

## STRENGTHENING THE LIVESTOCK INDUSTRY

### DEPARTMENT OF VETERINARY SERVICES

The livestock industry in Malaysia is an important sector in the country's agricultural development and is one of the main contributors as a primary source of protein. The performance of the livestock sector showed positive growth in 2023. The value-added of this sector in the fourth quarter of 2023 grew by 3.5 percent to RM4.0 billion, contributing 1.0 percent to the national economy.

In terms of self-sufficiency ratio (SSR) achievements for the year 2022, the country achieved 109.0 percent for the poultry/duck egg subsector. Meanwhile, the SSR for chicken/duck meat reached 94.4 percent, fresh milk stood at 57.3 percent, and beef/water buffalo meat was at 14.7 percent.

Total trade in livestock and livestock products grew by 22.0 percent to RM15.84 billion in 2022 (up from RM12.35 billion in 2021). This increase was primarily driven by imports, which amounted to RM12.37 billion compared to exports of RM3.48 billion. The trade deficit trend in the livestock sector has remained consistent over the past two years, with import values in 2021 at RM8,960.67 million and exports at RM3,390.68 million, while in 2020, imports were RM8,138.98 million and exports RM3,132.89 million. This trend presents a challenge for the Department of Veterinary Services (DVS), particularly in increasing livestock and livestock product exports while reducing dependency on imports. As a result, various more holistic strategies have been formulated to address this challenge.

Global economic crisis triggered by Covid-19 has had a significant impact on Malaysia's poultry meat and eggs supply as the livestock production cost increased. To address the issue of cost increases and stabilize the supply of poultry and eggs, the government has allocated a total of RM 2.3 billion from 9 February 2022 to provides subsidies to the industry according to their respective categories. In this regard, Department of Veterinary Services (DVS) continuously collaborates with the poultry industry to ensure its sustainability, thereby stabilizing the supply on a continuous basis.

National Agro-Food Policy 2021-2030 (DAN 2.0) has set targets of 50.0 per cent self-sufficiency ratio (SSR) for beef/buffalo, 30.0 per cent for goat/sheep meat, and 100.0 per cent for fresh milk by 2030. In achieving these targets, the ruminant industry faces various challenges both at the international and domestic levels. Some of the challenges include the high cost of imported feeder cattle, high production costs, limited domestic sources for importing livestock, Barrier to Entry involving high capital requirements, legal issues (halal certification), of tools and machinery, land constraints and high cost for smallholder farmers.

The Department has planned integrated efforts based on a more constructive approach and direction by the Department of Veterinary Services (DVS) developing *Pelan Strategik Industri Pedaging* (BIF Plan) 2021-2025 through 12 strategic approaches and *Pelan Strategik Industri Tenusu* (Dairy Plan) 2021-2025 through 8 strategic approaches. Both strategic plans aim to streamline and strengthen Malaysia's meat and dairy industry towards increase in the nation's meat and dairy production and SSR, to achieve the Food Security Policy.

Among the programs that have been and are being implemented during the implementation period of DAN 2.0 are:

- (i) *Peningkatan Ruminan* through the concept of Public Private Partnership (PPP);
- (ii) *Program Rezeki Ternak Ruminan* through livestock assistance under the of matching grants concept;
- (iii) Incentive project that encourages beef cattle productivity towards an average of 60% national birth rate (PIKK 60%) through grant provision to qualified and potent ruminant farmers;
- (iv) *Program Ladang Satelit Nasional* (LSN) Programme encompasses cattle barn development in addition to development of other infrastructure built on Government land for rental purposes to eligible farmers;
- (v) *Program Pembangunan Taman Kekal Pengeluaran Ruminan* (TKPR) Development Program, which involves the provision and construction of basic infrastructure for dairy cattle farming to optimize the use of land owned by DVS and address the issue of abandoned land; and
- (vi) *Program Perluas Penternakan Lembu* which involves the integration of cattle farming and marketing management carried out by the Farmers' Organization, aimed increasing the capacity of the feedlot cattle industry.

In 2023, Ministry of Agriculture and Food Security (KPKM) emphasized the need for feedlot cattle farming expansion through several strategies which consists of proceeding with satellite fields operation in seven (7) states in Peninsular Malaysia. Feedlot operators can operate in strategic areas with lower costs through government efforts to built and rented enclosure units as well as 30 acres of pasture area at a reasonable price. Feedlot entrepreneurs are able to operate on strategic areas that are cost-efficient. Feedlot cattle farming achievements in 2023 can be seen through three (3) major aspects;

- (i) The production of local feedlot cattle amounted to 7,531.5 tm (52,085 feeder cattle) by DVS;
- (ii) The reduction in capital costs for 42 feedlot operators under DVS; and
- (iii) The increase in the competitiveness of local feedlot farmers, covering 72 Program Ladang Satelit Nasional (LSN) under DVS, with an area of 9,097.7 hectares.

Among the other main focuses in 2023 are encouraging increased production of premium meat from Wagyu and Sado Hybrid cattle; incentives to encourage beef cattle productivity towards an average national birth rate of 60% and focus on a wider segment of the beef market such as the Hotel, Restaurant and Catering (HoReCa) market.

KPKM's commitment to strengthen the country's livestock industry continues to be streamlined through the review of medium and long-term target and strategy setting. In this regard, the collaboration of all stakeholders along the livestock industry chain is crucial for the successful implementation of the outlined strategies and direction.