

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Malaysia

Oilseeds and Products Annual

2014

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Report Highlights:

With small increase in yield and area, palm oil production is forecast to moderately increase to 20.35 million tons in 2014/15. Exports are projected to grow only marginally as the palm oil discount to soybean oil is expected to narrow in 2014/15. Palm oil imports are forecast to continue falling as exportable supplies from Indonesia dwindle. Soybeans remain the top U.S. oilseed export to Malaysia, with expected exports of more than 340,000 tons in 2013/14. Argentina remains the leading soybean meal supplier, with more than 95 percent market share. With marginal growth in broiler industry expected in 2013/14, demand for meal is forecasted to grow slowly in line with demand from the feed industry.

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Executive Summary:

Exports of U.S. soybeans to Malaysia are expected to increase from 320,000 tons to 340,000 tons in 2013/14. Total imports are forecast to increase marginally to 625,000 tons. The gradual increase reflects slight growth in broiler and swine sectors in addition to demand from food service sector. For soybean meal, Argentina remains the dominant supplier with market share of over 95%.

As a result of the unusually dry weather recorded in February and March 2014, and concerns about continued adverse growing conditions the rest of the year, the 2013/14 production forecast remains at 19.2 million tons. The dry weather has caused some plantations to temporarily suspend replanting in West Malaysia. The lower CPO production in west Malaysia due to lower yields (as dry weather caused stressful condition for palm trees) will be compensated for by new mature area in Sarawak. With small increase in yields, output is forecast to increase marginally for 2014/15.

Palm oil exports are forecast to drop to 17.75 million tons in 2013/14 due to increased domestic consumption for the production of B5 biodiesel mandate. The expected narrowing of the discount of palm oil to soybean oil will also weaken exports. China, India and Pakistan continue to be leading markets, while shipments to the United States remain hover around 1.2 million tons annually. Exports are then forecast to rebound in 2014/15 with the improved production prospects.

Exchange Rate: US\$1.00 = RM3.121 (Mar 15, 2013); RM3.282 (Mar 14, 2014)

Other Relevant Reports

Malaysia – Bio-Fuels Annual (ARG Number [MY3007](#))

TOTAL OILSEEDS

There is no commercial cultivation of soybeans in Malaysia.

1. Soybean

Imports

Soybean imports are projected to increase marginally through 2014/15 with an anticipated slight increase in demand from the swine and broiler sectors. The U.S. remains the top supplier, with more than 50 percent market share, followed by Canada and Argentina. The implementation of Goods Service Tax of 6 percent in April 2015 may have a short term effect on consumer demand as the price of pork and chicken products are expected to increase. Once consumers adapt to the new tax structure, demand is expected to rebound.

Consumption

Soybean crushing activity is growing slightly, as is demand for food quality soybeans. The introduction of a Goods Service Tax in 2015 is expected to negatively affect consumption.

Trade Policy & Market Access

A biotech labeling requirement is set to be enforced on 8th July 2014. Under the labeling requirement, labeling is not required for product containing less than 3 percent GE content, for highly refined foods, and meat from animals fed with GE grains.

In addition, beginning 1st July 2014, soybean imports will require an Import Permit and phytosanitary certificate. A pre-export treatment may also be required, but as of March 2014 the nature of that treatment and the language in the phytosanitary certificate had yet to be clarified.

2. Copra

Expansion of Palm plantation area caused a drop in coconut plantation area, and copra production continues to decline. Most copra is consumed as food (desiccated coconut, coconut cream, etc), leaving a small amount for the crushing sector. Copra output will continue a slow downtrend.

TOTAL OILMEALS

1. Soybean Meal

Production and Imports

As the swine and poultry sectors are projected to have moderate growth, meal imports are expected to moderately increase through 2014/15. Almost all the meal comes from Argentina.

Consumption

As demand for poultry and swine products remains firm, soybean meal consumption is forecast to increase marginally in 2013/14 and at slower rate in 2014/15 as the Goods Service Tax slows demand.

