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**Prepared By:** Abdul Ghani Wahab

**Approved By:** Megan Francic

**Report Highlights:**

Post estimates Malaysian crude palm oil (CPO) production in marketing year (MY) 2020/21 at 19.5 million metric tons (MT). This lower than expected increase over the previous year is due to a serious shortage of manual labor resulting from COVID-19 related border closures. In MY 2021/22, Post forecasts CPO production at 20.0 million MT. This increase is based on the assumption that the Malaysian government will open the border and industry will be able to recruit new laborers.

## **Palm Oil**

### **Production**

Post estimates Malaysian crude palm oil (CPO) production in marketing year (MY) 2020/21 at 19.5 million metric tons (MT), an increase of 245,000 MT compared to the previous year, but 100,000 MT lower than the MY 2020/21 USDA official estimate. Post's estimate is based on the low collection of fresh fruit bunches (FFB) due to the acute shortage of manual labor, resulting from COVID-19 related border closures. While industry expects favorable weather throughout MY2020/21, as well as stable fertilizer prices, which will result in high FFB production in the third and fourth quarters of MY2020/21, the shortage of labor to harvest the fruits will hamper the production of CPO.

The Government of Malaysia (GOM)-imposed moratorium on the intake of new foreign labor remains in force, while most manual laborers whose employment contracts ended were reluctant to extend their employment, creating the shortage. To mitigate the situation, the Ministry of Plantation Industries and Commodities, along with plantation companies, organized online recruitment drives for locals to apply for various positions in the plantation sector; however, according to local media, the uptake was low, as many local workers deemed the job "dirty, demanding, demeaning, and dangerous." With the slow pace of vaccinations, local media reports the international border could remain closed until the end of calendar year 2021.

In MY 2021/22, Post forecasts CPO production at 20.0 million MT. This marginal increase is based on assumption that the industry will be able to recruit new laborers by the end of 2021, as international borders reopen.

### **Consumption**

Post estimates MY 2020/21 CPO domestic consumption at 3.475 million MT, down from MY2019/20 and the MY2020/21 USDA official number, due to effects of COVID-19, specifically, GOM-imposed movement controls and, as a result, fewer commercial vehicles transporting goods. In addition, the GOM backtracked on its decision to implement a 20 percent biodiesel ("B20") mandate in 2020, revising the implementation date to the end of 2021.

Industry remains doubtful the implementation will occur on the new schedule, given the current high price of CPO, which is expected to last until the end of 2021 and the high government deficit due to increased spending- the same factors that stymied the roll out of the B20 mandate in 2020. Some sources are referencing mid-2022 as a realistic timeframe.

Currently, the GOM pays a subsidy of \$0.007 per liter of biodiesel produced for domestic commercial vehicle usage. Although the GOM increased the cess tax on CPO from RM14 (\$3.38) to RM16 (\$3.86) per MT in February, the additional revenue is not channeled into the roll out of the B20 mandate.

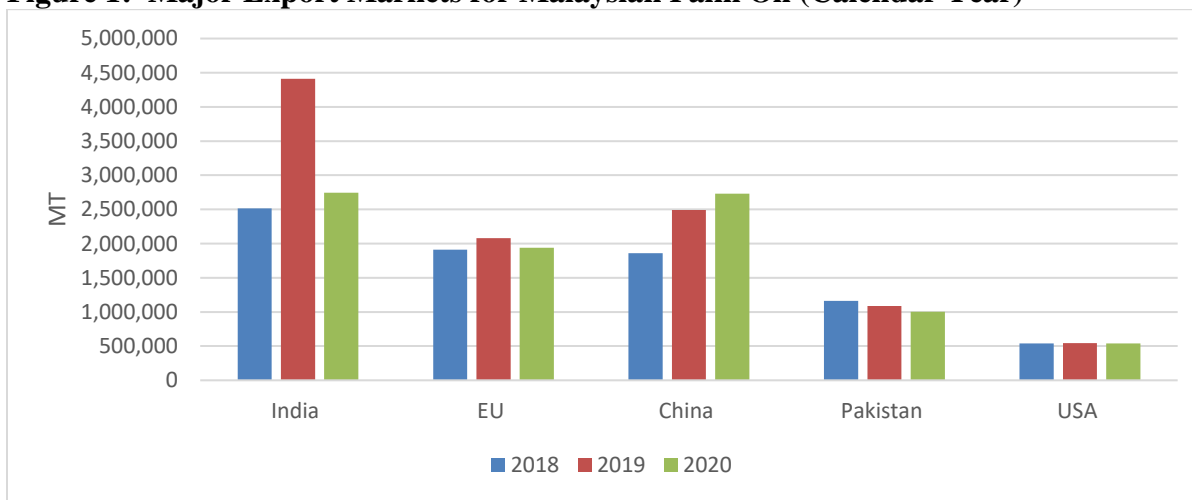
For MY2021/22, Post forecasts consumption to increase slightly to 3.590 million MT, as the economy reopens, road traffic increases, people return to dining out, with the assumption that the roll out of the B20 mandate will occur by mid-2022.

