The Malaysian Fertilizer Market

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Chairman, Fertilizer Industry Association of Malaysia

CONTENTS

1. Introduction
2. Fertilizer Industry Association of Malaysian (FIAM)
3. The Malaysian Fertilizer Market
   • Area of Crop Cultivation
   • Fertilizer Consumption
   • Fertilizer Imports
   • Fertilizer Distribution in Malaysia
4. Summary
5. Acknowledgement
FERTILIZER INDUSTRY ASSOCIATION OF MALAYSIA (FIAM)

Objectives of FIAM
FIAM was established on August 13, 1987 with the objectives of:-
1. To promote and develop the fertilizer industry, i.e. import, manufacture, produce, process and/or distribute fertilizers.
2. To co-operate with and offer advice to Authorities on matters related to the fertilizer industry.
3. To inform members on the existing or proposed legislation and Government or scientific committees reports which affect the fertilizer industry.
4. To promote proper and efficient handling and usage of fertilizers.
5. To establish liaison with similar organization and agriculture associations in Malaysia or overseas.
6. To encourage, support and inform members on commercial or technical developments related to the fertilizer industry.
7. To foster the development and utilization of fertilizer products in Malaysia.
8. To conduct industry meetings and conventions.

FERTILIZER INDUSTRY ASSOCIATION OF MALAYSIA (FIAM)
FiAM Members

1. Agrifert Malaysia Sdn Bhd
2. AgroBridge (Malaysia) Sdn Bhd
3. Agromate (M) Sdn Bhd
4. Agro-Tech NPK (M) Sdn Bhd
5. All Cosmos Industries Sdn Bhd
6. Behn Meyer AgriCare (M) Sdn Bhd
7. CCM Fertilizers Sdn Bhd
8. FPM Sdn Bhd
9. Gransea (M) Sdn Bhd
10. Hap Seng Fertilizers Sdn Bhd
11. Minerals & Chemicals Corporation Sdn Bhd
12. PETRONAS Chemicals Group Berhad
13. Pertubuhan Peladang Kebangsaan
14. PK Fertilizers Sdn Bhd
15. Twin Arrow Fertilizers Sdn Bhd
16. Union Harvest Sdn Bhd
17. Union Harvest (M) Sdn Bhd
18. Yara International (M) Sdn Bhd
19. Yinpolin Agriculture Sdn Bhd

* as of September 30, 2015 (in alphabetical order)
THE MALAYSIAN FERTILIZER MARKET

Profile of Malaysia

Malaysian has a total land area of 327,733 square kilometer. The soils are highly leached infertile acid tropical soils and as such fertilizer application is essential in Malaysian agriculture. Large tracts of land are cultivated with perennial tree crops such as oil palm where large quantities of fertilizers are required annually to sustain high crop yields and ultimately profitability. Besides oil palm, the other cultivations are rubber, paddy and others.

THE MALAYSIAN FERTILIZER MARKET

Profile of Malaysia

Peninsular : 131,575 km²
Sabah : 73,711 km²
Sarawak : 124,449 km²

Total land area : 329,733 km²
Temperature range : 21 – 32 °C
Average annual rainfall : 2500 mm
Humidity : 85% Sunshine : Good

North – East Monsoon : November – March
South – West rains : June – August
### Total Area of Crop Cultivation in Malaysia (2009 – 2013)

<table>
<thead>
<tr>
<th>Industrial Crops</th>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil palm</td>
<td>2009</td>
<td>4,691</td>
<td>4,853</td>
<td>5,001</td>
<td>5,076</td>
<td>5,392</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>1,032</td>
<td>1,029</td>
<td>1,026</td>
<td>1,048</td>
<td>1,060</td>
</tr>
<tr>
<td>Rice (paddy)</td>
<td>2009</td>
<td>574.9</td>
<td>677.9</td>
<td>687.5</td>
<td>692.3</td>
<td>688.2</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>17.4</td>
<td>19.4</td>
<td>20.5</td>
<td>21.7</td>
<td>20.59</td>
</tr>
<tr>
<td>Tobacco</td>
<td>2009</td>
<td>7.6</td>
<td>3.7</td>
<td>4.2</td>
<td>2.5</td>
<td>2.0</td>
</tr>
<tr>
<td>Coffee</td>
<td>2009</td>
<td>9.96</td>
<td>8.53</td>
<td>7.52</td>
<td>7.1</td>
<td>6.67</td>
</tr>
<tr>
<td>Pepper</td>
<td>2009</td>
<td>13.6</td>
<td>14.1</td>
<td>14.6</td>
<td>14.8</td>
<td>15.2</td>
</tr>
<tr>
<td>Coconut</td>
<td>2009</td>
<td>143.09</td>
<td>121.01</td>
<td>117.47</td>
<td>117.65</td>
<td>115.84</td>
</tr>
</tbody>
</table>

