

**Required Report:** Required - Public Distribution

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**Report Name:** Grain and Feed Annual

**Country:** Malaysia

**Post:** Kuala Lumpur

**Report Category:** Grain and Feed

**Prepared By:**

**Approved By:** William Verzani

**Report Highlights:**

Post expects MY 2020/21 corn imports to reach 4.08 million metric tons (MT) due to steadily growing demand for poultry feed. MY 2020/21 wheat imports are expected to increase only slightly from the previous year due to mostly flat consumption rates. Imports of rice in MY 2020/21 are forecast at 1.18 million MT, up roughly 80,000 MT from the previous year, based on the consumption needs of a growing population.

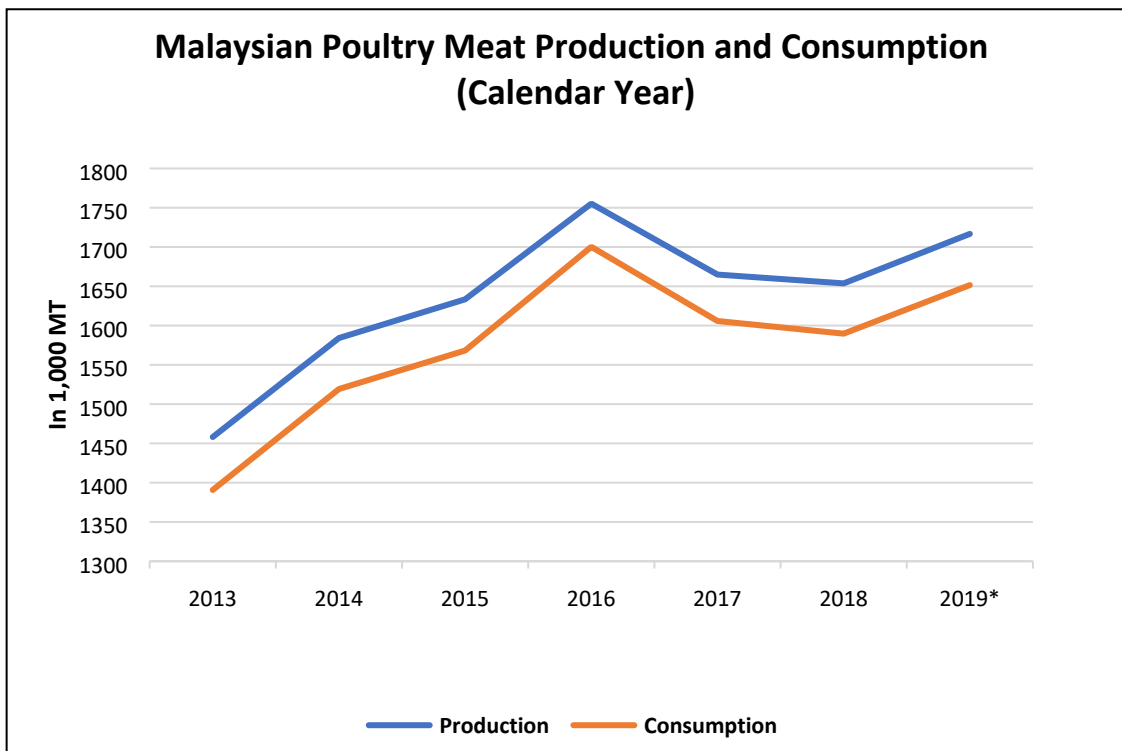
## Corn

### Production

Post expects marketing year (MY) 2020/21 corn production (almost all of which is sweet corn for human consumption) to remain unchanged from the previous year at a minimal 58,000 metric tons (MT). Commercial production of corn for feed in Malaysia is negligible.

### Consumption

Poultry accounts for over 85 percent of the Malaysian livestock sector and according to the Malaysian Department of Veterinary Services, national poultry production and consumption have steadily grown over the past several years (please see chart below). Although continued growth in the poultry industry is expected in the coming years, industry contacts report local feed millers are increasingly opting to replace a portion of the corn used in feed formulas with other, cheaper grains (such as low quality, broken rice from local mills). As a result, Post is forecasting total MY 2019/20 corn consumption for feed at 3.75 million MT, just a seven percent increase from the previous year, and MY 2020/21 consumption for feed at 3.8 million MT. Post expects consumption for food, seed, and industrial use in MY 2019/20 and MY 2020/21 to remain unchanged at 300,000 MT.