## Trade

Post estimates CPO exports in MY 2020/21 at 17.45 million MT, an increase of over 200,000 MT compared to the previous year. This significant increase is the result of major export markets, specifically India and China, increasing their imports to replenish depleting stocks (Figure 1). In China, industry has pointed to the resurgence of African swine fever (ASF) as propping up CPO exports. Much as in the ASF pandemic in 2019/2020, as soybean crushing falls, soy oil production also drops, leading to a deficit in domestic vegetable oil production that industry fills with CPO.

According to local media, India is forecast to increase its import of Malaysian palm oil due to its price competitiveness. As of March 2021, prices of sunflower oil and soybean oil have surged 28 percent and 29 percent, respectively, but the price of palm oil increased by only 7 percent.

**Figure 1: Major Export Markets for Malaysian Palm Oil (Calendar Year)**



Source: Malaysian Palm Oil Board

In MY 2021/22, Post forecasts exports at 17.50 million MT on increased production and a recovery in global demand following the COVID-19 pandemic.

## Trade Policy

In early 2018, the European Parliament (EP) voted to ban the use of CPO in biofuels by 2020. Please see the [2020 Oilseeds and Products Annual](#) for more details.

On January 15, 2021, Malaysia followed Indonesia and initiated a [WTO dispute](#) complaint against the EU and EU member states France and Lithuania following the bloc's action to phase out palm biofuel imports.

The GOM has tasked the Malaysian Palm Oil Certification Council (MPOCC) with certifying growers and processing facilities in Malaysia as sustainable. The goal of MPOCC is to have the entire industry certified under its Malaysian Sustainable Palm Oil (MSPO) certification. Based on [media reports](#), as of February 2021, 86.4 percent of the country's total acreage has been certified under MSPO.

## Palm Oil, Production, Supply and Distribution

<b>Oil, Palm</b>	<b>2019/2020</b>		<b>2020/2021</b>		<b>2021/2022</b>	
<b>Market Begin Year</b>	<b>Oct 2019</b>		<b>Oct 2020</b>		<b>Oct 2021</b>	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	5350	5350	5400	5400	0	5400
Trees	0	0	0	0	0	0
Beginning Stocks	2500	2500	1760	1760	0	1735
Production	19255	19255	19600	19500	0	20000
MY Imports	790	790	1000	1400	0	900
Total Supply	22545	22545	22360	22660	0	22635
MY Exports	17212	17212	17275	17450	0	17500
Industrial Dom. Cons.	2720	2720	2700	2730	0	2800
Food Use Dom. Cons.	775	775	800	675	0	720
Feed Waste Dom. Cons.	78	78	75	70	0	70
Total Dom. Cons.	3573	3573	3575	3475	0	3590
Ending Stocks	1760	1760	1510	1735	0	1545
Total Distribution	22545	22545	22360	22660	0	22635

(1000 HA), (1000 TREES), (1000 MT)

## Palm Kernel

### Production

In MY 2021/22, Post forecasts palm kernel (PK) production at 4.97 million MT, up over Post's previous MY estimate. The increase is based on increased crushing, as demand for oleo chemical remains strong, especially in cosmetic and pharmaceutical sectors.

