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Required Report - public distribution

Date: 8/9/2011

GAIN Report Number: MY1007

Malaysia

Agricultural Biotechnology Annual

2011

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Report Highlights:

The new regulations on strict mandatory labeling of food and food ingredients obtained through modern biotechnology will have implications on US food exports to Malaysia. The grace period of two years prior to enforcement is expected to end on July 8, 2012.

Section I. Executive Summary:

Malaysia was the 33rd largest agricultural export market for the U.S. in 2010 (down from 26th in 2009). In 2010, the U.S. exported \$753 million (up from \$722 million in 2009) of agriculture, fish and forestry products to Malaysia, mainly bulk grains and oilseeds, feedstuffs, temperate fresh fruits, temperate hardwood lumber, cotton and other high valued consumer products. Almost all of the imported US soybean products and corn shipments, valued at \$190 million in 2010, contain GMOs. Maintaining access to this important market is vital to the exports of US biotechnology-related products.

On July 8 2010, the Malaysian Ministry of Health posted food amendment regulations that will require strict mandatory labeling of food and food ingredients obtained through modern biotechnology. A grace period of 2 years was provided prior to enforcement.

Malaysia is an influential voice among developing countries and in the Islamic world. With its ambition to become a global leader in the biotechnology industry, Malaysia could be a strong partner with the U.S. in the development of agricultural biotechnology and be a forceful, vocal advocate of biotechnology in the international arena.

Section II. Plant Biotechnology Trade and Production:

Production

Malaysia has not yet produced a biotechnology crop commercially, although several genetically modified crops containing traits of value have been produced at the experimental stage. At the Malaysian Agricultural Research and Development Institute (MARDI), rice has been successfully modified to resist the tungro virus and papaya has been altered to resist ring-spot virus infection and to have a prolonged shelf life. Other crop plants such as pineapples have been manipulated to resist "black heart", bananas and papaya for delayed ripening, and chili for virus resistance.

Malaysia is also developing genetically engineered oil palm, with a focus on increasing value-added products from the palms, such as high oleate and high stearate oil, nutraceuticals (vitamin A and E), bio-diesel and bio-plastics.

In general, food biotechnology is relatively new in Malaysia, although food and food ingredients produced by traditional biotechnology like fermentation technology have brought to market products like soy sauce, yogurt and 'tempeh'. Food biotechnology has also produced high quality, clarified fruit juices. Current research focuses on using enzymes to modify palm oil, sago starch and local fruit juices.

Several animal recombinant vaccines have been produced to assist the development of the animal husbandry. Marker assisted breeding strategies are also being practiced to increase the efficiency of livestock breeding programs. In order to reduce the high costs associated with imported feed, research is also underway in Malaysia to generate cheaper domestic livestock feed through biotechnology.

Malaysian Biotechnology Corporation (BiotechCorp), the lead agency in developing the biotechnology industry, continues to strengthen value creation in biotechnology as it enters into the second of its three-phase program over 15 years to establish Malaysia as a global leader in the field. During the first phase covering 2006-2010, BiotechCorp was focused on capacity- and infrastructure- building. BiotechCorp was able to facilitate both foreign and domestic investments in registering 173 BioNexus-status companies since 2006.

The second phase (2011-2015) is geared to create business from scientific developments and breakthroughs. Measures will be put in place to launch local research and products in the global market place. Close partnership between companies and the academia is seen as crucial in the development of the local biotechnology industry. Most of its focus has been on the healthcare sector with the ag biotechnology sector of lagging behind. To date, none of the biotechnology research involving the Malaysian oil palm sector (which is often considered to be the most advanced in the world) has reached beyond the experimental stage.

Trade

The current approved list of GM products for imports into Malaysia is as follows:

Roundup Ready™GTS 40-3-2 Soybean (Monsanto), MON 810 YieldGard™ Corn (Monsanto), NK603 Roundup Ready™Corn (Monsanto), MON 863 YieldGard™ Corn (Monsanto) and ISP type III HPLC 12 Glacein™-Ice-Structuring Protein (Unilever).

The new regulations on strict mandatory labeling of food and food ingredients obtained through modern biotechnology will have implications on US food exports to Malaysia. The grace period of two years prior to enforcement is expected to end on July 8, 2012. Post will continue to work with the relevant agencies and the private sector in order to minimize the impact on US biotechnology-related exports.

Malaysia is not a food aid recipient and is unlikely to become one in the near future. Malaysia does not produce any biotechnology crops that were developed outside the U.S. or that have not been approved in the U.S.

Section III. Plant Biotechnology Policy:

Under the new Biosafety regulations, approval is required for any release activity and importation, exportation and contained use of LMOs. Although the regulations are operative since Nov 1, 2010, a grace period of two years was given for any incompliance.

Based on the biosafety legislation, the Ministry of Natural Resources and Environment (NRE) announced the creation of the National Biosafety Board (NBB), the Genetic Modification Advisory Committee (GMAC) and the Department of Biosafety in May 2010. There is no 'threshold' level for the labeling requirement. Labeling of 'GMO Free' or 'Non-GMO' is not permitted. The NBB will make the final regulatory decisions on the importation, cultivation, and use of transgenic organisms.

Malaysia actively advocates in international and domestic fora for strict regulation of biotech cultivation and trade. NRE favors stricter controls for release activities and imports of LMOs. In contrast, the Prime Minister, the Ministries of science and agriculture support biotechnology and are courting investors in an effort to develop the sector.

On July 8 2010, Malaysian Ministry of Health posted food amendment regulations that require strict mandatory labeling of food and food ingredients obtained through modern biotechnology. A two year grace period was given and should end on July 9, 2012. The amendments also include that no person shall import, prepare or advertise for sale or sell any food and food ingredients obtained through modern biotechnology without the prior written approval of the Director.

Major concerns include the undefined adherence to the "precautionary principle" as well as socio-economic, religious, and cultural "norms" that would be a part of the decision making process; the stringent penalty could hinder modern biotechnology development; and mandatory labeling would result in higher cost of production for various industries and encourage stigmatism towards GM products.

Post will continue to work with these agencies as well as pro-biotechnology NGOs and the private sector in order to minimize the impact on US biotechnology-related exports.

Section IV. Plant Biotechnology Marketing Issues:

The only survey of Malaysian Consumers towards agricultural biotechnology and GM food was done 5 years ago by the International Service for the Acquisition of Agri-biotech Applications (ISAAA). Please refer to MY6024.

Section V. Plant Biotechnology Capacity Building and Outreach:

Please note: This section will be submitted in a separate internal report.

Section VII. Author Defined:

Reference Material

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