



Jakarta port to revise burdensome storage penalties

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Containers are seen at the Jakarta International Container Terminal (JICT) at Tanjung Priok Port in North Jakarta on March 15, 2015. The JICT will revise newly applied storage fees after businesspeople complained that they were too burdensome. Photo : thejakartapost.com

Jakarta (21/3/2016) - The Jakarta International Container Terminal (JICT) plans to revise newly applied storage fees as businesspeople claim they are financially burdensome and have insisted they be revised.

Storage fees have a progressive penalty based on how long a container remains at the port. Enacted in September 2015, the policy is aimed at reducing dwelling time. However, JICT introduced a stricter scheme on March 1.

"The Indonesian Chamber of Commerce and Industry [Kadin] complained about the new scheme. We will revise it," Tanjung Priok Port Authority head Bay M. Hasani told thejakartapost.com on Friday.

The previous system gave three days of free storage. The daily storage fee for a 20-foot container is currently Rp 27,200, and a 40-foot container Rp 54,400. From the fourth to 10th day, a penalty of 500 percent of the applied rate is levied. A higher penalty of 750 percent of the applied rate is levied from the 11th day.

On March 1, a new scheme was introduced that had a similar rates, applying no penalty on the first day of storage. From the second to fourth days, the JICT levies a penalty of 900 percent of the applied rate. After fourth day, the JICT has the right to disposed of a container.

"We will also change the counting system for container storage, from a calendar-based system to a 24-hour-based one," Bay said.

With the current calendar-based storage, a container that is loaded at 10 p.m. and leaves the port at 1 a.m. the next day is considered to have been in storage for one day. With a 24-hour-based system, it would be three hours.

"We will coordinate a meeting on Monday [March 21] and hopefully the revision will take effect the Monday after," Bay said. (thejakartapost.com)

INDONESIA THIS WEEK

Govt to cut fuel prices within days

Jakarta (26/3/2016) - Song emphasized that communications and synergy among ministries would be the key to implementing all the stimulus packages.

Both the Indonesian Chamber of Commerce and Industry (Kadin) and the Indonesian Employers Association (Apindo) have lauded all the packages and expressed an expectation that they will be well-implemented and create jobs for many.

The stimulus packages address many different things, ranging from licensing procedures to the “negative investment list” (DNI), which covers sectors in which restrictions on foreign investment apply.

“The purpose of deregulation is not liberalization but modernization. We need to analyze how developed countries achieve their success [...],” said Trade Minister Thomas Lembong in his opening speech at the event.

He said in front of dozens Korean business players attending the event that Indonesia was among the

countries with the least number of trade agreements, and it aimed to increase its number to gain greater market access.

Having joined the ASEAN Community, Indonesia is now in the process of resuming talks on the Indonesia-European Union (EU) comprehensive economic partnership agreement (CEPA) and is reviewing benefits and drawbacks of joining the US-led Trans Pacific Partnership.

The TPP is expected to expand the country’s market access to the 12 Pacific Rim countries also in the partnership.

South Korean Ambassador to Indonesia, Choi Tai Young, said that many Korean businesses were now also looking at whether Indonesia would eventually join the TPP. Korean FDI to Indonesia increased by 8 percent year-on-year to \$1.2 billion last year, while its investment through other countries or through joint-ventures with other countries surged by 26 percent to \$1.6 billion, according to data from the Investment Coordinating Board (BKPM). (*thejakartapost.com*)

Indonesian economy can still grow 5.6 percent: BI chief

Jakarta (24/3/2016) - Bank Indonesia governor Agus Martowardojo has said that the country’s economic growth could reach up to 5.6 percent this year as long as the government was able to accomplish structural reform as planned.

The International Monetary Fund (IMF) has estimated that Indonesian economic growth would reach about 4.9 percent this year.

“The IMF revised its the global economic growth forecast due to the declining commodity prices and economic slowdown in emerging countries, such as China and Brazil,” Agus said after speaking at a seminar in Jakarta on Wednesday.

The growth assumption in the 2016 state budget is 5.3 percent. The Indonesian government plans to submit its

budget revision bill to the House of Representatives in May, as part of the government’s response to the continuing global economic slowdown.

Meanwhile, the central bank is projecting growth of between 4.2 and 5.6 percent.

Indonesia should focus more on volatile food prices to keep the inflation rate below 4 percent, he said. “If we cannot hold back the inflation rate, it will create a less-competitive climate and the interest rate is hard to cut,” he said.

The government has introduced a number of economic stimulus packages to boost the business climate, including measures such as the deregulation of business permits and employment systems in an attempt to attract investors. (*thejakartapost.com*)

VIETNAM THIS WEEK

Farmers getting a raw deal from dairy firms

Vietnam (22/3/2016) - The country does not produce enough raw milk to meet domestic demand, but farmers are in trouble because dairy firms are opting to import cheaper powdered milk for their production purposes.

In HCM City, which has the country's largest number of milch cows, nearly 800 households in Củ Chi District are unable to sell fresh milk to dairy firms because they have not signed supply contracts. Such farmers are having to sell their raw milk to other consumers including households who make yoghurt and sell fresh milk, or asking households that have a supply contract to help them.

According to Nguyễn Văn Hớn, head of the Giồng Sao Hamlet in Củ Chi's Tân Phú Trung Commune, his hamlet has 40 households who breed about 700 cows.

Until now, most of the hamlet's raw milk has been sold to big dairy companies like Vinamilk, FrieslandCampina and Long Thành Milk. "However, these companies have recently tightened quality controls and limited their purchases," he said.

Households without supply contracts are in a much more difficult situation, and face the prospect of giving up breeding cows for milk, according to Hớn.

Phạm Văn Đạt, who breeds six cows in Củ Chi's Tân Phú Đông Commune and does not have a supply contract, said he had to sell raw fresh milk to those he hired to milk the cows for VNĐ7,000-9,000 (US\$0.32 - 0.41) a kilo. "The price has been pushed down, but I had no choice but to accept it," he said.

