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Malaysia

Oilseeds and Products Annual

2019

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Report Highlights:

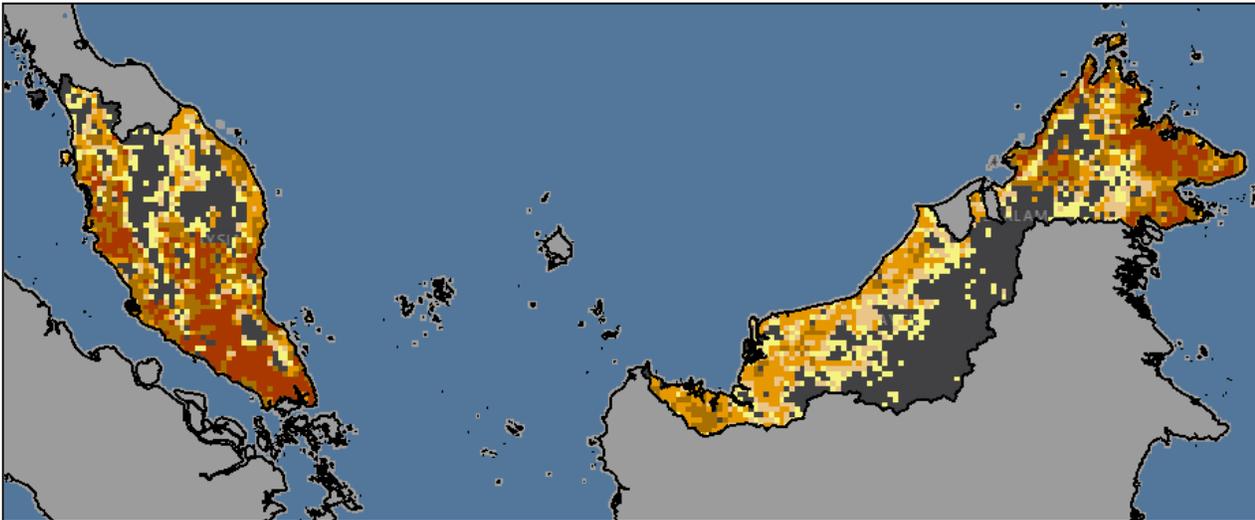
Palm oil (CPO) production in MY 2019/20 is forecast to reach 20.3 million metric tons (MT), an increase of 300,000 MT compared to the previous year, based on an improving labor situation within the industry and expected higher yields nationwide. CPO domestic consumption and exports for the year are also forecast to increase. Soybean imports in MY 2019/20 are forecast at 900,000 MT, a 30,000 MT increase from the previous year, based on growing demand from the Malaysian livestock feed industry.

Palm Oil

Production

Post forecasts Malaysian crude palm oil (CPO) production in marketing year (MY) 2019/20 at 20.3 million metric tons (MT), an increase of 300,000 MT compared to the previous year's estimate. The uptick is attributed to an improving labor situation within the industry and expected higher yields nationwide.