### Consumption

Post forecasts MY 2021/22 PK crush at 5.01 million MT, an increase of approximately 110,000 MT over Post and USDA's MY 2020/21 estimates. This is in line with expected economic recovery in MY2021/22, coupled with increasing consumer interest in "health conscious" products as a result of the COVID-19 pandemic.

### Palm Kernel, Production, Supply, and Distribution

Oilseed, Palm Kernel	2019/2020		2020/2021		2021/2022	
	Market Begin Year		Market Begin Year		Market Begin Year	
	Oct 2019	Oct 2019	Oct 2020	Oct 2020	Oct 2021	Oct 2021
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	5350	5350	5400	5400	0	5400
Trees	0	0	0	0	0	0
Beginning Stocks	192	192	172	172	0	178
Production	4746	4746	4850	4846	0	4970
MY Imports	65	65	60	60	0	50
Total Supply	5003	5003	5082	5078	0	5198
MY Exports	0	0	0	0	0	0
Crush	4831	4831	4900	4900	0	5010
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	4831	4831	4900	4900	0	5010
Ending Stocks	172	172	182	178	0	188
Total Distribution	5003	5003	5082	5078	0	5198
(1000 HA), (1000 TREES), (1000 MT), (MT/HA)						

## Palm Kernel Oil

### Production

Based on the expected 5.01 million MT of PK to be crushed during the year, Post forecasts MY 2021/22 palm kernel oil (PKO) at 2.24 million MT.

### Consumption

For MY 2021/22, Post forecasts total domestic consumption, almost all of which is for industrial use, at 1.47 million MT, growing in line with the expected modest expansion in Malaysia's oleo-chemical industry.

### Trade

In MY 2020/21, Post estimates PKO exports down slightly from the USDA official number due to high prices and buyers switching to cheaper substitutes.

Post forecasts MY 2021/22 PKO exports at 1.05 million MT, a slight increase from Post's MY 2020/21 estimate. The main buyers for Malaysian PKO are the United States, Singapore, Egypt, Australia, China, and Russia.

### Palm Kernel Oil, Production, Supply and Distribution

Oil, Palm Kernel Market Begin Year	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	4831	4831	4900	4900	0	5010
Extr. Rate, 999.9999	0.4467	0.4467	0.4467	0.4465	0	0.4467
Beginning Stocks	253	253	215	215	0	243
Production	2158	2158	2189	2188	0	2238
MY Imports	300	300	280	300	0	290
Total Supply	2711	2711	2684	2703	0	2771
MY Exports	1125	1125	1050	1020	0	1050
Industrial Dom. Cons.	1251	1251	1300	1320	0	1350
Food Use Dom. Cons.	120	120	120	120	0	120
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	1371	1371	1420	1440	0	1470
Ending Stocks	215	215	214	243	0	251
Total Distribution	2711	2711	2684	2703	0	2771
(1000 MT), (PERCENT)						

## **Palm Kernel Meal**

### **Production**

Based on the expected 5.01 million MT of PK to be crushed during the year, Post forecasts MY 2021/22 palm kernel meal (PKM) production up to 2.53 million MT.

### **Consumption**

PKM is used as a feed supplement for ruminant animals in Malaysia. For MY 2021/22, domestic consumption of PKM in the livestock industry is forecast at 220,000 MT, unchanged from the previous year's estimate.

### **Trade**

As PKM commands a higher price in overseas markets, the vast majority is exported. Key markets include New Zealand, the EU, and Japan. Post forecasts MY 2021/22 PKM exports up to 2.31 million MT. This is in line with expected economic recovery and high demand in the ruminant sector in the major export markets.