Fresh milk is sold to dairy companies in HCM City at an average price of VNĐ11,628 a kilo, according to the city's Department of Agriculture and Rural Development. Several local newspaper reports have cited experts as saying the current situation has arisen because of the big price difference between fresh milk and imported milk powder.

They said imported powdered milk costs less than \$2,000 a tonnes in the first two months of the year. If dairy firms use the powdered milk, it costs them a little

more than VNĐ6,000 (\$0.27) to produce a litre of liquid milk, just half the price of domestically produced fresh milk.

Of the 727,000 tonnes of raw milk produced in the country last year, about 145,000 tonnes were sold to individuals and traders and about 580,000 tonnes to dairy firms, according to Nguyễn Đăng Vang, chairman of the Việt Nam Animal Husbandry Association.

Meanwhile, domestic consumption of liquid milk was recorded at around 1.3 million tonnes last year. But "nearly 60 per cent of the country's liquid milk consumed last year was reconstituted milk, which is powered milk mixed with water and flavour," he said.

"The nutritious value of reconstituted milk is lower than that of fresh milk," he added. He said labels used by dairy firms to sell their products should clearly state whether the milk is reconstituted milk or processed fresh milk. In case it is mixed, the labels should mention the percentage of reconstituted milk in the product, so that the consumers can distinguish between different products and make their choices, he said.

Currently, most liquid milk products are labelled "sterilised milk." The number of milch cows nationwide has increased from 167,000 producing 381,000 tonnes of raw milk in 2012 to 300,000 cows producing 727,000 tonnes last year, according to the Animal Husbandry Department under the Ministry of Agriculture and Rural Development.

The ministry attributes the increase to some dairy firms increasing investment in their farms, in order to compete with imported products, tariffs are reduced under regional and international trade agreements signed by Việt Nam.

Vinamilk, for instance, has cows that can produce 28 litres of milk a day, matching international yields. However, many cows bred by individual households can only produce 12-15 litres a day, and such dairy farmers are likely to suffer more over the next three years as import tariffs fall to zero under the Trans-Pacific Partnership, dairy company representatives have said.

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Meanwhile, the price of imported powdered milk has fallen continuously in recent years because of oversupply. Speaking at a meeting with Secretary of the HCM City Party Committee Đinh La Thăng on Tuesday (March 1), Mai Kiều Liên, general director of Vinamilk, said her company would have to reduce the purchase price of raw milk to about VNĐ9,000 (\$0.40) a litre in the next three years to remain competitive.

Vinamilk, which has signed contracts with about 8,000 households nationwide, currently buys fresh milk at VNĐ13,000 (\$0.59) a kilo. “If farmers still

breed cows on a small and scattered scale, it will be difficult for them to reduce production costs,” she said.

Vinamilk has asked households who have signed supply contracts to replace their old cows with those that can yield 20 litres a day. Liên also suggested that farmers either increase their scale of operations or co-operate with neighbours to do so, in order to reduce their production costs.

The HCM City Department of Agriculture and Rural Development estimates that a household with less than five cows will have production costs of VNĐ11,619 per kilo, while those with 10, 20 or 50 cows have their costs reduced correspondingly to VNĐ9,332, VNĐ7,936 and VNĐ7,076 per kilo. According to the department, the city has more than 2,500 households with less than five cows each. In Việt Nam, milch cows are mostly bred in HCM City, Hà Nội, Long An, Lâm Đồng, Bình Định, Nghệ An and Sơn La provinces. *(vietnamnews.vn)*

Masan Group becomes Vissan’s strategic investor

VietNamNet (25/3/2016) - At the price of VND126,000 per share, all 11.3 million shares for the strategic investor of Vissan now belong to Anco International Agricultural Nutrition JSC, a subsidiary of Masan Group.

Masan Group becomes Vissan’s strategic investor, vissan, masan, vietnam economy, business news, vn news, vietnamnet bridge, english news, Vietnam news, news Vietnam, vietnamnet news, vn news, Vietnam net news, Vietnam latest news, Vietnam breaking news. On March 24 morning the Vietnam Livestock Technology Industry Ltd. (Vissan) successfully auctioned 11.3 million shares for the strategic investor in HCM City.

The highest price was offered by Anco, with VND126,000 per share, followed by Proconco with VND125,000 and CJ Vietnam with VND120,600 per share. Anco was the winner, holding the entire 11.3 million shares worth VND1,424 billion. Both Anco and Proconco are subsidiaries of Masan Group.

Earlier, at the IPO (initial public offering), Vissan attracted many investors, with the average price of VND80,000 per share, bringing VND906.8 billion for Vissan, exceeding its expectations. The highest price reached VND102,000, 6 times higher than the starting

price of VND17,000 per share.

According to the equitization plan at Vissan, the State holds 65% of the capital, 14% for the strategic investor (11.3 million shares), 14% for public auction, and the remaining 7% for the staff and the trade union. Vissan is one of the leading enterprises of Vietnam’s food industry, specializing in production and trading of fresh, frozen meat and foods processed from meat.

As a subsidiary of the Saigon Commercial Corporation (Satra) with the 45-year brand in the market, Vissan has 130,000 points of sale across the country. Vissan products are distributed at more than 1,000 supermarkets, convenience stores in Vietnam and also exported to many countries in the world. Vissan earns average revenue of VND4,500 billion and profits of more than VND150 billion annually and its average annual growth rate is 10.2%.

Anco is an animal feed business that was founded in 2001 with two Vietnamese shareholders. By 2003, the company had three more shareholders from Malaysia with 61% stake. In 2014 Anco achieved total production capacity of 750,000 tons and was one of the largest animal feed producers in Vietnam, besides CP Vietnam. After two auctions, Vissan earned VND2,333 billion. *(english.vietnamnet.vn)*

VIETNAM Business In Brief

Petrol prices up 670 VND per litre

The prices of RON 92 petrol and E5 bio-fuel increased 670 VND and 570 VND per litre, respectively, as of 4:30 p.m. on March 21. Following a joint decision issued by the ministries of Industry and Trade and Finance, the ceiling prices of RON 92 petrol and E5 bio-fuel will be 14,422 VND and 13,819 VND per litre.