\* = estimate

Source: Department of Veterinary Services Malaysia

### Trade

Post forecasts MY 2019/20 corn imports at 4.05 million MT, and MY 20/21 imports at 4.08 million MT. The slightly increased import estimate for MY 20/21 (compared to the previous year) is based on recent poultry feed consumption trends (please see Consumption section above). Malaysia imports most of its corn from South America with more than 90 percent coming from Brazil and Argentina in MY 2018/19.

<b>Corn</b>	<b>2018/2019</b>		<b>2019/2020</b>		<b>2020/2021</b>	
<b>Market Begin Year</b>	<b>Oct 2018</b>		<b>Oct 2019</b>		<b>Oct 2020</b>	
Malaysia	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
Area Harvested	10	10	10	10	0	10
Beginning Stocks	274	274	202	202	0	230
Production	58	58	58	58	0	58
MY Imports	3674	3674	4000	4050	0	4080
TY Imports	3674	3674	4000	4050	0	4080
TY Imp. from U.S.	43	43	0	35	0	30
Total Supply	4006	4006	4260	4310	0	4368
MY Exports	4	4	30	30	0	25
TY Exports	4	4	30	30	0	25
Feed and Residual	3500	3500	3700	3750	0	3800
FSI Consumption	300	300	300	300	0	300
Total Consumption	3800	3800	4000	4050	0	4100
Ending Stocks	202	202	230	230	0	243
Total Distribution	4006	4006	4260	4310	0	4368

(1000 HA), (1000 MT)

## Wheat

### Production

There is no commercial production of wheat in Malaysia.

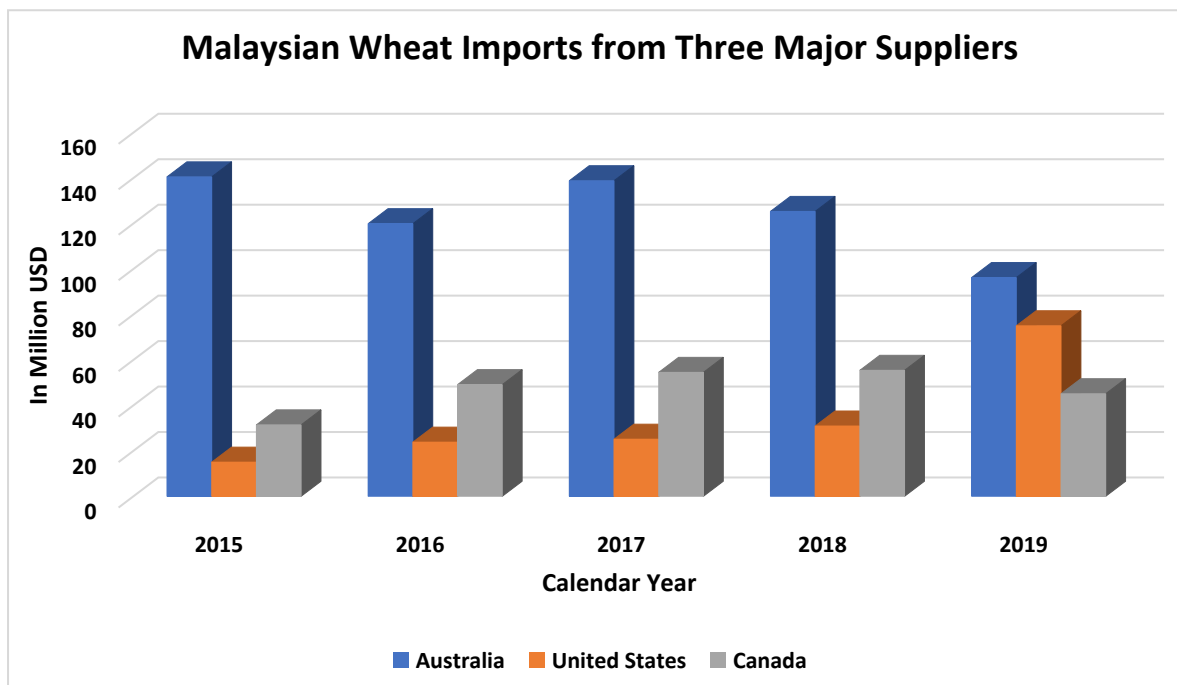
### Consumption

Post expects consumption of wheat in MY 2020/21 to rise slightly (compared to the previous year) to 1.72 million MT. Industry contacts report increased consumption due to economic growth and the emerging popularity of high-quality bread and pastries is mostly offset by decreasing demand for noodles (fresh and instant) and lower quality breads.

