in addition to an import permit and phytosanitary certificate, and registration under the Feed Act, genetically engineered imported corn for feed and industrial use is supposed to be approved by the National Biosafety Committee in the Ministry of Natural Resources and Environment. However, only a few corn events have been approved.

Corn Imports:

Import Trade Matrix			
Country			
Commodity	Corn		
Time Period	Market Begin Oct	Units:	1000MT
Imports for:	2012/13		2013/14
U.S.	5	U.S.	10
Others		Others	
Argentina	1,377		1,168
Brazil	576		1,344
India	958		793
Ukraine	0		71
Paraguay	62		40
Thailand	21		47
Total for Others	2,994		3,463
Others not Listed	3		3
Grand Total	3002		3,476

Wheat

	2013/2014		2014/2015		2015/2016	
	Market Year Begin: Jul 2013		Market Year Begin: Jul 2014		Market Year Begin: Jul 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0		0
Beginning Stocks	337	337	393	274		274
Production	0	0	0	0		0
MY Imports	1,675	1,532	1,600	1,580		1,600
TY Imports	1,675	1,532	1,600	1,580		1,600
TY Imp. from U.S.	239	233	0	230		200
Total Supply	2,012	1,869	1,993	1,854		1,874
MY Exports	164	140	150	140		140
TY Exports	164	140	150	140		140
Feed and Residual	40	40	40	40		40

FSI Consumption	1,415	1,415	1,450	1,400		1,400
Total Consumption	1,455	1,455	1,490	1,440		1,440
Ending Stocks	393	274	353	274		294
Total Distribution	2,012	1,869	1,993	1,854		1,874

Wheat imports are forecast to grow marginally to 1.6 million tons in 2015/16 from 1.58 million tons in 2014/15. Consumption is forecast to remain relatively stable. The government controls the price of general all purpose flour, setting it at RM1.35 (US\$0.38) per kilo. Prices for high quality specialty flours are not controlled. Demand for flour is expected to be in line with population and economic growth.

Australia remains the biggest exporter to Malaysia, holding about 60 percent market share.

Wheat Imports:

Import Trade Matrix			
Country	Malaysia		
Commodity	Wheat		
Time Period	Year Ending June	Units:	1000MT
Imports for:	2013		2014
U.S.	127	U.S.	232
Others		Others	
Australia	855		957
India	117		91
Canada	128		111
Total for Others	1,100		1,159
Others not Listed	123		141
Grand Total	1,350		1,532

Rice

Rice, Milled	2013/2014		2014/2015		2015/2016	
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	690	690	688	688		690
Beginning Stocks	588	588	668	453		442
Milled Production	1,755	1,755	1,800	1,800		1,810
Rough Production	2,700	2,700	2,769	2,769		2,785

Milling Rate (.9999)	6,500	6,500	6,500	6,500		6,500
MY Imports	1,100	885	1,100	989		1,000
TY Imports	1,100	885	1,100	989		1,000
TY Imp. from U.S.	0	0	0	0		0
Total Supply	3,443	3,228	3,568	3,242		3,252
MY Exports	0	0	0	0		0
TY Exports	0	0	0	0		0
Consumptio	2,775	2,775	2,800	2,800		2,820
Ending Stocks	668	453	768	442		432
Total Distribution	3,443	3,228	3,568	3,242		3,252

Rice production is forecast to increase from 1.8 million tons in 2014/15 to 1.81 million tons in 2015/16. This expected increase is due to new planted areas in East Malaysia, better irrigation system, and the use of high yielding paddy varieties. Producers receive various incentives to produce, such as subsidized seeds, fertilizer, pesticides, and irrigation. The GOM set the support price for paddy at RM1,200 per ton.

Domestic consumption is relatively stable and is forecast at around 2.8 million to 2.82 million tons in 2014/15 and 2015/16 respectively. Any growth can be attributed to the immigrant labor population.

For premium rice such as Basmati rice and Fragrance Rice are a non-controlled items. Prices for ST15-grade rice (15% broken), which is mainly produced domestically, is controlled at RM1.65 (US\$0.55) to RM1.80 (US\$0.60) per Kg (subject to transportation cost).

In 2014, Thailand was the largest exporter quadrupling its volume from 144,281 tons in 2013. Vietnam's export dropped from 553,981 tons in 2013 to 321,500 tons in 2014. Other major exporters of rice to Malaysia in 2014 were Pakistan, Indonesia and Cambodia.

Rice Imports:

Import Trade Matrix			
Country	Malaysia		
Commodity	Rice		
Time Period	Market Begin Jan	Units:	1000MT
Imports for:	2013		2014
U.S.	0	U.S.	0
Others		Others	
Thailand	144		422
Vietnam	554		321
Pakistan	128		159

Indonesia	6		40
Cambodia	42		35
Total for Others	874		977
Others not Listed	11		12
Grand Total	885		989