Malaysian Palm Oil Production



Source: USDA Global Agricultural & Disaster Assessment System

■ Total planted area >2,200 hectares

■ Total planted area between 401-2,200 hectares

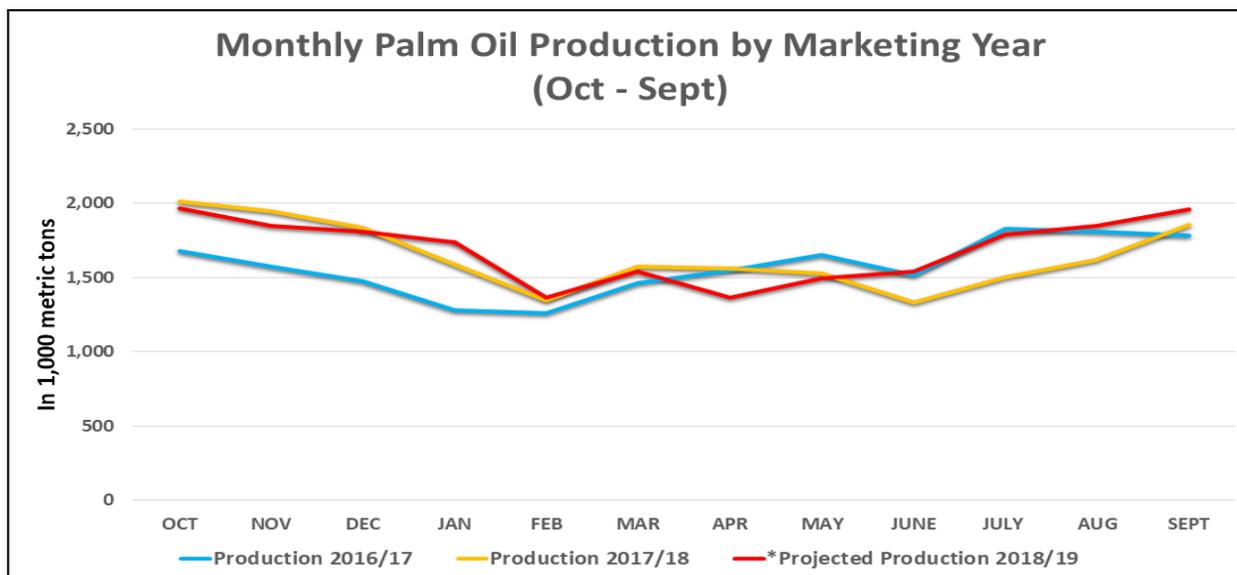
The Malaysian palm oil industry, which is highly dependent on foreign workers, faces a significant labor shortage. To mitigate this situation, the Malaysian Ministry of Primary Industries and the Ministry of Human Resources recently made strides in assuring steadier access to foreign labor markets in the region. As a result, the Malaysian Palm Oil Association now estimates the industry is only short 15,000 workers as opposed to 50,000 workers as of mid-2018.



Palm fruits at various stages of maturity

In addition to the improving labor situation, the industry is also benefiting from a nationwide replanting program started in 2010. Under this initiative, there was a concerted effort to replace older trees with higher yielding saplings. Now, nearly a decade later, contacts report large-scale operations are seeing higher oil extraction rates because of this program. Utilizing Malaysia Palm Oil Board (MPOB) data, Post estimates national average yield in MY

2019/20 will reach 7.43 tons/hectare compared to 7.32 tons/hectare in MY 2018/19 and 7.18 tons/hectare in MY 2017/18.



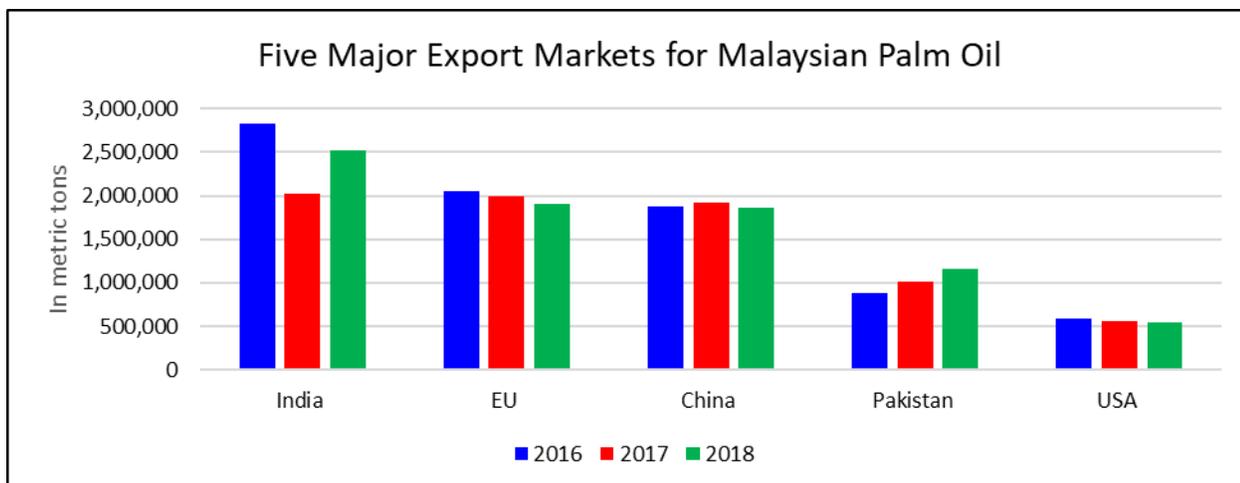
Source: Malaysia Palm Oil Board

Consumption

Post estimates MY 2019/20 CPO domestic consumption at 3.85 million MT, up roughly 255,000 MT compared to the previous year’s estimate of 3.6 million MT. The government of Malaysian (GOM) recently increased the national biofuel blend mandate from 7 percent to 10 percent. With multiple sources now expecting the GOM to further increase the required blend rate from 10 percent to 20 percent in MY 2019/20, Malaysian palm oil producer associations anticipate increased industrial consumption rates and a reduction in ending stocks during the year.