### Palm Kernel Meal, Production, Supply, and Distribution

Meal, Palm Kernel	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
Market Begin Year	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	4831	4831	4900	4900	0	5010
Extr. Rate, 999.9999	0.504	0.504	0.5041	0.5041	0	0.504
Beginning Stocks	126	126	107	107	0	107
Production	2435	2435	2470	2470	0	2525
MY Imports	0	0	0	0	0	0
Total Supply	2561	2561	2577	2577	0	2632
MY Exports	2244	2244	2245	2250	0	2310
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	210	210	220	220	0	220
Total Dom. Cons.	210	210	220	220	0	220
Ending Stocks	107	107	112	107	0	102
Total Distribution	2561	2561	2577	2577	0	2632
(1000 MT), (PERCENT)						



## Soybeans

### Production

There is no commercial cultivation of soybeans in Malaysia.

### Consumption

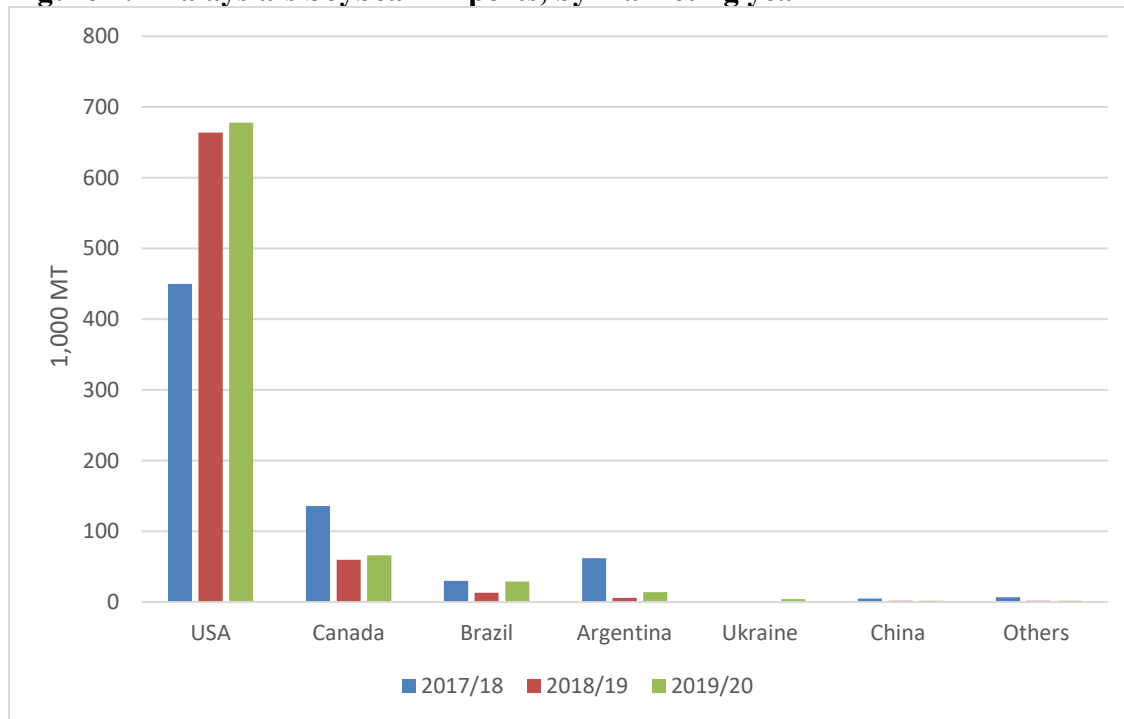
While roughly 20 percent of imported soybeans are used to make soy drinks and tempeh, a fermented soybean cake for human consumption, crush demand from the feed industry, specifically the poultry industry, largely dictates domestic soybean consumption. Demand for poultry products dropped at the beginning of the COVID-19 pandemic but started a slow recovery in late 2020 when the GOM began to cautiously reopen the economy. As a result, Post forecasts total domestic consumption in MY 2020/21 at 810,000 MT, an increase over Post's previous year estimate, though slightly lower than the USDA official estimate.

In MY 2021/22, Post forecasts total domestic consumption at 827,000 MT, with crush demand rebounding slightly as COVID-19 is increasingly controlled and poultry consumption expands.