**Source:** From various Malaysian Government Ministries and Departments including Malaysian Palm Oil Board (oil palm), Malaysian Rubber Board (rubber), Department of Agriculture, Malaysia (paddy), Malaysian Pepper Board (pepper), Malaysian Cocoa Board (cocoa), National Kenaf & Tobacco Board (tobacco)

### Major Crop Land Use (2009 – 2013)

- **Oil palm**
- **Rubber**
- **Paddy**
### AREA OF CROP CULTIVATION

#### Yield of Major Crops (2009 – 2013)

* (in metric tonnes)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Palm Oil (CPO)</strong></td>
<td>17,565,000</td>
<td>16,993,000</td>
<td>18,911,000</td>
<td>18,785,000</td>
<td>19,216,000</td>
</tr>
<tr>
<td><strong>Rubber</strong></td>
<td>857,000</td>
<td>939,000</td>
<td>996,000</td>
<td>923,000</td>
<td>826,000</td>
</tr>
<tr>
<td><strong>Rice (Paddy)</strong></td>
<td>1,620,000</td>
<td>1,588,000</td>
<td>1,660,000</td>
<td>1,774,000</td>
<td>1,847,000</td>
</tr>
<tr>
<td><strong>Cocoa</strong></td>
<td>18,152</td>
<td>15,654</td>
<td>4,605</td>
<td>3,645</td>
<td>2,809</td>
</tr>
<tr>
<td><strong>Pepper</strong></td>
<td>21,195</td>
<td>24,227</td>
<td>25,660</td>
<td>26,050</td>
<td>26,500</td>
</tr>
</tbody>
</table>

*Source: Malaysian Palm Oil Board (oil palm), Malaysian Rubber Board (rubber), Department of Agriculture, Malaysia (paddy), Malaysian Pepper Board (pepper) & Malaysian Cocoa Board (cocoa)*

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### FERTILIZER CONSUMPTION (2009 – 2013)

* (in metric tonnes, fertilizer)

<table>
<thead>
<tr>
<th></th>
<th>Nitrogen (N)</th>
<th>Phosphorus (P)</th>
<th>Potassium (K)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>2,005,000</td>
<td>821,000</td>
<td>1,169,000</td>
<td>3,995,000</td>
</tr>
<tr>
<td>2010</td>
<td>1,805,000</td>
<td>999,000</td>
<td>1,921,000</td>
<td>4,725,000</td>
</tr>
<tr>
<td>2011</td>
<td>1,865,000</td>
<td>1,072,000</td>
<td>2,088,000</td>
<td>5,025,000</td>
</tr>
<tr>
<td>2012</td>
<td>1,998,000</td>
<td>1,142,000</td>
<td>2,154,000</td>
<td>5,294,000</td>
</tr>
<tr>
<td>2013</td>
<td>2,065,000</td>
<td>1,178,000</td>
<td>2,204,000</td>
<td>5,447,000</td>
</tr>
</tbody>
</table>

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*Fertilizer Industry Association of Malaysia*
### Fertilizer Consumption (2009 – 2013)

#### Quantity (Million Tonnes)

- **2009**: 3.95
- **2010**: 4.73
- **2011**: 5.03
- **2012**: 5.29
- **2013**: 5.45

Source: Department of Statistics, Malaysia; FIAM and industry estimates

#### Value (RM Billion)

- **2009**: 4.02
- **2010**: 4.93
- **2011**: 5.38
- **2012**: 5.31
- **2013**: 5.44

Source: Department of Statistics, Malaysia; FIAM and industry estimates
Annual Fertilizer Consumption by Segment

Quantity ('000 mt)