The ceiling price of diesel oil also went up 290 VND per litre to 9,873 VND per litre. The maximum price of kerosene remains unchanged at 8,905 VND per litre.

This is the sixth petrol price adjustment this year, where the price dropped in four instances, maintained in one instance and increased in the latest one.

Firms worry about possible poultry imports from China

Vietnam's Animal Health Department has recently worked with China over the possibility of importing meat products, including poultry, from the northern neighbor, sparking concerns among domestic firms.

A meeting on veterinary cooperation and enhancement of animal disease control along the border between Vietnam and China was held in Hanoi on January 26-27. This is the fourth meeting between the animal health authorities of both sides.

Delegates at the meeting shared experiences and achievements in poultry disease control. The department said on its website that the meeting was also intended to promote trading of some animals and meat products, with China exporting chicken and one-day-old chicks to Vietnam and Vietnam exporting pigs and cows to China.

However, poultry trade cooperation with China is causing concerns as the domestic poultry sector is already grappling with cheap imported chicken, plus disease risks.

Between September 2015 and February 2016, 44 cases of avian influenza virus H7N9 infections were detected in China, ten of them reported dead.

Explaining why the department is working towards allowing poultry imports from China, the department said promoting trading of animals and animal products between the two countries would help control poultry imports.

The department said negotiations were still ongoing and that it would take time to strike an agreement.

But, Nguyen Thanh Phi Long, director of domestic livestock company Long Binh, has expressed concern over the news, saying diseases might recur and hit the fragile domestic industry.

Meanwhile, Tran Duy Khanh, vice chairman and general secretary of the Vietnam Poultry Association, said the local poultry industry is already in difficulty. According to the association, Vietnam's poultry industry can meet domestic needs.

Data of the General Statistics Office indicated domestic poultry production totaled 900,000 tons last year. But based on poultry feed consumption and production, experts have estimated the figure at more than two million tons.

Last year's poultry imports were reported at around 120,000 tons. The association said temporary poultry imports from China for ex-export might have amounted to two or three million tons, with legs, wings and byproducts making up a majority.

Khanh said how temporary imports of chicken for re-export is properly monitored and controlled proved to be a tough issue.

Vietnam's chicken can compete well with China's in terms of price, Khanh said. "Domestic poultry firms need nothing but policy transparency."

Foreign investment in agriculture still meager

The agricultural sector has remained unattractive to foreign investors, which is evident in its small proportion in total foreign direct investment (FDI) approvals. Those FDI projects committed to the agriculture sector are small, the Ministry of Agriculture and Rural Development said at separate meetings held last week with relevant agencies in preparation for a draft decree on foreign investment in agriculture.

By end-2014, agriculture had lured 512 FDI projects worth a combined US\$3.43 billion, making up 3% of the total number of FDI projects and 1.35% of total capital pledges nationwide, data of the ministry shows. Chronic problems with infrastructure, human resources, material sources, land and production, as well as lack of policies and strategies conducive to FDI activity are to blame, according to the ministry.

Recently, a South Korean firm approached a local real estate brokerage to seek support for finding a 50-hectare area near Lien Khuong Airport in the Central Highlands province of Lam Dong for growing vegetables. This company did not come to local authorities for help as it feared local landlords would know its intention and thereby demand high land prices.

It is the case not only in Lam Dong but also many other parts of the nation. Doan Nguyen Duc, chairman of Hoang Anh Gia Lai Group, has chosen to develop sugarcane and rubber farms in neighboring Laos, instead of Vietnam, because he could secure 10,000 hectares of land for cultivation a lot easier.

As for fish, the number of firms growing and processing tra fish and shrimp, two major export earners of Vietnam, has virtually become saturated, making construction of more fish and shrimp processing factories unnecessary.

Data of the Vietnam Association of Seafood Exporters and Producers (VASEP) shows the country has 568 enterprises processing seafood for export but only 13 of them are foreign-invested.

Regarding rice, the nation has opened up the market with foreign firms allowed to export the staple food since 2011 in line with its commitment to the World Trade Organization (WTO). However, under the current regulations, FDI firms can only export rice when they have warehouses and facilities able to process paddy into rice that meets export standards, said the Ministry of Planning and Investment's legislation department.

Such rules make life hard for foreign investors since a lot of local firms already have facilities for husking paddy and storing rice, according to the Vietnam Food Association (VFA).

Japanese food processors call for simplified import procedures

Food quarantine certificates, fees and online filing for animal-derived food imports were discussed during a business meeting in Ho Chi Minh City on March 23.

Nakagawa Motohisa representing Japanese firms said Vietnam's requirements are posing some difficulties to Japanese exporters of processed food, given that Japan is well-known for its green agriculture.

Le Son Ha from the Ministry of Agriculture and Rural Development's Plant Protection Department argued that quarantine for imported glutens will continue since some have been found to contain harmful micro-organisms.

If Japanese exporters want to waive this step, they could provide detailed information on processing technology for Vietnamese authorities, he suggested.

Nguyen Hung Long, deputy head of the Health Ministry's Vietnam Food Administration, said online filing for imports has been made available since late 2014, which has received warm response from enterprises.

Filing procedures will take less time in the future, he informed, adding that requirement for product samples are likely to be waived through the process.

Regarding animal-derived food imports, Japanese exporters wished for simplified procedures so that food preservation costs can be lowered, as the goods will reach the hands of Vietnamese importers sooner. The event was hosted by the Japan External Trade Organisation.

JICA assists Vietnam in practising sustainable agrifinance

The Japan International Cooperation Agency (JICA) is helping Vietnam practice sustainable agrifinance in order to ensure long-term funding for agricultural activities and improve output. A sustainable agrifinance model will be tested out in the Central Highlands province of Lam Dong, which is taking the lead on hi-tech agriculture in Vietnam.

