

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Malaysia

### Grain and Feed Annual

**2014**

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**Report Highlights:**

Only modest growth in corn, wheat, and rice imports is forecast through 2014/15. The slow pace of imports reflects expectations for minimal growth in demand. Pork production is not increasing, and the poultry sector is growing slowly, limiting growth in corn import demand. The expected pace of increases in wheat imports is a function of population growth. Land constraints limit increases in rice production.

**Executive Summary:**

Domestic demand for flour is growing marginally, and wheat imports are forecast to grow modestly to 1.5 million tons in 2014/15. Local millers use U.S. wheat to blend with wheat imports from other origins to improve the functional characteristics of the flour. Very little growth is expected in corn imports as the pork sector is stagnant and the poultry sector is growing albeit slowly. Similarly, consumer demand for rice is not growing, and only a small increase in imports is forecast. Higher rice production is hampered by limitations in land availability. Malaysia is scheduled to implement a 6 percent Goods and Services Tax (GST) in April 2015, which is also clouding demand growth expectations.

Argentina and Brazil are the leading corn suppliers, while Australia dominates the wheat market. Rice imports come from neighboring Southeast Asian suppliers, primarily Vietnam and Thailand. In recent years, the U.S. has exported about 50,000 tons of DDGs and 60,000 tons of corn gluten meal to Malaysia.

Beginning July 1<sup>st</sup> 2014, corn importers will be required to apply for an import license and provide a phytosanitary certificate from the exporting country. In addition, on July 8<sup>th</sup>, 2014 the government of Malaysia (GOM) will implement a mandatory labelling requirement on products that contain ingredients derived from genetically engineered grains.

**Author Defined:****Corn**

Corn imports are forecast to grow to 1.5 million tons in 2014/15, reflecting expectations for only a small increase in demand from the poultry sector. Pork production is not growing. Although GOM has reduced consumer subsidies for some products and services, poultry meat remains the key protein source, and while not growing strongly, demand remains firm. Lower corn prices will be beneficial to the poultry sector in 2014, and will result in some increase in demand.

Argentina is still the dominant supplier with over 40 percent market share, followed by India and Brazil. Local importers often state that U.S. corn moisture content is too high and cite that as the primary reason for not buying U.S. corn.

GOM must approve imports of genetically engineered grains, including for feed and industrial use.

Beginning July 1st 2014, GOM will require corn importers to apply for an import license and provide a phytosanitary certificate from the exporting country.

On July 8th, 2014, GOM will begin to implement a mandatory labelling requirement on products that contain ingredients derived from genetically engineered grains.

**Wheat**

Wheat imports are forecast to grow slightly in 2014/15 to 1.5 million tons, with consumption expected to remain relatively stable.

Prices for domestic consumption flour have been set by the government since May 14, 2007 RM1.35 (US\$0.45) per kilo. Reportedly, the government is considering reducing or lowering the subsidy required to maintain this price. Industrial use flour prices are not controlled.

Australia remains the biggest exporter to Malaysia, holding about 60 percent market share. Imports from non-traditional suppliers such as Pakistan, Russia and Ukraine have been increasing.

**Rice**

Improvements in irrigation, increased planted area in East Malaysia, better management, and the use of high-yielding paddy varieties is expected to lead to improved overall production in 2014. Another slight increase is forecast for 2015, but land limitations preclude significant expansion. Improving rice yields continues to be a major priority for Malaysia. GOM support is provided via guaranteed purchase prices and provision of subsidized seeds, fertilizer, and other inputs. In January 2014, GOM set the support price for paddy at RM1,200 per ton.

While GOM has given up on full self-sufficiency, reducing reliance on rice imports continues to be of strategic importance.

Domestic consumption is relatively stable and is forecast at around 2.8 million tons in 2013/14 and 2014/15. Any growth can be attributed to the immigrant labor population.

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.

Vietnam still dominates rice imports, with Pakistan and Thailand in the second and third spots respectively.

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

**Corn:**

Corn Malaysia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	28	10	28	10		10
Beginning Stocks	534	534	329	312		226
Production	100	55	100	60		56
MY Imports	3,100	3,015	3,400	3,150		3,200
TY Imports	3,100	3,015	3,400	3,150		3,200
TY Imp. from U.S.	4	7	0	4		6
Total Supply	3,734	3,604	3,829	3,522		3,482
MY Exports	5	2	10	6		4
TY Exports	5	2	10	6		4
Feed and Residual	3,200	3,060	3,300	3,100		2,953
FSI Consumption	200	230	200	190		190
Total Consumption	3,400	3,290	3,500	3,290		3,143
Ending Stocks	329	312	319	226		335
Total Distribution	3,734	3,604	3,829	3,522		3,482
1000 HA, 1000 MT, MT/HA						

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

**Wheat:**

Wheat Malaysia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: May 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0		0
Beginning Stocks	441	441	337	417		345
Production	0	0	0	0		0
MY Imports	1,451	1,451	1,500	1,470		1,500
TY Imports	1,451	1,451	1,500	1,470		1,500
TY Imp. from U.S.	148	148	0	100		120
Total Supply	1,892	1,892	1,837	1,887		1,845
MY Exports	135	135	130	100		110
TY Exports	135	135	130	100		110
Feed and Residual	40	40	40	42		40
FSI Consumption	1,380	1,300	1,400	1,400		1,400
Total Consumption	1,420	1,340	1,440	1,442		1,440
Ending Stocks	337	417	267	345		295
Total Distribution	1,892	1,892	1,837	1,887		1,845

1000 HA, 1000 MT, MT/HA

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

Rice, Milled Malaysia	2012/2013		2013/2014		2014/2015	
	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	678	688	680	690		688
Beginning Stocks	719	719	594	587		669
Milled Production	1,700	1,694	1,750	1,755		1,800
Rough Production	2,615	2,606	2,692	2,700		2,769
Milling Rate (.9999)	6,500	6,500	6,500	6,500		6,500
MY Imports	900	1,008	1,100	1,103		1,100
TY Imports	900	1,008	1,100	1,103		1,100
TY Imp. from U.S.	0	0	0	2		1
Total Supply	3,319	3,421	3,444	3,445		3,569
MY Exports	0	0	0	1		0
TY Exports	0	0	0	1		0
Consumption and Residual	2,725	2,834	2,775	2,775		2,800
Ending Stocks	594	587	669	669		769
Total Distribution	3,319	3,421	3,444	3,445		3,569

1000 HA, 1000 MT, MT/HA

END OF REPORTS.