2. Palm Kernel Meal

With anticipation of drop in tonnage of fresh fruit bunch (FFB) production in 2013/14, and a slight drop palm kernel crush, palm kernel meal (PKM) production is expected to slightly drop to 2.48 million tons in 2013/14. Domestic consumption of palm kernel meal remained small as most of the production is exported to New Zealand and EU countries.

TOTAL OILS

1. Palm Oil

Reportedly, in 2014 dry weather has caused many plantations to delay replanting. Consequently, harvested area of matured plantation is expected to increase relative to earlier forecasts. Nonetheless the yield is expected to decline as production of less productive palm plantations in West Malaysia is offset by new matured plantation in East Malaysia. With less replanting, more mature trees will be harvested with lower yield. In addition, the dry weather is also causing stress on the palm trees thus reducing the fruit's weight (smaller fruit produced), causing floral abortion and bunch failure further reducing yield potential.

Fruit-bearing area is expected to expand to 4.8 million hectares in 2014/15, mainly in East Malaysia, with fully matured hectare equivalent (MHE) estimated at around 2.55 million hectares. Yields are expected to moderately increase in 2014/15, in line with the maturity profile.

The following MHE/yield table is based on the October/September marketing year:

	2010/11	2011/12	2012/13	2013/14	2014/15
Area-MHE (1,000 ha)	2,386	2,409	2,444	2,461	2,550
Production (TMT)	18,211	18,202	19,300	19,200	20,350
Yield-MHE (Ton/ha)	7.63	7.55	7.89	7.80	7.98

[NOTE: In calculating yields, the mature hectare equivalent (MHE) approach has been used to account for the shifting age profile of Malaysia's oil palm plantings. END NOTE]

Trade

Indonesia's increased production of B10 biodiesel, combined with a differential export tax favoring domestic refining, has led to a large drop in exports of palm oil to Malaysia in 2013/14. The lower imports are expected to continue in 2014/15. The rollout of B5 Biodiesel program nationwide in Malaysia is expected to be complete by July 2014, which should increase domestic consumption an additional 250,000 tons. However, rising CPO prices may once again cause the program to be stalled.

As CPO production is projected to be stagnant, exports are forecast to drop to 17.75 million tons in 2013/14. For 2014/15, exports are projected to slightly drop to 17.6 million.

Trade Policy

The export tax is based on price according to the table below.

CPO price (per ton in USD)*CIF Rotterdam	Export Tax
750 – 800	4.5%
800 – 850	5.0%
850 – 900	5.5%
900 – 950	6.0%
950 – 1,000	6.5%
1,000 - 1,050	7.0%
1,050 -1,100	7.5%
1,100 - 1,150	8.0%
1,150 - 1,200	8.5%

2. Palm Kernel Oil

Production of Palm Kernel Oil (PKO) is expected to drop by 3.5 percent to 2.18 million tons in 2013/14 from 2.27 tons in 2012/13. Stagnant growth is anticipated for 2014/15, with PKO output estimated to remain at 2.18 million tons.

PKO exports are forecast to drop slightly to one million tons in 2013/14 and remain constant at below 1.1 million tons in 2014/15. The main destinations are the U.S., China, Japan, Brazil and Egypt.

3. Coconut Oil

Total coconut oil import for year 2013/14 is projected at 150,000 tons. Most of the imports are further refined and for re-exported to third countries namely Singapore, Ukraine and Australia with export forecast at 130,000 tons in 2013/14. Coconut oil accounts for less than 1 percent of local consumption.