- Government Subsidies: 272 ('000 mt) (5%)
- Smallholders & Farmers: 763 ('000 mt) (14%)
- Government Agencies: 1,250 ('000 mt) (23%)
- Private Plantation Companies: 3,160 ('000 mt) (58%)

Total: 5.45 million mt

Fertilizer Consumption by Major Crops

- Palm Oil (CPO): 4,310,000 metric tonnes
- Rubber: 150,000 metric tonnes
- Rice (Paddy): 420,000 metric tonnes

(in metric tonnes)
Source: Industry estimates
FERTILIZER IMPORTS

Import of Ammonium Sulphate (2009 – 2013)

Quantity (Metric Tonnes)

FERTILIZER IMPORTS

Import of Ammonium Sulphate (2009 – 2013)

Value (RM Million)
FERTILIZER IMPORTS

Import of Rock Phosphate Fertilizer (2009 – 2013)

Quantity (Metric Tonnes)

Value (RM Million)

FERTILIZER IMPORTS

Import of Rock Phosphate Fertilizer (2009 – 2013)
FERTILIZER IMPORTS

Import of Muriate of Potash (2009 – 2013)

Quantity (Metric Tonnes)

Year | Quantity
--- | ---
2009 | 794,720
2010 | 1,770,702
2011 | 1,842,867
2012 | 1,409,200
2013 | 1,938,340

Value (RM Million)

Year | Value
--- | ---
2009 | 1,748.38
2010 | 2,478.98
2011 | 2,764.30
2012 | 2,043.34
2013 | 2,326.00
IMPORTS

Import of Compound Fertilizers – 2 or More Nutrients (2009 – 2013)

Value (RM Million)

Year | Value (RM Million)
--- | ---
2009 | 492.68
2010 | 738.55
2011 | 723.07
2012 | 787.99
2013 | 694.61

Quantity (Metric Tonnes)

Year | Quantity (Metric Tonnes)
--- | ---
2009 | 249,070
2010 | 499,510
2011 | 443,517
2012 | 461,535
2013 | 412,255
FERTILIZER IMPORTS

Main Mineral Fertilizer Imports in 2013

<table>
<thead>
<tr>
<th>Types of Fertilizers</th>
<th>Country of Origin</th>
<th>Import to Malaysia (MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Muriate of Potash (MOP)</td>
<td>Canada, Russia, Germany, Belarus, Jordan</td>
<td>1,938,340</td>
</tr>
<tr>
<td>Ammonium Sulphate (SOA)</td>
<td>China, Korea, Japan, Russia, Taiwan</td>
<td>645,220</td>
</tr>
<tr>
<td>Rock Phosphate (RP)</td>
<td>Australia (Christmas Island), Egypt, Morocco, China, Jordan and Peru</td>
<td>677,724</td>
</tr>
<tr>
<td>Magnesium Sulphate</td>
<td>Germany, China</td>
<td>250,000</td>
</tr>
</tbody>
</table>

FERTILIZER DISTRIBUTION IN MALAYSIA

FIAM
Fertilizer Industry Association of Malaysia
SUMMARY

1. With oil palm being the major plantation crop in Malaysia, large quantities of fertilizers are required annually to sustain the high crop yields.

2. The Government is speeding up the effort to replant the old and low yielding oil palm areas both in the plantation and the smallholders sector. This will result in increase of compound fertilizers consumption in the young areas but a possible reduction in the matured areas.

SUMMARY

3. Moving forward to 2016 basing on current scenario:
   a. CPO price has just moved upward from low RM1,800 per metric tonne in August 2015 to average of RM2,150 in October, many plantation companies are expected to maintain their fertilizer order volume in 2016.

   b. However due to the uncertainty of the Malaysian Ringgit, most plantation companies are seen to be deferring their calling of tenders for 2016 to late October or November 2015. Normally it was done in September.
SUMMARY

c. As suppliers, FIAM members had agreed with the plantation companies that an adjustment on the award price will be made on three monthly interval should the exchange rate moves by 5% either way.

ACKNOWLEDGEMENT

Special thanks to:
1. IFA for inviting us to present this paper.
2. FIAM members in preparation of the paper.
3. The Department of Statistics, Malaysia for the figures
4. Other individuals and organizations for their assistance.
THANK YOU.