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Malaysia

Oilseeds and Products Annual

2016

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Report Highlights:
Palm oil production is forecast to drop from 19.8 million tons in 2014/15 to a low of 19.5 million tons in 2015/16 as there were long periods of dry weather which affected the major palm producing states of Sabah and Johore in mid-2015 and expectation that it would last till mid-2016. In addition, replanting incentives for plantation companies, tree stress, disease problems and varying agronomic practices hindered production growth in 2015/16 and beyond. Exports of U.S. soybeans are forecast to drop slightly from 294,000 tons in 2014/15 to 290,000 tons in 2015/16 and remain stagnant in 2016/17.

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Executive Summary:

U.S exports of soybeans to Malaysia are forecast to drop slightly to 290,000 tons in 2015/16 and remain stagnant in 2016/17. Total imports, however, increased slightly from 643,000 tons in 2014/15 to 650,000 tons in 2015/16 and to 653,000 tons in 2016/17. This in line with projected population growth of 1.3 percent annually from year 2010 to 2016 and thereafter projected at 1.2 percent till 2020. The U.S. remains the largest supplier of soybeans to Malaysia; whereas, for soybean meal, Argentina has over 95 percent market share.

Long dry weather affecting the states of Sabah and Johore throughout 2015 expected to last till mid-2016, caused production for 2015/16 to be low and forecasted at 19.5 million tons. This is consistent during the event of El-Nino, whereby in 1997/98, production dropped as low as 5.5 %. In addition, the introduction of a replanting program for plantation companies in October 2015, tree stress, disease problem and varying agronomics practices especially in pesticide usage and fertilizer contributed to low production for year 2015/16. Steep depreciation of Malaysian currency saw drastic increase in imported fertilizer prices, leading most smallholders to reduce use. As a result, lower yields are expected to mean lower production of 19.5 million tons, a drop of 3% from year 2014/15 production of 19.8 million tons. Palm oil output, however, is forecast to rebound to 21.0 million tons in 2016/17 due to favorable weather patterns for the year.

Palm oil exports are expected to stagnate and forecasted at 17.4 million tons, in 2015/16, due to stiff competition from Indonesia and other edible oils. China, India and Pakistan remain major export markets for Malaysia’s palm oil. Exports to the United States run1.0 million tons valued at US$250 million annually.

Exchange Rate: RM3.682 (Mar 14, 2015) ; RM4.182 (Mar 14, 2015)

TOTAL OILSEEDS

There is no commercial cultivation of soybeans in Malaysia.

1. **Soybean**

Imports

Imports of soybean are projected to increase slightly to 650,000 tons in 2015/16 from 643,000 tons, valued at US$307 million in 2014/15, in line with the projected slight increase in demand for swine and poultry feed, and also a slight increase in soy for direct human consumption. The U.S remains the top supplier of soybean commanding 44 percent of market share. Paraguay, Canada and Brazil are the other major suppliers to Malaysia. Depreciation of Malaysia currency increased the price of imported soybean and squeezed small margins of swine and poultry farmers, thus limiting the growth of the industry.

Consumption

Soybean crushing activity is growing in line with slow growth in the poultry industry. In 2015/16, crushing activity was at 450,000 tons and forecast to slightly increase to 455,000 tons in 2016/17. Most of soybeans imported are for crushing to produce oil and meal for local consumption in poultry industry. Human consumption only accounts for 25 percent and imported from Canada for the production of soy drinks and a local delicacy called “tempe” (a fermented soybean cake).

Trade Policy & Market Access

A labeling requirement for GE content went into effect in July 2014, but it has not been enforced yet. Under the GE labeling requirement, products that contain less than 3 percent GE content, and highly refined processed foods and meat from animals fed with GE grains are exempt from the GE labeling requirement.

Beginning in 2015, the Malaysian Department of Agriculture and the Agriculture and Quarantine Inspection Service began to require that soybean importers obtain an import permit and that a phytosanitary certificate accompany all consignments. These new requirements did not cause any disruptions in U.S. soybean imports.

Soybean imports

Import Trade Matrix			
Country	Malaysia		
Commodity	Soybean		
Time Period	Market Begin Oct	Units:	1000MT
Imports for:	2013/14		**2014/15**
U.S.	188	U.S.	294
Others		Others	
Canada	85		116
Brazil	65		69
Paraguay	115		61
Argentina	42		51
Uruguay	8		24
Ukraine	6		13
Total for Others	321		334
Others not Listed	45		15
Grand Total	554		643

Copra

Copra production in Malaysia continues to decline as it isn’t profitable vis-à-vis alternative uses for land. Although there is some coconut plantation replanting, the new trees are for production of coconut juice rather than for desiccated coconut or coconut cream.