Oil, Palm PSD

Oil, Palm Malaysia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	5,077	0	5,229		5,400

Area Harvested	4,353	4,353	4,435	4,526		4,800
Trees	0	0	0	0		0
Beginning Stocks	2,018	2,018	1,784	1,784		1,672
Production	19,321	19,321	19,200	19,200		20,350
MY Imports	1,645	719	1,675	503		710
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	22,984	22,058	22,659	21,487		22,732
MY Exports	18,000	18,443	17,500	17,750		18,200
MY Exp. to EU	2,000	2,000	2,000	2,000		2,000
Industrial Dom. Cons.	2,047	1,268	2,000	1,450		1,875
Food Use Dom. Cons.	900	523	900	575		700
Feed Waste Dom. Cons.	253	40	260	40		75
Total Dom. Cons.	3,200	1,831	3,160	2,065		3,210
Ending Stocks	1,784	1,784	1,999	1,672		1,882
Total Distribution	22,984	22,058	22,659	21,487		22,732
1000 HA, 1000 TREES, 1000 MT						

Oilseeds, Palm Kernel PSD

Oilseed, Palm Kernel 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 Planted	0	5,077	0	5,229		5,400
Area Harvested	4,353	4,353	4,435	4,526		4,800
Trees	0	0	0	0		0
Beginning Stocks	83	83	113	187		110
Production	4,870	4,870	4,800	4,803		4,790
MY Imports	0	0	0	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	4,953	4,953	4,913	4,990		4,900
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Crush	4,840	4,766	4,800	4,880		4,800
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	4,840	4,766	4,800	4,880		4,800
Ending Stocks	113	187	113	110		100
Total Distribution	4,953	4,953	4,913	4,990		4,900
1000 HA, 1000 TREES, 1000 MT						

Oil, Palm Kernel PSD

Oil, Palm Kernel 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
Crush	4,840	4,840	4,800	4,810		4,800
Extr. Rate, 999.9999	0	0	0	0		0

Beginning Stocks	532	532	612	284		210
Production	2,220	2,271	2,180	2,188		2,188
MY Imports	620	209	635	215		250
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	3,372	3,012	3,427	2,687		2,648
MY Exports	900	1,204	950	1,050		1,070
MY Exp. to EU	0	100	0	97		100
Industrial Dom. Cons.	1,630	1,414	1,680	1,317		1,283
Food Use Dom. Cons.	230	110	230	110		100
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	1,860	1,524	1,910	1,427		1,383
Ending Stocks	612	284	567	210		195
Total Distribution	3,372	3,012	3,427	2,687		2,648
1000 MT, PERCENT						

Meal, Palm Kernel PSD

Meal, Palm Kernel 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
Crush	4,840	4,840	4,800	4,810		4,800
Extr. Rate, 999.9999	1	1	1	1		1
Beginning Stocks	75	75	115	205		215
Production	2,580	2,520	2,566	2,480		2,500
MY Imports	10	10	10	10		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	2,665	2,605	2,691	2,695		2,715
MY Exports	2,200	2,200	2,200	2,210		2,220
MY Exp. to EU	1,230	1,200	1,230	1,200		1,200
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	350	200	350	270		280
Total Dom. Cons.	350	200	350	270		280
Ending Stocks	115	205	141	215		215
Total Distribution	2,665	2,605	2,691	2,695		2,715
1000 MT, PERCENT						

Oilseeds, Soybean PSD

Oilseed, Soybean 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 Planted	0	0	0	0		0
Area Harvested	0	0	0	0		0
Beginning Stocks	50	50	60	60		53

Production	0	0	0	0		0
MY Imports	615	615	625	625		630
MY Imp. from U.S.	320	320	340	340		345
MY Imp. from EU	0	0	0	0		0
Total Supply	665	665	685	685		683
MY Exports	25	25	25	32		32
MY Exp. to EU	0	0	0	0		0
Crush	400	400	415	415		420
Food Use Dom. Cons.	150	150	150	150		145
Feed Waste Dom. Cons.	30	30	35	35		35
Total Dom. Cons.	580	580	600	600		600
Ending Stocks	60	60	60	53		51
Total Distribution	665	665	685	685		683
1000 HA, 1000 MT						