Trade

Post estimates CPO exports in MY 2019/20 at 17.5 million MT, up 300,000 MT from the previous year’s estimate of 17.2 million MT. In early 2019, India (the world’s biggest edible oil buyer and Malaysia’s largest CPO customer for the past multiple years) lowered their tax on CPO from Southeast Asian countries. This move by the Indian government and steady demand from other major customers such as China, the European Union and Pakistan are expected to push Malaysian CPO exports higher despite strong competition from other oilseeds in the international market.



Source: Global Trade Atlas

Post estimates CPO imports for MY 2019/20 at 300,000 MT, a significant reduction from the previous year’s estimate. GOM continues to maintain import restrictions on CPO to keep stocks at manageable levels. Although GOM maintains these restrictions, some Malaysian refiners (with long-term agreements with suppliers in Indonesia) are reportedly allowed to continue to import.

Trade Policy

In early 2018, the European Parliament (EP) voted to ban the use of CPO in biofuels by 2020. In June 2018, after objections from palm oil producing countries, EP agreed to a less harsh phase-out of CPO in transport fuels from 2020 to 2030. Under the revised resolution, the use of CPO would be capped at the 2019 level until 2023 and then subsequently reduced to zero by 2030. Also under the new resolution, all palm oil products exported to the EU are required to be certified sustainable by a “single sustainability certification scheme”. As the matter remains politically sensitive to both Malaysia and Indonesia, the details of the resolution were left “yet to be agreed” by member countries.

Meanwhile, the GOM has tasked the Malaysian Palm Oil Certification Council (MPOCC) with certifying all 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 by December 2019. Contacts at MPOCC report that they have managed to certify roughly 25 percent of the country’s total acreage so far.

Palm Oil, Production, Supply, and Distribution

Oil, Palm	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	5,200	5,200	5300	5300	0	5350
Trees	0	0	0	0	0	0
Beginning Stocks	2,016	2,016	2,529	2,529	0	2,229
Production	19,683	19,683	20,500	20,000	0	20,300

MY Imports	535	535	600	500	0	300
Total Supply	22,234	22,234	23,629	23,029	0	22,829
MY Exports	16,469	16,469	17,600	17,200	0	17,500
Industrial Dom. Cons.	2,460	2,460	2,650	2,800	0	3,000
Food Use Dom. Cons.	700	700	750	750	0	800
Feed Waste Dom. Cons.	76	76	76	50	0	55
Total Dom. Cons.	3,236	3,236	3,476	3,600	0	3,855
Ending Stocks	2,529	2,529	2,553	2,229	0	1,474
Total Distribution	22,234	22,234	23,629	23,029	0	22,829
(1000 HA) ,(1000 TREES) ,(1000 MT)						

Palm Kernel

Production

Palm kernel (PK) production in MY 2019/20 is estimated at 5.3 million MT, up 100,000 MT from the previous year's estimate.

Consumption

Palm kernel crush in MY 2019/20 is forecast at 5.35 million MT, roughly 80,000 MT higher than in MY 2018/19.

Palm Kernel, Production, Supply and Distribution

Oilseed, Palm Kernel	2017/2018		2018/2019		2019/2020	
	Oct 2017		Oct 2018		Oct 2019	
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	5,200	5,200	5,300	5,300	0	5,350
Trees	0	0	0	0	0	0
Beginning Stocks	174	174	138	138	0	108
Production	4,924	4,924	5,199	5,200	0	5,300
MY Imports	40	40	40	40	0	40
Total Supply	5,138	5,138	5,377	5,378	0	5,448
MY Exports	0	0	0	0	0	0
Crush	5,000	5,000	5,250	5,270	0	5,350
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	5,000	5,000	5,250	5,270	0	5,350

Ending Stocks	138	138	127	108	0	98
Total Distribution	5,138	5,138	5,377	5,378	0	5,448
(1000 HA) ,(1000 TREES) ,(1000 MT) ,(MT/HA)						

Palm Kernel Oil

Production

Based on the expected 5.35 million MT of PK to be crushed during the year, the MY 2019/20 forecast for palm kernel oil (PKO) is at 2.4 million MT, 20,000 MT more than the estimate for MY 2018/19.