Though advanced technology costs a lot, potential businesses are ready to spend the extra amount. Hence, financial assistance should be available to attract investment in agriculture, JICA Vietnam Chief Representative Mori Mutsuya said at a meeting in Hanoi on March 18.

Farmers who switched to floriculture in Lam Dong have earned nine times more than they did harvesting coffee. However, many farmers have been unable to build greenhouses and other necessary facilities for flower cultivation, as they lack the necessary funds, he noted. Based on the case of Lam Dong, JICA suggested a comprehensive assistance programme to tackle bottlenecks in local agrifinance, ultimately looking to increase agricultural products' value chain.

Mori Mutsuya said JICA's proposed assistance would help agricultural businesses increase competitiveness. It aims to help large-scale farmers, while others working on a smaller scale will participate in cooperation contracts.

Specifically, the programme will help enhance farmers' and agriculture companies' ability of designing financially feasible business plans, thus accessing concessional bank loans more easily.

A similar programme has been carried out successfully in the Philippines, the JICA official said, adding that he hopes the programme will be successful in Lam Dong so it can be expanded to other localities. In addition to the preferential ODA provision, JICA will also offer technical support to help augment banks' abilities to verify loan-seeking dossiers and monitor enterprises' use of the loans, Mori Mutsuya said.

GreenFeed Vietnam inaugurates animal-feed factory in Ha Nam

GreenFeed Vietnam JSC on March 18 inaugurated a factory producing animal feed in the northern province of Ha Nam. The GreenFeed Ha Nam Factory, built on five hectares in the Dong Van 2 Industrial Park (IP) in Duy Tien district at a total cost of 37 million USD, has an annual capacity of 400,000 tonnes.

It is expected to meet the demand for animal feed in the province and surrounding areas, as well as creating jobs for locals. Addressing the inauguration ceremony, Chairman of the company's Management Board Ly Anh Dung pledged environmentally-friendly operations at the factory.

Vice Chairman of the provincial People's Committee Pham Sy Loi called on the firm to observe local regulations and take good care of its employees. He also urged the IP Management Board, relevant sectors and local authorities to ensure optimal conditions for the investor to operate in the locality.

In 2015, local industrial parks in the province attracted 39 projects, 28 of which were foreign invested, with a combined registered investment of 391 million USD. They are now home to 230 active projects, including 131 foreign invested ones with a total registered capital of 1.3 billion USD.

Currently, the province has eight industrial parks that cover an area of 2,000 ha. The industrial park Dong Van III, which is under construction and geared towards the supporting industry, will apply its own mechanisms and policies. The locality has approved plans for 18 industrial clusters on an area of nearly 500 ha.

Vietnamese farm produce exports should prosper in 2016

Vietnamese farm produce exports are predicted to thrive this year due to increased market demand and several free trade agreements Vietnam has signed. The Ministry of Agriculture and Rural Development and the Ministry of Industry and Trade have outlined a number of measures to help domestic businesses boost export volumes.

In the first two months of this year, Vietnam earned nearly US\$3 billion from exporting agricultural, forestry, and aquatic products, up 9.7% from last year and making up 12.5% of the total export revenue. Cashew nuts, rice, and coffee are among the items with the greatest expected rise in export volume.

This year Vietnam's farm produce exports are said to boom due to market demands and the impacts of free trade agreements between Vietnam and partners. Vietnam's main export markets are the US, the EU, China, and Africa. The key market is the US, which is forecast to rise strongly. Exports of vegetables and fruits in particular have grown, with possible revenues of US\$2 billion by the end of this year.

Nguyen Van Bich, a market analyst, suggests several ways to ensure exports to demanding markets like the US, the EU, and Japan. "The first and foremost thing we should do now is restructure agricultural production and make more accurate market forecasts. Vietnam has 11 major agricultural export items but many of them have found it hard to grow any further, so we need to identify new agricultural products of high potential and competitiveness", said Bich.

"For example, bananas could reach US\$1 billion in revenue. Vegetables could also earn billions of US dollar in profits. As far that I know Malaysia, Indonesia, and Singapore have a high demand for imported Vietnamese vegetables", he noted.

Vietnam's agricultural exports are facing challenges. In addition to quality and food safety barriers, certifying product origin is a headache for Vietnamese producers and exporters.

The Ministry of Agriculture and Rural Development and the Ministry of Industry and Trade have stepped up planning and building specialized material production zones and diversifying products. Farmers and businesses are working hard to turn out qualified items that meet food hygiene and safety standards. Economist Vu Dinh Anh said both hard currency earners and potential export products should focus on two things.

First, they should choose either quality or quantity. Second, they should develop a brand for every agricultural export item", Dinh Anh added. To take advantage of international integration, trade counsels abroad must work harder to create accurate market forecasts and effective trade promotions.

The government, meanwhile, has taken a number of steps to help farmers invest in new technology, apply science and technology to production, preservation, and processing, and strengthen links among farmers, processors, and consumers.

MALAYSIA THIS WEEK

The week at a glance 27 March 2016

KTC rises as top-tier CPG distributor in East Malaysia

Kim Teck Cheong Consolidated Bhd (KTC) is on course to become a fast growing consumer packaged goods (CPG) distributor in East Malaysia. The ACE Market listed company is a top-tier distributor of CPG in East Malaysia and currently distributes approximately 10,348 stock keeping units for 38 brands owners through its 19 distribution centres.

Poor fish catch in Labuan due to El Nino

Total fish landings in the first quarter of this year in the duty-free-island, Labuan, declined by 10.87 per cent compared to the same period last year, partly due to the El Nino phenomenon. However, the Malaysian Fisheries Development Authority (LKIM) Labuan has given an assurance there will be adequate fish supply despite the current dry spell that has increased the sea temperature by one to two degrees Celsius.