Meal, Soybean PSD

Meal, Soybean 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
Crush	400	400	415	415		420
Extr. Rate, 999.9999	1	1	1	1		1
Beginning Stocks	19	19	108	108		120
Production	315	315	327	320		325
MY Imports	1,276	1,276	1,300	1,300		1,315
MY Imp. from U.S.	8	8	8	10		11
MY Imp. from EU	0	0	0	0		0
Total Supply	1,610	1,610	1,735	1,728		1,760
MY Exports	27	27	40	43		45
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	1,475	1,475	1,575	1,565		1,582
Total Dom. Cons.	1,475	1,475	1,575	1,565		1,582
Ending Stocks	108	108	120	120		133
Total Distribution	1,610	1,610	1,735	1,728		1,760
1000 MT, PERCENT						

Oil, Soybean PSD

Oil, Soybean 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
Crush	400	400	415	400		410
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	0	0	1	1		1
Production	72	72	74	73		74

MY Imports	78	78	85	84		86
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	150	150	160	158		161
MY Exports	130	130	137	136		138
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	19	19	21	21		21
Feed Waste Dom. Cons.	0	0	0	0		0
-	0	0	0	0		0
Total Dom. Cons.	19	19	21	21		21
Ending Stocks	1	1	2	1		2
Total Distribution	150	150	160	158		161
1000 MT, PERCENT						

Oilseeds, Copra PSD

Oilseed, Copra Malaysia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	112	0	115		115
Area Harvested	112	112	115	115		115
Trees	0	0	0	0		0
Beginning Stocks	0	0	0	0		1
Production	28	28	27	28		29
MY Imports	10	10	30	30		29
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	38	38	57	58		59
MY Exports	1	1	2	1		1
MY Exp. to EU	0	0	0	0		0
Crush	37	37	55	56		56
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	37	37	55	56		56
Ending Stocks	0	0	0	1		2
Total Distribution	38	38	57	58		59
1000 HA, 1000 TREES, 1000 MT						

Meal, Copra PSD

Meal, Copra Malaysia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2013		Market Year Begin: Jan 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	37	37	55	56		56
Extr. Rate, 999.9999	1	1	0	0		0
Beginning Stocks	0	0	0	0		0

Production	21	21	20	21		20
MY Imports	0	0	1	1		1
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	21	21	21	22		21
MY Exports	2	2	3	2		2
MY Exp. to EU	0	0	11	0		0
Industrial Dom. Cons.	11	11	11	12		12
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	8	8	7	8		7
Total Dom. Cons.	19	19	18	20		19
Ending Stocks	0	0	0	0		0
Total Distribution	21	21	21	22		21
1000 MT, PERCENT						

Oil, Coconut PSD

Oil, Coconut Malaysia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2013		Market Year Begin: Jan 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	37	55	55	55		57
Extr. Rate, 999.9999	1	1	1	1		1
Beginning Stocks	41	41	28	41		13
Production	23	36	35	37		36
MY Imports	170	170	178	150		170
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	234	247	241	228		219
MY Exports	121	121	130	130		120
MY Exp. to EU	10	10	10	10		10
Industrial Dom. Cons.	46	46	44	45		43
Food Use Dom. Cons.	39	39	40	40		40
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	85	85	84	85		83
Ending Stocks	28	41	27	13		16
Total Distribution	234	247	241	228		219
1000 MT, PERCENT						

Meal, Fish PSD

Meal, Fish Malaysia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Catch For Reduction	240	235	240	235		237
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	3	3	3	3		3

Production	65	65	65	60		63
MY Imports	13	13	20	20		21
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	81	81	88	83		87
MY Exports	24	24	25	24		25
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	54	54	60	56		60
Total Dom. Cons.	54	54	60	56		60
Ending Stocks	3	3	3	3		2
Total Distribution	81	81	88	83		87
1000 MT, PERCENT						

END OF REPORT.