Consumption

Total domestic consumption (almost all of which is for industrial use) is forecast at 1.61 million MT for MY 2019/20, slightly higher than the previous year estimate and in-line with expected modest expansion in oleo-chemical industry in Malaysia.

Trade

MY 2019/20 PKO exports are forecast at just over 1 million MT, a slight increase from the previous year's estimate. Industry contacts report international demand for PKO is expected to remain steady for the year. 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	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	5,000	5,000	5,250	5,270	0	5,350
Extr. Rate, 999.9999	0.4624	0.46	0.4499	0.4516	0	0.4486
Beginning Stocks	210	210	239	256	0	316
Production	2,312	2,300	2,362	2,380	0	2,400
MY Imports	230	230	220	240	0	200
Total Supply	2,752	2,740	2,821	2,876	0	2,916
MY Exports	979	950	950	980	0	1,030
Industrial Dom. Cons.	1,409	1,409	1,450	1,450	0	1,470
Food Use Dom. Cons.	125	125	135	130	0	140
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	1,534	1,534	1,585	1,580	0	1,610
Ending Stocks	239	256	286	316	0	276
Total Distribution	2,752	2,740	2,821	2,876	0	2,916
(1000 MT) ,(PERCENT)						

Palm Kernel Meal

Production

Based on the expected 5.35 million MT of PK to be crushed during the year, the MY 2019/20 forecast for palm kernel meal (PKM) is at 2.78 million MT, slightly higher than the previous year's estimate.

Consumption

PKM is used as a feed supplement for ruminant animals in Malaysia. For MY 2019/20, domestic demand for PKM in the livestock industry is expected to remain unchanged compared to the previous year at 260,000 MT.

Trade

As PKM commands a higher price in overseas markets, the vast majority of it is exported. Key markets include New Zealand, the European Union and Japan. MY 2019/20 exports are forecast at 2.57 million MT, an increase of 70,000 from the previous year, due to ample supplies and steady international demand.

Palm Kernel Meal, Production, Supply and Distribution

Meal, Palm Kernel	2017/2018		2018/2019		2019/2020	
	Oct 2017		Oct 2018		Oct 2019	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	5,000	5,000	5,250	5,270	0	5,350
Extr. Rate, 999.9999	0.5204	0.5204	0.5143	0.5218	0	0.5196
Beginning Stocks	132	132	202	202	0	192
Production	2,602	2,602	2,700	2,750	0	2,780
MY Imports	0	0	0	0	0	0
Total Supply	2,734	2,734	2,902	2,952	0	2,972
MY Exports	2,282	2,282	2,450	2,500	0	2,570
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	250	250	260	260	0	260
Total Dom. Cons.	250	250	260	260	0	260
Ending Stocks	202	202	192	192	0	142
Total Distribution	2,734	2,734	2,902	2,952	0	2,972
(1000 MT) ,(PERCENT)						