CPO prices could have limited upside movement

The crude palm oil (CPO) price movement could have limited upside potential. Affin Hwang Investment Bank Bhd (AffinHwang Capital) said the recovery of fresh fruit bunch (FFB) yields, a stronger ringgit and weak crude oil price could potentially capped the CPO price rise.

MTC to strengthen presence in emerging markets to spur export growth

The Malaysian Timber Council (MTC) wants to strengthen its presence in emerging markets while maintaining its foothold in traditional ones to spur the country's timber and furniture export growth. MTC chairman, Datuk Wee Jeck Seng, said the council has a budget and programmes to focus on China and India which were the biggest consumer markets in the world. Read more: <http://www.theborneopost.com/2016/03/27/the-week-at-a-glance-27-march-2016/#ixzz45LVvil9s>

No heavy use of antibiotics, say farmers

PETALING JAYA (21/3/2016) - Federation of Livestock Farmer's Association Malaysia believes in the prudent use of antibiotics when it comes to rearing chickens.

FLFAM president Jeffrey Ng said they were currently following the standards promoted by Eli Lilly and Company (Elanco) in the US. "The principle that Elanco are taking is the prudent use of allowed antibiotics to treat chickens," said Ng. "There is also a withdrawal period of seven days before harvesting where chickens are not given antibiotics to make sure it is clear of their system."

On Tuesday, Domestic Trade, Cooperatives and Consumerism Minister Datuk Seri Hamzah Zainudin was reported as saying that Malaysia's target was to produce antibiotics-free chicken by 2020.

Hamzah said that currently all poultry farms were prohibited from feeding chickens with antibiotics seven days before slaughter to avoid any complications among consumers.

He added that the mixing of antibiotics with chicken feed was to ensure that it did not contain any toxins.

Ng said that in Europe, antibiotics was still allowed if the chickens required it for treatment. He added that without antibiotics it would be more difficult to eliminate secondary and tertiary infections a chicken could contract.

"With antibiotics, we can eliminate the infection quickly before they contract further infections and that they stay healthy. "We also make sure that the antibiotics are those used in the US," he added. Ng said that without the use of antibiotics, farmers would have to resort to other biological items like probiotics (good bacteria), which was organic or acidifiers (which is like vitamins). Read more at : <http://www.thestar.com.my/news/nation/2016/03/21/no-heavy-use-of-antibiotics-say-farmers-association-we-believe-in-prudent-use-to-treat-chickens/>

CHINA THIS WEEK

How Fonterra plans to dominate the Chinese dairy market with 15,000 cows

China (24/3/2016) - Fonterra announced its interim results for 2015, it predicted a possible upturn in dairy prices towards the end of 2016.

Fonterra exports around 96% of the milk it produces and Chief Executive Theo Spierings said that Fonterra converted an additional 235m litres of milk Fonterra into higher-returning consumer and foodservice products in the last six months.

“We aimed to make the most of global consumption growth by building demand for higher-value products in our consumer and foodservice markets.

“We remain focused on growing demand, especially in the eight markets where we currently hold or want to gain leadership or a very strong position: New Zealand, Australia, Sri Lanka, Malaysia, Chile, China, Indonesia and Brazil. These are well established markets for Fonterra, so we are working off a strong base.”

He also mentioned Fonterra’s farms in China, which he said, are key to this growth.

“We are achieving operational efficiencies on the farms which are helping offset the current low domestic milk price in China.”

However, the co-op also confirmed in November 2015 that it would not be investing any further into its Chinese fresh milk operations until local demand and prices supported the move.

Fonterra In China

Fonterra’s goal is to be producing one billion litres every year in China by 2018 and with two farms milking in the Hebei Province near Beijing and another three under development it says it’s on the right track.

It built its first farm, Tangshan Fonterra Farm, in 2007 as a pilot, to see if the co-op could produce New Zealand standard milk, locally.

Since then, the herd has doubled in size and the average production per cow has increased by 30%, it says.

Today, the farm is producing around 28m litres of the

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Pic. Fonterra Farm. Photo : agriland.ie

country’s highest quality milk every year. Fonterra also has another farm milking in the Hebei province and another three under construction. However, its China operations have been loss making to date.

The plan is that when complete, these farms will milk about 15,000 cows and produce 150m litres of fresh milk every year, right on the doorstep of Beijing. It aims to have 1 billion litres of milk coming from its farms by the end of 2018 it says.

Herds on the Fonterra farms in China are housed in barns and milked three times a day, with the average cow produces around 34L of milk a day.

“No matter where in the world our milk is produced, it must meet Fonterra’s strict quality, safety and sustainability standards. All milking facilities are cleaned before and after milking and samples of all milk produced are frozen and kept on farm so it is always available to be tested.”

It said at its interim results that despite losses of €17m on its Chinese farming operations in the first half of the year.

Last year it announced a joint venture with Abbott – one of the world’s largest infant formula manufacturers, but this has yet to materialise on the ground yet.

On top of that Fonterra has been hit by lowering milk prices in China and while it has cut production costs, but he said milk prices in China are at an unsustainably low figures.

Chinese consumption, it maintains will double over the next eight years and it intends to be in a position to supply that demand. (agriland.ie)

ASIA PACIFIC THIS WEEK

China, Southeast Asian leaders seek greater cooperation

Beijing (23/3/2016) - Leaders from China and five neighboring Southeast Asian countries are meeting in a southern Chinese resort city this week amid wariness but also hope for greater regional cooperation.

The inaugural Lancang-Mekong Cooperation meeting has been framed by the Chinese and Thai co-hosts as a chance to deepen ties and cut trade deals in a fast-growing region.

Southeast Asia represents a key market under a sweeping Chinese strategy to boost trade and foreign investment called "One Belt, One Road." China has wooed the region with eye-catching projects including a textile-making hub in Cambodia, a deep sea port in Myanmar and new railways in Thailand.