TOTAL OILMEALS

1. **Soybean Meal**

Production and Imports

In tandem with steady growth in population, meal imports are expected to moderately increase. Imports forecast at 1.5 million tons in 2015/16 and will slightly increase to 1.51 million tons in 2016/17. In 2014/15, soybean meal imports were 1.45 million tons valued at US$684 million. Argentina remains the dominant supplier of soybean meal controlling 95% of total Malaysia's import.

Consumption

As demand for poultry and swine products remains firm and as a function of population growth, soybean meal consumption is forecast to increase marginally at 3 percent in 2015/16 and at 0.6 percent in 2016/17.

Soybean meal imports

Import Trade Matrix			
Country	Malaysia		
Commodity	Soybean meal		
Time Period	Market Begin Oct	Units:	1000MT
Imports for:	2013/14		**2014/15**
U.S.	15		11
Others		Others	
Argentina	1,293		1,414
Brazil	1		14
Total for Others	1,294		1,428
Others not Listed	55		12
Grand Total	1,364		1,451

2. **Palm Kernel Meal**

Palm kernel meal production is expected to increase in 2016/17, from 2.67 million tons in 2015/16 to 2.88 million tons in 2016/17. As palm kernel meal commands a higher price in overseas markets, most of the production goes to New Zealand and the EU. Around 10 percent is consumed domestically.

TOTAL OILS

1. Palm Oil

Palm oil production for the period of October to December 2015 and January 2016 show a huge drop of 14.5% from 7.27 million tons recorded from October to December 2014 and January 2015 to 6.21 million tons from October to December 2015 and January 2016. This huge drop is consistent with El Nino weather conditions recorded in mid-2015 and expected to last till mid-2016. Tree stress, replanting program for plantation companies, disease problems and varying agronomic practices were other factors that hindered production growth in 2015/16. Production is expected to recover to 21.0 million tons in 2016/17. Depreciation of Malaysian currency makes imported fertilizer cost more and forces plantation companies and small holders to reduce usage, thus reducing yield and production of palm oil.

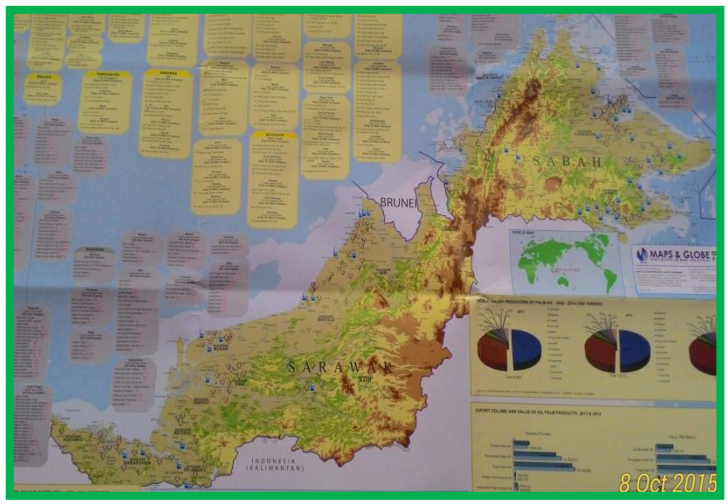
Palm planted area is expected to expand to 6.0 million hectares in 2016/17 (which include replanted plantation and new plantation areas with 0 - 3 year old palm trees that are yet to produce any fruits) with expansion mainly in East Malaysia, area harvested increased to 4.9 million hectares (area with palm trees that producing fruit at least once or twice a year) while fully matured hectare equivalent (MHE) area, plantation with palm trees that producing fruits at least 4 times a year, is estimated at 2.75 million hectares. Yields are expected to drop in 2015/16 due to adverse weather condition and will rebound in 2016/17 as the weather improves in line with increases in mature hectare equivalent (MHE). Consequently, output is forecast to grow to 21.0 million tons.

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

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Area-MHE (1,000 ha)	2,409	2,547	2,608	2,652	2,698	2,755

Production (TMT)	18,202	19,300	20,161	20,000	19,500	21,000
Yield-MHE (Ton/ha)	7.55	7.74	7.73	7.54	7.22	7.62

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



Malaysia's map showing Palm oil planted areas in West and East Malaysia.
(Source: FAS Kuala Lumpur)

Trade

For the year 2015/16, Malaysia's palm oil exports are forecasted to stagnate at 17.4 million tons and to increase to 18 million tons in 2016/17. The drop in 2015/16 exports are attributed to stiff competition from Indonesia and other competing vegetable oils. In addition low production forecasted in 2015/16, are expected to increase the price of Crude Palm Oil (CPO) and reduce the margin factor between the price of CPO and Soy Oil, thus making the price of Soy Oil competitive compared to Palm Oil.