Soybeans

Production

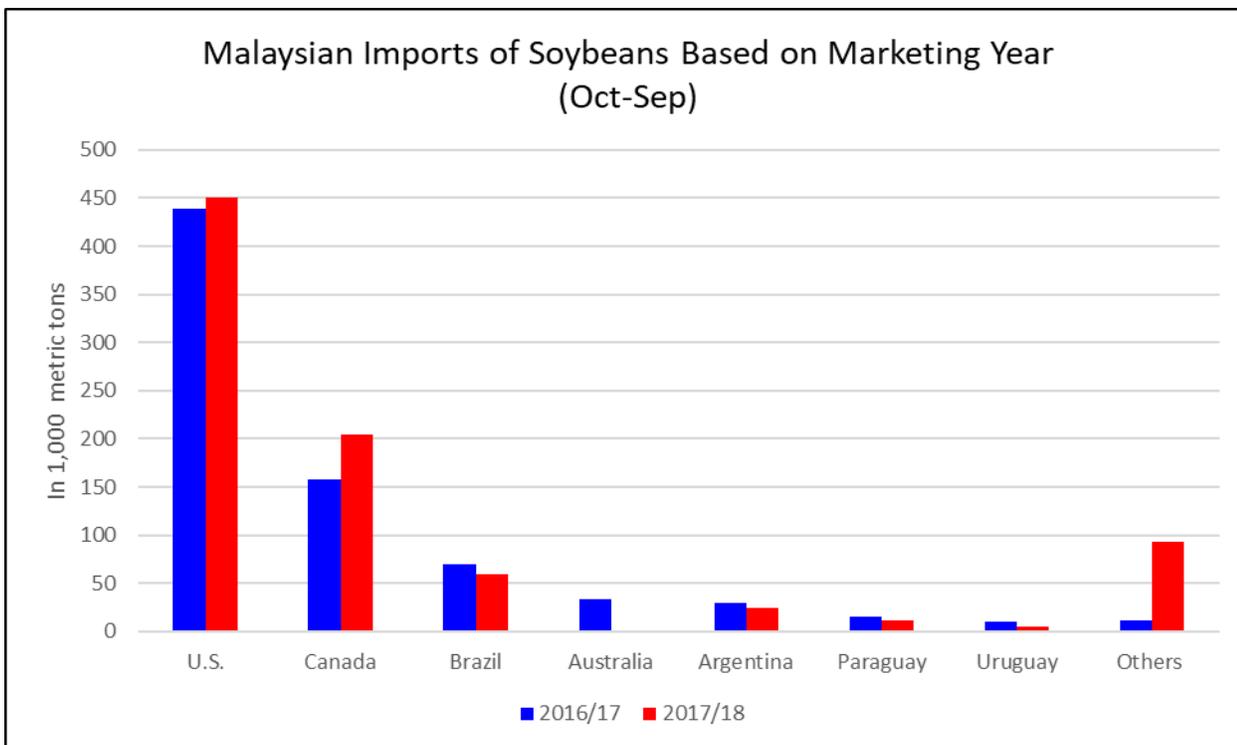
There is no commercial cultivation of soybeans in Malaysia.

Consumption

Although roughly 20 percent of imported soybeans are used to make soy drinks and a local delicacy called “tempe” (a fermented soybean cake) for human consumption, overall domestic consumption of soybeans in Malaysia is largely dictated by crush demand from the livestock feed industry. As the Malaysian Ministry of Agriculture reports that per capita consumption of poultry in the country is set to jump from 50kg in 2016 to 53kg in 2020, crush demand continues to grow. Because of this trend, total domestic consumption in MY 2019/20 is forecast at 860,000 MT, 45,000 MT more than the previous year’s estimate.

Trade

Soybean imports in MY 2019/20 are forecast at 900,000 MT, a 30,000 MT increase from the previous year. The expected uptick in imports is based on continued strong demand for poultry in Malaysia. The United States is the largest supplier of soybeans to Malaysia with a roughly 53 percent market share in 2017/18 (according to Global Trade Atlas data).



Source: Global Trade Atlas

Soybeans, Production, Supply and Distribution

Oilseed, Soybean	2017/2018	2018/2019	2019/2020
Market Begin Year	Oct 2017	Oct 2018	Oct 2019

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	65	65	48	48	0	56
Production	0	0	0	0	0	0
MY Imports	690	690	770	870	0	900
Total Supply	755	755	818	918	0	956
MY Exports	17	17	30	47	0	54
Crush	490	490	525	600	0	630
Food Use Dom. Cons.	160	160	165	165	0	180
Feed Waste Dom. Cons.	40	40	40	50	0	50
Total Dom. Cons.	690	690	730	815	0	860
Ending Stocks	48	48	58	56	0	42
Total Distribution	755	755	818	918	0	956
(1000 HA) ,(1000 MT) ,(MT/HA)						

Soybean Meal

Production

MY 2019/20 soybean meal production is forecast at 485,000 MT, up slightly from the previous year's estimate. The increase in production is based on the expected uptick in soybean imports and healthy demand for livestock feed (especially for poultry).

Consumption

Total domestic consumption of soybean meal in MY 2019/20 is forecast at 1.98 million MT, a 30,000 MT increase from the previous year.

Trade

Soybean meal imports are expected to reach 1.6 million MT in MY 2019/20, a 70,000 MT increase from the previous year. Argentina is the dominant supplier of soybean meal to the country, accounting for 95 percent of all imports in 2018/19.