### Trade

Post forecasts MY 2021/22 soybean imports at 840,000 MT, a slight increase from Post's MY2020/21 estimate. The expected uptick in imports is based on expected slow recovery in poultry demand. The United States is the largest supplier of soybeans to Malaysia with nearly a 90 percent market share in MY 2019/20 (Figure 2).

**Figure 2: Malaysia's Soybean Imports, by marketing year**



Source: Trade Data Monitor

### Soybeans, Production, Supply, and Distribution

<b>Oilseed, Soybean</b>	<b>2019/2020</b>		<b>2020/2021</b>		<b>2021/2022</b>	
<b>Market Begin Year</b>	<b>Oct 2019</b>		<b>Oct 2020</b>		<b>Oct 2021</b>	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	52	52	68	68	0	68
Production	0	0	0	0	0	0
MY Imports	795	795	845	830	0	840
Total Supply	847	847	913	898	0	908
MY Exports	14	14	20	20	0	17
Crush	550	550	600	590	0	605
Food Use Dom. Cons.	170	170	175	175	0	177
Feed Waste Dom. Cons.	45	45	45	45	0	45
Total Dom. Cons.	765	765	820	810	0	827
Ending Stocks	68	68	73	68	0	64
Total Distribution	847	847	913	898	0	908

(1000 HA), (1000 MT), (MT/HA)

## **Soybean Meal**

### **Production**

Post estimates MY 2020/21 production at 462,000 MT, down from the USDA official number, on reduced demand.

In MY 2021/22, Post forecasts soybean meal production at 471,000 MT, up slightly from Post's MY 2020/21 estimate. The increase is based on the abovementioned slow recovery in demand for poultry products, as COVID-19 is increasingly controlled and the GOM allows restaurants to reopen.

### **Consumption**

In MY 2021/22, Post forecasts total domestic consumption of soybean meal at 1.85 million MT, up from Post's MY 2020/21 estimate on rebounding poultry production.

### **Trade**

Post forecasts that soybean meal imports will reach 1.445 million MT in MY 2021/22, a minimal increase from Post's MY 2020/21 estimate. Argentina is the dominant supplier of soybean meal to the country, accounting for 95 percent of all imports in 2019/20, according to TDM.

**Soybean Meal, Production, Supply, and Distribution**

Meal, Soybean	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
Market Begin Year						
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	550	550	600	590	0	605
Extr. Rate, 999.9999	0.7873	0.7873	0.7867	0.7831	0	0.7785
Beginning Stocks	195	195	212	212	0	219
Production	433	433	472	462	0	471
MY Imports	1414	1414	1450	1440	0	1445
Total Supply	2042	2042	2134	2114	0	2135
MY Exports	55	55	55	55	0	57
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1775	1775	1850	1840	0	1855
Total Dom. Cons.	1775	1775	1850	1840	0	1855
Ending Stocks	212	212	229	219	0	223
Total Distribution	2042	2042	2134	2114	0	1445
(1000 MT), (PERCENT)						

### Soybean Oil, Production, Supply, and Distribution

<b>Oil, Soybean</b>	<b>2019/2020</b>		<b>2020/2021</b>		<b>2021/2022</b>	
<b>Market Begin Year</b>	<b>Oct 2019</b>		<b>Oct 2020</b>		<b>Oct 2021</b>	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	550	550	600	590	0	605
Extr. Rate, 999.9999	0.1782	0.1782	0.17	0.178	0	0.1752
Beginning Stocks	5	5	17	17	0	27
Production	98	98	102	105	0	106
MY Imports	107	107	105	104	0	105
Total Supply	210	210	224	226	0	238
MY Exports	118	118	120	120	0	122
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	75	75	78	79	0	80
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	75	75	78	79	0	80
Ending Stocks	17	17	26	27	0	36
Total Distribution	210	210	224	226	0	238
(1000 MT), (PERCENT)						

## Copra

### Production

Copra production in Malaysia is minimal, as it competes with the more lucrative palm oil industry. In MY 2021/22, Post forecasts total domestic production at 29,000 MT, an increase of 1,000 MT from Post's MY2020/21 estimate, on recovering demand. In particular, demand for copra is high during Thaipusam, a Hindu religious festival that falls in the first quarter of the calendar year. In 2021, large gatherings, including Thaipusam, were restricted, but Post revised MY 2021/22 production upward, as the festival will likely take place in 2022.