Trade Policy

The export tax is based on price according to the table below. No export tax has been imposed since March 2015.

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 stagnate at 2.3 million tons in 2015/16 and forecasted to increase to 2.5 million tons or 8.4% in 2016/17. PKO exports are expected to remain at 1.05 million tons in 2015/16 and forecast to rebound to 1.1 million tons or 4.7% in 2016/17. The main destinations are the United States, Singapore, Egypt, Australia, Russia and China.

Various palm oil tree fresh fruit bunches.

(Source: FAS Kuala Lumpur)

3. Coconut Oil

Total coconut oil imports for 2015/16, is projected at 150,000 tons. Most of the imports are further refined and re-export to third countries, namely Singapore, Ukraine and Australia with exports forecast at 128,000 tons in 2015/16. Coconut oil accounts for less than 1 percent of local consumption.

Coconut plantation in Peninsular Malaysia
(Source: FAS Kuala Lumpur)

Oil, Palm PSD

Oil, Palm	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		May 2015		Oct 2016	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	4689	4689	4800	4800	0	4900
Trees	0	0	0	0	0	0
Beginning Stocks	2091	2091	2642	2642	0	1552
Production	19879	19879	20000	19500	0	21000
MY Imports	1000	1000	400	200	0	400
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	22970	22970	23042	22342	0	22952
MY Exports	17378	17378	18050	17400	0	18000
MY Exp. to EU	2000	2000	2000	2000	0	2000
Industrial Dom. Cons.	2240	2240	2550	2700	0	2750
Food Use Dom. Cons.	660	660	680	650	0	660
Feed Waste Dom. Cons.	50	50	50	40	0	40
Total Dom. Cons.	2950	2950	3280	3390	0	3450
Ending Stocks	2642	2642	1712	1552	0	1502
Total Distribution	22970	22970	23042	22342	0	22952
(1000 HA) ,(1000 TREES) ,(1000 MT)						

Oilseeds, Palm Kernel PSD

Oilseed, Palm Kernel	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		May 2015		May 2016	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	4689	4689	4800	4800	0	4900
Trees	0	0	0	0	0	0

Beginning Stocks	198	198	199	199	0	189
Production	5050	5050	5050	4950	0	5300
MY Imports	14	14	20	5	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	5262	5262	5269	5154	0	5489
MY Exports	5	5	5	5	0	7
MY Exp. to EU	0	0	0	0	0	0
Crush	5058	5058	5090	4960	0	5285
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	5058	5058	5090	4960	0	5285
Ending Stocks	199	199	174	189	0	197
Total Distribution	5262	5262	5269	5154	0	5489
(1000 HA) ,(1000 TREES) ,(1000 MT)						

Oil, Palm Kernel PSD

Oil, Palm Kernel	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		May 2015		May 2016	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	5058	5120	5090	5150	0	0
Extr. Rate, 999.9999	0.465	0.4492	0.465	0.4478	0	0
Beginning Stocks	282	282	315	252	0	188
Production	2352	2300	2367	2306	0	2500
MY Imports	356	200	210	180	0	200
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	2990	2782	2892	2738	0	2888
MY Exports	1138	1030	1100	1050	0	1100
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	1412	1400	1400	1400	0	1500
Food Use Dom. Cons.	125	100	125	100	0	0
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	1537	1500	1525	1500	0	1500
Ending Stocks	315	252	267	188	0	288
Total Distribution	2990	2782	2892	2738	0	2888
(1000 MT) ,(PERCENT)						

Meal, Palm Kernel PSD

Meal, Palm Kernel	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		May 2015		Oct 2016	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	5058	5058	5090	4960	0	5285
Extr. Rate, 999.9999	0.5399	0.5338	0.5399	0.5397	0	0.5455
Beginning Stocks	363	363	350	343	0	340

Production	2731	2700	2748	2677	0	2883
MY Imports	2	10	0	5	0	5
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	3096	3073	3098	3025	0	3228
MY Exports	2344	2500	2450	2400	0	2500
MY Exp. to EU	524	600	525	550	0	600
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	402	230	338	285	0	370
Total Dom. Cons.	402	230	338	285	0	370
Ending Stocks	350	343	310	340	0	358
Total Distribution	3096	3073	3098	3025	0	3228
(1000 MT) ,(PERCENT)						