But several countries have expressed concern about their giant neighbor's rise, including Vietnam, which



Vietnamese Foreign Minister Pham Binh Minh (second from right) attends the Association of Southeast Asian Nations (ASEAN) Foreign Ministers Meeting plenary session in Kuala Lumpur, Malaysia, Aug. 4, 2015. (AP/Vincent Thian)

has competing maritime claims in the South China Sea. (Jakartapost)

Asean growth outlook likely to diverge in 2016 and 2017

KUALA LUMPUR (23/3/2016) - The growth outlook of ASEAN economies is likely to diverge in 2016 and 2017, against the backdrop of subdued global demand, said Moody's Investors Service.

Moody's Vice-President and Senior Research Analyst, Rahul Ghosh said the growth prospects of Asean's major export-orientated economies, namely Singapore, Malaysia and Thailand, would remain weaker than those of more domestic demand-driven economies as Indonesia and the Philippines.

"Singapore, Malaysia and Thailand are susceptible to a prolonged period of subdued global demand via both the export channel and

weaker investment demand," he said in a statement.

Export growth was slumping across the region.

However, the overall economic impact would vary based on the relative importance of trade to gross domestic product (GDP).

According to Moody's, total trade – the sum of exports and imports – accounts for 346 per cent, 131 per cent and 130 per cent of GDP in Singapore (Aaa stable), Malaysia (A3 stable) and Thailand (Baa1 stable), respectively.

This is much higher than the 41 per cent recorded for Indonesia (Baa3 stable) and 58 per cent for the Philippines (Baa2 stable).

— Bernama

Read more: <http://www.theborneopost.com/2016/03/23/asean-growth-outlook-likely-to-diverge-in-2016-and-2017/#ixzz45LTLejjs>

Exports ride boom, domestic beef consumption falls

Australia (22/3/2016) - UNPRECEDENTED growth in cattle prices has seen exports boom and domestic beef consumption fall. High demand for boxed and live exports and high saleyard demand to support herd rebuilding have created an industry peak that is expected to last the year, according to National Australia's Bank's latest beef report, out today. Read more at: <http://www.weeklytimesnow.com.au/aqribusiness/cattle/exports-ride-boom-domestic-beef-consumption-falls/news-story/432fb46d6319ed6b871f7e2b3d1e94ad>

INDONESIA

Indonesia prepares to continue broiler PS culling program

[25 March 2016] Indonesia's Ministry of Agriculture is now preparing the legal basis to continue the broiler PS culling program which was suspended due to price control allegations by the Indonesian Business Competition Watchdog Commission (KPPU). According to Muladno, Director General of Livestock and Animal Health, the legal basis can be a Presidential decree or an Agriculture Minister decree that refers to the law on livestock & animal health and the law on food. "Once the regulation is published, we will continue to cull the remainder 3 million PS," said Mr Muladno.

Australian investor plans for integrated meat processing facility in Indonesia

[25 March 2016] Indonesia's Investment Coordinating Board (BKPM) has revealed that an Australian investor is keen on establishing an integrated meat processing facility in the country with exports as its main focus. "I can't reveal the value of the investment but the investor has the ability to export 700 containers of frozen meat throughout the world in a week," said Franky Sibarani, BKPM Chairman. He added that Indonesia was chosen because of its strategic location and halal certification system.

Indonesia tightens poultry monitoring due to AI outbreaks

[24 March 2016] Following the outbreak of a number of avian influenza (AI) cases in several regions, Indonesia's Ministry of Agriculture announced that it will tighten the monitoring of poultry in the country. "We have advised the Animal Husbandry Agencies in all regions to tighten monitoring of poultry," said Muladno, Director General of Livestock and Animal Health. He said that AI cases have been identified in three regions, namely Banyuwangi and Lamongan in East Java and Cilandak in South Jakarta. Teams from the local Animal Husbandry Agencies have embarked on vaccination and restricting live poultry distribution to stem the virus spread.

Australia offers USD8m for Indonesia to breed cattle

[23 March 2016] Australia recently offered USD 8 million to help Indonesia breed cattle. Barnaby Joyce, Australia's Agriculture Minister, announced the agreement after meeting with Thomas Lembong, Indonesia's Trade Minister. The three year project aims to help Indonesia develop commercially viable beef cattle breeding business models, which could increase demand for Australian breeding stock, said Mr Joyce in a statement.

Besides Singapore, TCRS eyes outlets in Myanmar, Indonesia

[22 March 2016] Malaysia's The Chicken Rice Shop, operated by TCRS Restaurants Sdn Bhd, said it will focus expansion on just three countries in the next five years. "This year we are looking at two new outlets in Singapore. We are also hoping to get a franchisee in Myanmar. Myanmar has a new government and many Malaysian brands are looking to open outlets in Myanmar," Wong Kah Lin, Chief Executive Office, told Asian Agribiz. It is also looking for partners in Indonesia who are already in the F&B scene and who understand the importance of quality control and SOPs, and have the infrastructure in place, said Ms Wong. The brand has over 80 outlets in Malaysia as well as outlets in Singapore and Brunei.

Indonesia to monitor Indian beef imports

[22 March 2016] The Commission IX of Indonesia's House of Representatives has sought the help of the Corruption Eradication Commission (KPK) to monitor the Directorate General of Customs and Excise (DJBC) in relation to alleged imports of thousands of tonnes of Indian beef. Mukhamad Misbakhun, a member of the Commission IX, said that Indonesia has not approved imports of Indian beef, but the meat is already circulating in local markets. The DJBC reported that a ship arrived in Tanjung Priok Port, carrying seven containers of Indian beef. The cargo document stated that the contents was processed leather. But customs officers grew suspicious because the supposed leather was stored in reefers.

East Java hit by avian influenza

[21 March 2016] Indonesia's Animal Husbandry Agency of Lamongan in East Java has vaccinated poultry in several areas in the regency after the death of 735 chickens last week. The agency has confirmed that the death was caused by the avian influenza virus. Sukriyah, head of the agency, said to prevent the virus from spreading, the agency burned and buried the dead chickens. "We have also taken other measures such as mapping of villages in Sukorame sub district potentially infected by the virus," she said.