### Consumption

The coconut oil industry is the main consumer of copra. For MY 2021/22, Post forecasts consumption at 30,000 MT, a slight increase from Post's previous year estimate of 29,000 MT.

### Trade

MY 2021/22 imports are forecast at 1,000 MT, unchanged from the previous year.

### Copra, Production, Supply, and Distribution

Oilseed, Copra	2019/2020		2020/2021		2021/2022	
	Jan 2020		Jan 2021		Jan 2022	
Market Begin Year	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Malaysia						
Area Planted	0	0	0	0	0	0
Area Harvested	114	114	114	114	0	114
Trees	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	29	29	29	28	0	29
MY Imports	1	1	1	1	0	1
Total Supply	30	30	30	29	0	30
MY Exports	0	0	0	0	0	0
Crush	30	30	30	29	0	30
Food Use	0	0	0	0	0	0
Dom. Cons.						
Feed Waste	0	0	0	0	0	0
Dom. Cons.						
Total Dom. Cons.	30	30	30	29	0	30
Ending Stocks	0	0	0	0	0	0
Total Distribution	30	30	30	29	0	30

(1000 HA), (1000 TREES), (1000 MT), (MT/HA)

## Coconut Oil

### Production

Coconut oil (CNO) is the edible oil extracted from the kernel or meat of mature coconuts harvested from the coconut palm. In MY 2021/22, Post forecasts Malaysian CNO production at 17,000 MT, a slight increase of 1,000 MT from Post's MY 2020/21 estimate.

### Consumption

CNO is commonly used in cooking, especially for frying, and as a base ingredient for manufacturing soap. In MY 2021/22, Post forecasts CNO consumption in Malaysia at 63,000 MT, a slight increase from Post's MY 2020/21 estimate.

### Trade

In MY 2021/22, Post forecasts CNO imports at 260,000 MT. According to industry contacts, most CNO imports are further refined and re-exported, namely to Singapore, Ukraine, and Australia. Post forecasts MY 2021/22 CNO exports at 215,000 MT.

### Coconut Oil, Production, Supply, and Distribution

Oil, Coconut	2019/2020		2020/2021		2021/2022	
Market Begin Year	Jan 2020		Jan 2021		Jan 2022	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	30	30	30	29	0	30
Extr. Rate, 999.9999	0.6	0.6	0.6	0.5517	0	0.5667
Beginning Stocks	3	3	6	6	0	5
Production	18	18	18	16	0	17
MY Imports	245	245	265	250	0	260
Total Supply	266	266	289	272	0	282
MY Exports	200	200	220	205	0	215
Industrial Dom. Cons.	30	30	33	32	0	33
Food Use Dom. Cons.	30	30	31	30	0	30
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	60	60	64	62	0	63
Ending Stocks	6	6	5	5	0	4
Total Distribution	266	266	289	272	0	282

(1000 MT), (PERCENT)

### Copra Meal, Production, Supply, and Distribution

<b>Meal, Copra</b>	<b>2019/2020</b>		<b>2020/2021</b>		<b>2021/2022</b>	
<b>Market Begin Year</b>	<b>Jan 2020</b>		<b>Jan 2021</b>		<b>Jan 2022</b>	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	30	30	30	29	0	30
Extr. Rate, 999.9999	0.3333	0.3333	0.3333	0.3103	0	0.3333
Beginning Stocks	0	0	0	0	0	0
Production	10	10	10	9	0	10
MY Imports	2	2	1	1	0	1
Total Supply	12	12	11	10	0	11
MY Exports	3	3	2	2	0	2
Industrial Dom. Cons.	3	3	3	3	0	3
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	6	6	6	5	0	6
Total Dom. Cons.	9	9	9	8	0	9
Ending Stocks	0	0	0	0	0	0
Total Distribution	12	12	11	10	0	11
(1000 MT), (PERCENT)						



**Attachments:**

No Attachments