Oilseeds, Soybean PSD

Oilseed, Soybean	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		May 2015		Oct 2016	
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	35	35	50	52	0	48
Production	0	0	0	0	0	0
MY Imports	643	643	650	650	0	653
MY Imp. from U.S.	200	294	210	290	0	290
MY Imp. from EU	0	0	0	0	0	0
Total Supply	678	678	700	702	0	701
MY Exports	16	16	15	21	0	20
MY Exp. to EU	0	0	0	0	0	0
Crush	430	430	460	450	0	455
Food Use Dom. Cons.	155	152	160	155	0	160
Feed Waste Dom. Cons.	27	28	30	28	0	30
Total Dom. Cons.	612	610	650	633	0	645
Ending Stocks	50	52	35	48	0	36
Total Distribution	678	678	700	702	0	701
(1000 HA) ,(1000 MT)						

Meal, Soybean PSD

Meal, Soybean	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		May 2015		Oct 2016	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	430	430	460	450	0	455
Extr. Rate, 999.9999	0.7884	0.7442	0.787	0.7333	0	0.7473
Beginning Stocks	130	130	144	141	0	141

Production	339	320	362	330	0	340
MY Imports	1465	1451	1500	1500	0	1510
MY Imp. from U.S.	0	11	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1934	1901	2006	1971	0	1991
MY Exports	45	45	42	40	0	40
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1745	1715	1830	1790	0	1820
Total Dom. Cons.	1745	1715	1830	1790	0	1820
Ending Stocks	144	141	134	141	0	131
Total Distribution	1934	1901	2006	1971	0	1991
(1000 MT) ,(PERCENT)						

Oil, Soybean PSD

Oil, Soybean	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	430	430	460	450	0	455
Extr. Rate, 999.9999	0.1791	0.1791	0.1783	0.1778	0	0.1824
Beginning Stocks	9	9	10	10	0	6
Production	77	77	82	80	0	83
MY Imports	126	126	125	120	0	125
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	212	212	217	210	0	214
MY Exports	170	170	176	172	0	176
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	32	32	32	32	0	32
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	32	32	32	32	0	32
Ending Stocks	10	10	9	6	0	6
Total Distribution	212	212	217	210	0	214
(1000 MT) ,(PERCENT)						

Oilseeds, Copra PSD

Oilseed, Copra	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jan 2015		Jan 2016		Jan 2017	
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	28	28	29	29	0	29
MY Imports	20	15	15	15	0	15
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	48	43	44	44	0	44
MY Exports	1	1	1	1	0	1
MY Exp. to EU	0	0	0	0	0	0
Crush	47	42	43	43	0	43
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	47	42	43	43	0	43
Ending Stocks	0	0	0	0	0	0
Total Distribution	48	43	44	44	0	44
(1000 HA) ,(1000 TREES) ,(1000 MT)						

Meal, Copra PSD

Meal, Copra	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jan 2014		May 2015		Jan 2016	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	47	42	43	43	0	43
Extr. Rate, 999.9999	0.3404	0.3333	0.3488	0.3721	0	0.3488
Beginning Stocks	0	0	0	0	0	0
Production	16	14	15	16	0	15
MY Imports	0	1	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	16	15	15	16	0	15
MY Exports	2	3	2	2	0	2
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	5	6	5	6	0	5
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	9	6	8	8	0	8
Total Dom. Cons.	14	12	13	14	0	13
Ending Stocks	0	0	0	0	0	0
Total Distribution	16	15	15	16	0	15
(1000 MT) ,(PERCENT)						

Oil, Coconut PSD

Oil, Coconut	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jan 2014		May 2015		Jan 2016	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	47	42	43	43	0	43
Extr. Rate, 999.9999	0.617	0.5238	0.6279	0.5116	0	0.5349

Beginning Stocks	16	16	50	13	0	12
Production	29	22	27	22	0	23
MY Imports	210	147	165	150	0	155
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	255	185	242	185	0	190
MY Exports	145	127	150	128	0	130
MY Exp. to EU	10	10	10	10	0	10
Industrial Dom. Cons.	25	30	25	30	0	35
Food Use Dom. Cons.	35	15	35	15	0	17
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	60	45	60	45	0	52
Ending Stocks	50	13	32	12	0	8
Total Distribution	255	185	242	185	0	190
(1000 MT) ,(PERCENT)						

Meal, Fish PSD

Meal, Fish	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jan 2014		Jan 2015		Jan 2016	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Catch For Reduction	240	240	240	240	0	0
Extr. Rate, 999.9999	0.2708	0.275	0.2708	0.275	0	0
Beginning Stocks	3	3	3	3	0	3
Production	65	66	65	66	0	66
MY Imports	15	20	15	20	0	20
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	83	89	83	89	0	89
MY Exports	30	28	30	28	0	30
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	50	58	50	58	0	56
Total Dom. Cons.	50	58	50	58	0	56
Ending Stocks	3	3	3	3	0	3
Total Distribution	83	89	83	89	0	89
(1000 MT) ,(PERCENT)						

Other Relevant Reports

Malaysia – 2015 Bio-Fuels Annual (MY5012)