MALAYSIA

TCRS to consolidate its operations in Malaysia

[24 March 2016] After impressive growth over the last two years Malaysia's The Chicken Rice Shop, operated by TCRS Restaurants Sdn Bhd, will consolidate its operations and may only open 10 outlets in the country this year. The company opened 20 and 22 outlets across the country in 2014 and 2015 respectively. "We are consolidating our outlets and are looking to go into places we have not tapped before," Wong Kah Lin, Chief Executive Office, told Asian Agribiz. The brand has over 80 outlets in Malaysia, which sees some 3000 birds slaughtered daily. A central kitchen enforces rigid standard operating procedures to achieve consistency at all outlets, Ms Wong said.

INDIA

India's beef, veal consumption expected to increase to 2.3mt

[25 March 2016] India is the world's fifth largest beef-consumer, and consumption has been rising steadily. Based on USDA data, India's beef and veal consumption in 2015 was 2.2 million tonnes, and the figure is expected to escalate to 2.3 million tonnes in 2016. Muslims form the bulk of beef consumers. According to India's National Sample Survey Office, one out of 13 Indians currently eat beef or buffalo meat. Among the Indian states with the highest beef consumption, the north-eastern state of Meghalaya and coastal union territory of Lakshwadeep top the list. Around 40% of Indian Muslims currently consume beef. Over 26% of Indian Christians eat the meat, according to Quartz India.

India exported 2mt of beef in 2015

[23 March 2016] India topped the list of beef and veal exporting countries in 2015 with exports of 2 million tonnes. The figure is expected to reach 2.2 million tonnes this year, while production is predicted to reach 4.5 million tonnes, USDA reported. According to Quartz India, most of the beef India exports is from water buffalo, which is cheaper than cow meat. The exports give India more foreign revenue than even the aromatic basmati rice, CNN Money reported. Vietnam, Malaysia, Saudi Arabia and Egypt are some of the top importers of Indian beef.

India's PEC receives first non GM corn cargo from Ukraine

[23 March 2016] India's PEC Ltd has received its first cargo of about 40,000 tonnes of corn from Ukraine, trade sources said, despite concerns that the state-run trader could find it difficult to secure supplies from non-genetically modified (GM) crops. PEC firmed up plans to import corn in December last year, marking India's first such overseas purchase in 16 years. In an international tender competition launched in January, PEC awarded a contract to South Korea's Daewoo International to supply 250,000 tonnes of yellow non GM corn.

THAILAND

Betagro to introduce new feed brand in Cambodia

[24 March 2016] Thailand's Betagro Group which inaugurated a new USD 30 million feedmill in Phnom Penh, Cambodia recently said the plant uses innovative construction technology and is fully equipped with state-of-the-art manufacturing process and quality standards. With a production capacity of 200,000 tonnes per year, it will produce high quality feed for all species. It has some 200 feed customers in the country and plans to introduce a new brand, Farm, especially for customers who operate larger and mid-sized farms, said Betagro President Vasit Taepaisitphongse. Mr Vasit added that the company will step up and expand its production base to respond to the growing feed markets both domestically and within the Asean Economic Community.

Thailand's S&P plan for mid-year launch of premium frozen foods

[23 March 2016] Thailand's S&P Syndicate will launch premium frozen foods in major cities such as Bangkok and Phuket by mid-year, Pakorn Tiewcharoen, Vice President-Trade Channel at S&P Syndicate told Asian Agribiz. S&P Syndicate runs a chain of restaurants and bakery shops in Thailand and other countries. "We will launch premium ready-to-eat meals, which focuses on imported foods and restaurant-style meals," he said, adding the new products will be priced at around USD 2.86. S&P will also launch healthy frozen foods (ready-to-eat) during the same period. It will target families and high income earners.

Betagro opens first feedmill in Cambodia

[22 March 2016] Thailand's Betagro Group recently opened its first feedmill in Phnom Penh Special Economic Zone in Cambodia. "Cambodia's feed market needs approximately 600,000 tonnes per year and has potential to grow dramatically," said Vasit Taepaisitphongse, President of Betagro Group. He added that the firm invested around USD 30 million in the new facility, which has a production capacity of 216,000 tonnes per year. It will produce high-quality feed for all terrestrial animals such as pigs, laying hens, broiler chickens, laying ducks, native chickens and cattle under the brands Be-lac, Betagro, Bio and Balance. Mr Vasit said Betagro has around 200 feed customers across Cambodia and the firm will introduce a new feed brand called Farm, for customers who are operating larger and mid-sized farms.

EU steps up support to tackle labour abuses in Thai fishing industry

[21 March 2016] The European Union in collaboration with Thailand's Ministry of Labour and the International Labour Organisation (ILO) launched a project on "Combatting Unacceptable Forms of Work in the Thai Fishing and Seafood Industry". The EU contribution to the project is USD 4.15 million. The project will contribute to the prevention and reduction of forced labour, child labour and other unacceptable forms of work in the Thai fishing and seafood processing sectors. "We welcome the firm commitment of the Thai government to move ahead and address the issue with determination," said Ambassador Sanz, the head of the delegation of the EU in Thailand, adding the program will help Thailand comply with international standards.

CHINA

CJ takes over Chinese amino acid producer

[23 March 2016] CJ Cheiljedang, South Korea's leading food and biochemical company, said it has signed a USD 30.6 million deal to take over Ningbo Zhenhai Haide Biochem, a Chinese amino acid producer. The food unit under CJ Group said the deal is aimed at taking advantage of its 40 different amino acid products and global sales network. Founded in 1986 in northeast Zhejiang province in China, Ningbo has been devoted to amino acids manufacturing, research and marketing.

ASIA PACIFIC

Poultry farmers in Bangladesh suffer huge losses

[25 March 2016] Poultry farms in Bangladesh's Nilphamari district are sustaining huge losses due to an unexpected rise in the price of DOC, feed and veterinary medicines. Sources said there are nearly 2000 small and medium size broiler and layer poultry farms, almost 80% of which have already ceased operations due to severe losses. The sources said the price of broiler DOC is USD 0.64 now, double from a few months ago. At the same time, the prevailing market price of broiler meat is USD 1.15, a drop from USD 1.78 earlier.