In an attempt to manage food price inflation, the Malaysian government controls the price of general all-purpose flour at RM 1.35 (roughly US\$0.34) per kilogram. For high quality specialty flours, the price is market-based.

### Trade

Post forecasts total MY 2020/21 wheat imports at 1.92 million MT, a slight increase from the previous year's estimate. The minimal uptick in imports is based on the expectation that consumption will remain relatively flat for the year. Australia remains the biggest exporter of wheat to Malaysia. However, the United States has gained significant market share recently with imports of U.S. wheat more than doubling in 2019 (please see chart below). Analysts report that this huge uptick in demand for U.S. wheat is largely a result of competitive U.S. prices and diminished Australian supply due to draught conditions in that country.



Source: Trade Data Monitor

Wheat	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jul 2018		Jul 2019		Jul 2020	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	388	388	392	392	0	402
Production	0	0	0	0	0	0
MY Imports	1844	1844	1900	1900	0	1920
TY Imports	1844	1844	1900	1900	0	1920
TY Imp. from U.S.	456	456	0	470	0	490
Total Supply	2232	2232	2292	2292	0	2322
MY Exports	200	200	150	200	0	200
TY Exports	200	200	150	200	0	200
Feed and Residual	40	40	40	40	0	40
FSI Consumption	1600	1600	1650	1650	0	1680
Total Consumption	1640	1640	1690	1690	0	1720
Ending Stocks	392	392	452	402	0	402
Total Distribution	2232	2232	2292	2292	0	2322

(1000 HA), (1000 MT)

**Rice**

**Production**

Provided there are no unexpected weather anomalies, Post forecasts MY 2020/21 rice production at 1.825 million MT, unchanged from Post’s estimate for the previous year. Due to scarcity of land and strong competition from palm oil, industry contacts anticipate growth in planted area will remain flat for the year.

To encourage rice production, the Government of Malaysia (GOM) provides a range of subsidies and incentives to producers. For example, currently the GOM provides a minimum guaranteed price of RM 1,200/MT (roughly \$300 USD). The GOM also provides a total of 340 kg of fertilizer per hectare of land and subsidizes plowing costs on a seasonal basis. Details of all the GOM rice subsidies and incentives can be found at the following link: [Evaluation of Agricultural Subsidies and the Welfare of Rice Farmers](#).

### Consumption

In line with GOM projected population increase of three percent, MY 2020/21 rice consumption is forecast at 2.95 million MT, up roughly 80,000 MT from the previous year. Although western food such as pasta and bread are gaining popularity, industry analysts report rice remains a staple food among Malaysians. The locally produced ST-15 long grain variety is the cheapest variety sold and the most popular in the country. Market analyst report imported rice such as jasmine fragrant rice from Thailand is a favorite among upper income earners and those in urban areas.

### Trade

Post forecasts MY 2020/21 imports at 1.18 million MT, up 80,000 MT from the previous year. As there is no expected increase in production, the import increase is based on consumption demands of the growing population. Currently Thailand and Vietnam supply more than 80 percent of rice imported into Malaysia. Other major suppliers of rice to Malaysia are Cambodia, Pakistan and India.

### Trade Policy

The GOM imposes a 40 percent import tax on rice for human consumption. Imported rice for use in animal feed is taxed at 15 percent. Rice importers are required to apply for import licenses from the Ministry of Agriculture. Details and procedures for the import license application can be found at <http://www.mytradelink.gov.my/padi>. Currently, [BERNAS](#) continues to import all rice into the country.

<b>Rice, Milled</b>	<b>2018/2019</b>		<b>2019/2020</b>		<b>2020/2021</b>	
<b>Market Begin Year</b>	<b>Jan 2019</b>		<b>Jan 2020</b>		<b>Jan 2021</b>	
<b>Malaysia</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
Area Harvested	700	700	700	700	0	700
Beginning Stocks	279	279	324	324	0	329
Milled Production	1825	1825	1825	1825	0	1825
Rough Production	2808	2808	2808	2808	0	2808
Milling Rate (.9999)	6500	6500	6500	6500	0	6500
MY Imports	1000	1000	1000	1100	0	1180
TY Imports	1000	1000	1000	1100	0	1180
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	3104	3104	3149	3249	0	3334
MY Exports	30	30	30	50	0	45
TY Exports	30	30	30	50	0	45
Consumption and	2750	2750	2775	2870	0	2950

Residual						
Ending Stocks	324	324	344	329	0	339
Total Distribution	3104	3104	3149	3249	0	3334
(1000 HA), (1000 MT)						

**Attachments:**

No Attachments