

Voluntary Report – Voluntary - Public Distribution

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Report Number: MY2022-0015

Report Name: Malaysia Extends Price Support Subsidy for Poultry Products in Attempt to Curb Inflation

Country: Malaysia

Post: Kuala Lumpur

Report Category: Livestock and Products, Policy and Program Announcements

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Report Highlights:

Malaysia again extended the subsidy for the poultry industry until December 2022 to stabilize the price of whole chicken (processed and sold with head, feet, and organs) and eggs, as stated by the Ministry of Agriculture and Food Industries (MAFI) on Sunday, October 9, 2022. In total, Government of Malaysia (GOM) allocations for chicken and egg subsidies from February to December 2022 will amount to RM1.233 billion (USD\$265.16 million).

Summary and Background:

As the cheapest source of protein in Malaysia, maintaining a stable and affordable price for poultry products is a key priority for the GOM in managing inflation.

On Sunday, October 9, 2022, the Ministry of Agriculture and Food Industries (MAFI) extended the production subsidies for chicken and egg producers at a rate of RM0.80 (USD\$0.17) per kilogram for chicken and RM0.08 (USD\$0.017) per egg through the end of December 2022. The GOM hopes to ease the burden on poultry producers, who are faced with rising costs of production across the board, but especially for imported chicken feed that accounts for 70 percent of operating costs. The subsidies allow Malaysia to continue supporting a ceiling price for whole chicken, which is set at the retail price of RM9.40/Kg (USD\$2.02). There are also ceiling prices for grade A eggs at RM0.45 (USD\$0.10), grade B eggs at RM0.43 (USD\$0.09) and grade C eggs at RM0.41 (USD\$0.08).

The production subsidy was originally introduced by MAFI on February 5, 2022, and intended to last for four months as a stopgap measure to manage the price of poultry products. The program had an initial budget allocation of RM528.52 (USD\$113.66) million. Since then, the GOM has slightly increased the subsidy provided to chicken farmers from RM0.60 (USD\$0.13) per kilogram and RM0.05 (USD\$0.01) per egg produced. The GOM also raised the ceiling prices from earlier this year to give more leeway to producers. Overall total GOM expenditure in supporting and maintaining the price of whole poultry and egg in 2022 will be RM1.233 billion (USD\$265.16 million).

As the poultry industry's struggles continued into June with escalating costs of production, the GOM took several actions to assuage fears of poultry shortages. First, the GOM extended the subsidy multiple times. The GOM then banned export of all chicken products starting June 1, 2022, while simultaneously easing requirements for companies to be approved to import chicken products to Malaysia.

The GOM has gradually begun to lift the export ban through unscheduled phases. Restrictions on chicken products (nuggets and sausages) were removed in mid-June 2022 and for live broiler commercial chickens on October 10, 2022. For whole chicken carcasses, chicken parts, and live day-old chicks, the export ban is still in place.

Average exchange rate - October 2022 USD\$1.00: RM4.65

End of Report.

Attachments:

No Attachments.