Soybean Meal, Production, Supply and Distribution

Meal, Soybean	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	490	490	525	600	0	630
Extr. Rate, 999.9999	0.7857	0.7857	0.7867	0.8	0	0.7698
Beginning Stocks	99	99	104	184	0	84

Production	385	385	413	480	0	485
MY Imports	1,525	1,525	1,600	1,530	0	1,600
Total Supply	2,009	2,009	2,117	2,114	0	2,169
MY Exports	75	75	65	80	0	90
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1,830	1,830	1,945	1,950	0	1,980
Total Dom. Cons.	1,830	1,830	1,945	1,950	0	1,980
Ending Stocks	104	104	107	84	0	99
Total Distribution	2,009	2,009	2,117	2,114	0	2,169
(1000 MT) ,(PERCENT)						

Soybean Oil, Production, Supply and Distribution

Oil, Soybean	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	490	490	525	600	0	630
Extr. Rate, 999.9999	0.1776	0.1776	0.1771	0.1800	0	0.1746
Beginning Stocks	40	40	16	16	0	23
Production	87	87	93	108	0	110
MY Imports	88	88	100	124	0	128
Total Supply	215	215	209	248	0	261
MY Exports	124	124	123	140	0	142
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	75	75	77	85	0	90
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	75	75	77	85	0	90
Ending Stocks	16	16	9	23	0	29
Total Distribution	215	215	209	248	0	261
(1000 MT) ,(PERCENT)						

Copra



Copra Plantation in Peninsular Malaysia

Production

Copra production in Malaysia is minimal as it competes with the more lucrative palm oil industry. For MY 2019/20, total domestic production is forecast at 29,000 MT, unchanged from the previous two years.

Consumption

The coconut oil industry is the main consumer of copra. For MY 2019/20, consumption is forecast at 44,000 MT, unchanged from the previous year.

Trade

MY 2019/20 imports are forecast at 15,000 MT, unchanged from the previous year.

Copra, Production, Supply and Distribution

Oilseed, Copra	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jan 2018		Jan 2019		Jan 2020	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
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	29	0	29
MY Imports	12	12	14	15	0	15
Total Supply	41	41	43	44	0	44
MY Exports	0	0	0	0	0	0
Crush	41	41	43	44	0	44
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	41	41	43	44	0	44
Ending Stocks	0	0	0	0	0	0
Total Distribution	41	41	43	44	0	44
(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. For MY 2019/20, Malaysian CNO production is forecast at 27,000 MT, unchanged from the previous year.

Consumption

CNO is commonly used in cooking, especially for frying, and as a base ingredient for the manufacture of soap. CNO consumption in Malaysia for MY 2019/20 is forecast at 61,000 MT, mostly flat compared to the previous year.

Trade

CNO imports for MY 2019/20 are forecast at 150,000 MT, unchanged from the previous year. According to industry contacts, most CNO imports are further refined and re-exported, namely to Singapore, Ukraine and Australia. CNO exports for MY 2019/20 are forecast at 115,000 MT, also unchanged from the previous year.

Coconut Oil, Production, Supply and Distribution

Oil, Coconut	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jan 2018		Jan 2019		Jan 2020	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	41	41	43	44	0	44
Extr. Rate, 999.9999	0.6341	0.6341	0.5814	0.6136	0	0.6136
Beginning Stocks	23	23	29	29	0	31
Production	26	26	25	27	0	27
MY Imports	155	155	140	150	0	150
Total Supply	204	204	194	206	0	208

MY Exports	110	110	110	115	0	115
Industrial Dom. Cons.	25	25	25	25	0	26
Food Use Dom. Cons.	40	40	34	35	0	35
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	65	65	59	60	0	61
Ending Stocks	29	29	25	31	0	32
Total Distribution	204	204	194	206	0	208
(1000 MT) ,(PERCENT)						

Copra Meal, Production, Supply and Distribution

Meal, Copra	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jan 2018		Jan 2019		Jan 2020	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	41	41	43	43	0	43
Extr. Rate, 999.9999	0.3902	0.3902	0.3953	0.3953	0	0.3959
Beginning Stocks	0	0	0	0	0	0
Production	16	16	17	17	0	17
MY Imports	0	0	0	0	0	0
Total Supply	16	16	17	17	0	17
MY Exports	2	2	2	2	0	2
Industrial Dom. Cons.	5	5	5	5	0	5
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	9	9	10	10	0	10
Total Dom. Cons.	14	14	15	15	0	15
Ending Stocks	0	0	0	0	0	0
Total Distribution	16	16	17	17	0	17
(1000 MT) ,(PERCENT)						