

POSITION OF AUSTRALIAN WHEAT IN MALAYSIA Post Deregulation

Issues and Recommendations

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BACKGROUND

- Australian wheat is the major type of wheat used in Malaysia.
- Main type of Australian wheat is APW/ASW and APH/AH. Spring wheat is imported from Canada and USA.
- Main use of wheat is for noodle products e.g. alkaline noodle, instant noodle, wanton noodle . Where strong white wheat is prefer.

BACK GROUND

- Competition for APW/ASW is currently from Ukraine/Russian/Argentine wheat. Indian and Pakistan wheat also available occasionally.
- However buyer still pay a premium for APW/ASW

Problems encounter since deregulation

- Significant shipment delays especially bulk shipments out of WA.
- Container shipments have large quality variation.
- Occasionally shortage of containers and container loading facilities.
- Classification of wheat type especially for container shipments is uncertain e.g. who certify what is APH or AH.
- No crop quality report, unable to match market requirements to available wheat.

Quality Issues

- *Large quality variation especially for container shipments*
- *Different / abnormal appearance*
- *Excessive foreign materials*
- *Bad odour .*
- *Is extensive use of silo bags/bunkers causing quality issues?*

Quality of Container APW (Received by SFM : Jan –June 2009)

Port of loading	Fremantle	Melbourne	Adelaide
Moisture (%)	10.8 -11.1	9.0-11.4	9.4- 11.0
Protein (%)	10.5 -12.3	9.8-13	11.7 -13.9
Screening 2mm (%)	1.4- 7.0	1.3 – 4.0	1.6- 3.3
Foreign materials (%)	0.2 -0.8	0.2-0.5	0.2 – 0.4

Different Container APW Quality



Quality of Container APH (Received by SFM : Jan –June 2009)

Port of loading	Sydney	Melbourne	Brisbane
Moisture (%)	9.4 – 10.6	8.5 -11.1	9.9-11.1
Protein (%)	12.5-13.4	13.0-14.2	12.2-13.4
Screening 2mm (%)	1.4 -2.9	1.3 -3.2	1.6 -2.8
Foreign materials (%)	0.1 – 0.5	0.2-0.6	0.2 -0.8

Different Container APH quality



Excessive / abnormal foreign materials

- Abnormal quantity of Foreign Materials found in wheat which we never seen before deregulation:
 - Excessive stone : 50kg/100mt of wheat
 - Abnormal stone size : 0.5 – 7cm
 - Excessive magnetic stone suspected to be iron core
 - Extremely high amount of husk and straw



EXCESSIVE HUGE RED STONES



EXCESSIVE MAGNETIC STONES





EXCESSIVE HUSK AND STRAW

Competitive position of APW vs. other currently available medium protein wheat

Wheat	Price (USD/mt)	Quality			Substitution for APW
		Moisture	Protein (as is)	Ash (as is)	
APW	290	11.5 max	10 min	1.5 max	
HRW	290	12.5 max	11.5 min	1.6 max	+++
Ukraine	220	13.5 max	10.0 min	1.6 max	++
Russian	220	13.5 max	10.0 min	1.6 max	++
Indian/Paki stan	-	13.5 max	10.0 min	1.6 max	+++
Argentine	-	13.5 max	10.0 min	1.6 max	+++

Good : +++ ; Acceptable : ++

Pros and Cons Of Deregulation From Our prospective

Pros :

- More sellers in market.
- Price more competitive due to competition and lower trading margin requirements of the small sellers.
- Free market principle
 - no special allocation to any buyer
 - no discrimination of buyer with smaller volume.
 - highest bidder gets the goods
- Able to do I.P. and contract farming between buyer and seller in the long run.

Cons :

- Larger price fluctuations.
- Sometime price not align with international market.
- Large quality fluctuation especially for container shipments.
- Less reliability supply.
- Wheat stocks may not be available through the end of crop year.
- Little or no information on crop quality.
- No technical support.

Recommendations

- **Crop quality report a must**
- **Test weight for export should be Min 78kg/hliter**
- **Arrange contacts between buyers and farmers/farmer groups to build closer relationships**
- **Proper authority to provide technical support and continue R & D activities into Asian food products. Organize technical programs for Asian flour millers.**
- **Proper authority to certify wheat type and to maintain quality especially for container shipments.**
- **Set up container packing stations near major container ports.**

Thank You

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