New procedures for handling and use of MSM approved

[24 February 2016] The Philippine Department of Agriculture (DA) has issued new regulations for handling and use of mechanically separated meat (MSM). The new circular, which took effect on February 4, is expected to "ensure that MSM, as raw material for heat-treated meat products, will be hygienically handled throughout the entire production chain in order to ensure food safety and quality." The circular covers the composition, hygienic handling practices and use of both locally produced and imported MSM from pork and poultry.

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South Korean seafood firms invest in Russia

[25 March 2016] Several South Korean seafood firms are interested in making infrastructural investments in Russia's Far East region. Business Korea reported that four South Korean firms are eyeing potential investments in cold storage facilities as well as feed and dried fish processing plants near Vladivostok. The firms signed an agreement on February 25 to exchange information with Russia's Ministry for Development of the Russian Far East.

Poultry breeders in Bangladesh blamed for DOC price hike

[24 March 2016] DOC prices in Bangladesh swelled to USD 0.83-0.89 for broiler DOC and USD 1.34-1.40 for layer DOC in February-March from USD 0.38-0.44 and USD 0.51-0.57 respectively three months ago. Sector insiders blamed syndication of poultry breeders for the hike. Khandokar Mohosin, Secretary General of Bangladesh Poultry Rakkha Jatiyo Parishad, said: “Both local and foreign poultry breeders have raised the price without showing any cause. The DOC are being sold at 100-140% higher than that of the rate fixed by the government.” Mr Mohosin said the government should look into the matter seriously to stop price escalation.

Bangladeshi corn farmers concerned about fair price

[23 March 2016] Corn farmers in Bangladesh are concerned about getting a reasonable price during the peak corn harvesting period in April. Last year the price of corn plunged to USD 0.11 per kg, lower than the production cost. Market experts said global corn prices have declined and feed millers prefer to import corn rather than use local supply as imported corn is cheaper.

South Korea resumes poultry meat exports to Hong Kong

[22 March 2016] South Korea has resumed exports of poultry meat products to Hong Kong for the first time in nearly two years as the country regained its bird flu free status on February 28. South Korea’s Ministry of Agriculture, Food and Rural Affairs said Hong Kong agreed with its South Korean counterparts to import chicken, duck and other poultry meat products starting March 11. Hong Kong halted imports of South Korean poultry meat products in May 2014 following an outbreak of avian influenza.

Asia set to buy more US beef

[21 March 2016] Asian consumers are set to buy more US beef this year as demand shifts away from more expensive Australian supply, said the US Meat Export Federation. Japan, Asia’s largest beef importer, will likely be the region’s fastest growing market for US meat this year, with imports seen rising 9%, said Philip Seng, CEO. Sales to South Korea and Taiwan will also expand, he said. “We have more supplies, and our prices are coming down. There is less Australian product coming into the market. As their prices come up, we are staying somewhat competitive with Australia.”

Meat and seafood leads cold chain market

[21 March 2016] The cold chain market was estimated to be valued at USD 167.24 billion in 2015, and is projected to reach a value of USD 234.49 billion by 2020. According to RnR Market Research the primary factors driving the global success of the cold chain market is the growth in international trade for perishable food products and the changing consumer preferences. During the forecast period the cold chain market is projected to grow at a CAGR of 7%. In 2014 the meat and seafood segment accounted for the largest market share due to consumers’ increasing preference for packaged food products.

Asian Agribiz regional dairy update

[22 March 2016]

Indonesia's milk production predicted to decrease

Indonesia's milk production this year is predicted to contract and milk imports are likely to increase. According to Sulistyanto, Head of Business of the Indonesian Milk Cooperatives Association (GKSI) – East Java branch, the high price of beef at USD 8.9/kg has triggered dairy farmers to sell their cows to slaughtermen. He said the population of dairy cattle in 2015 was around 357,450 heads and he believes this figure has since declined. With productivity at 9-12 litres/head/day, last year Indonesia produced 1.4-1.6 million litres of milk/day. This met only 30% of the total requirement of milk processing companies in the country.

Milma to produce organic milk in India

The Kerala Cooperative Milk Marketing Federation (Milma) in India is set to join hands with the Netherlands to produce organic milk. The milk will be produced by rearing cattle in a natural environment, without feeding them synthetic feed or antibiotics. As many as five milk societies in Mullankolli have been identified for the project. "A group of selected dairy farmers will be entrusted with the production of organic milk. They will be given strict directions for rearing cattle. We have to change the current agriculture and dairy practices to produce organic milk," said KT Thomas, Milma Managing Director in the Malabar region.

Australia's biggest milk processor looks to Indonesia

Australia's biggest milk processor, Murray Goulburn, will spend up to USD 300 million beefing up its infant formula operations after securing a long term contract to feed Indonesian babies. The dairy cooperative will supply formula to Indonesia's Kalbe Nutritionals and American infant nutrition giant Mead Johnson. "Indonesia is an important market for dairy foods. It has one of Asia's largest paediatric populations with approximately one in 10 people under the age of five," said Gary Helou, Managing Director. "This represents a future growth opportunity for Murray Goulburn and our high quality dairy food products, including infant formula."

India's Prabhat Dairy invests in skilled manpower

India's Prabhat Dairy has signed an MOU with the Directorate of Skills Development, Employment and Entrepreneurship in Maharashtra to develop skilled manpower in the dairy sector, strengthen the training infrastructure related to the requisite skills set as well as by adopting new technology. "Prabhat Dairy will try to ensure enhancement in the employability potential," said Vivek Nirmal, Joint Managing Director of the dairy company. Prabhat Dairy has two manufacturing units equipped with advanced technology which will ensure operational efficiencies including lower production losses, strict quality control and ability to process large orders.