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Malaysian Food Service Sector Study

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TABLE OF CONTENTS

1.	Introduction	Page 1 of 75
2.	Malaysia in profile	Page 2 of 75
3.	Food service market summary	Page 3 of 75
3.1	Malaysia's food service sector in overview	Page 3 of 75
3.2	Malaysian consumers and their eating out habits	Page 5 of 75
3.3	Future growth in the food service sector	Page 8 of 75
3.4	Advantages and challenges for US exporters	Page 9 of 75
4.	Road map for market entry	Page 12 of 75
4.1	Restaurants	Page 12 of 75
4.2	Hotels and resorts	Page 17 of 75
4.3	Institutional caterers	Page 24 of 75
5.	Competition in food service sector supplies	Page 28 of 75
5.1	Review of major brands and supply sources in the market	Page 28 of 75
5.2	Local companies with a strong position in the food and beverage market	Page 33 of 75
5.3	The advantages and disadvantages of local products	Page 34 of 75
5.4	The major foreign supply countries today	Page 35 of 75
5.5	Review of competition in individual market segments	Page 36 of 75
6.	Best prospects	Page 44 of 75
6.1	Market attractiveness review	Page 44 of 75
6.2	Summary of findings	Page 56 of 75
	APPENDIX A	Page 58 of 75
	APPENDIX B	Page 60 of 75
	APPENDIX C	Page 64 of 75

1. Introduction

This study has been prepared for the Foreign Agricultural Service, American Embassy, Kuala Lumpur by Stanton, Emms & Sia. It has been prepared to provide US exporters wishing to enter the Malaysian hotel, restaurant and institutional food service sector with:

- C A concise snapshot of the hotel, restaurant and institutional (HRI) food service market situation in Malaysia.
- C A road map for market entry into the HRI food service sector in Malaysia.
- C A summary of the competitive situation surrounding the HRI food service sector in Malaysia.
- C A review of best prospects in the HRI food service market in Malaysia.

As required by the project brief, the following product categories have been covered by this study:

- C Snack foods, defined as corn and potato based products.
- C Breakfast cereals.
- C Red meat, defined as beef and lamb
- C Poultry.
- C Dairy products and eggs.
- C Fresh fruits.
- C Prepared fruits, defined as fruit juices, canned fruits and dried fruits.
- C Fresh vegetables.
- C Prepared vegetables, defined as frozen and canned vegetables.
- C Nuts.
- C Beverages, defined as soft drinks, mineral water, beer, wines and spirits.

The reader should note that the aim of this study is to provide a broad based overview of Malaysia's HRI food service market for the above mentioned products. Readers should not view this report as a detailed market study

2. Malaysia in profile

Malaysia is the third wealthiest country in Southeast Asia. It has a population of around 22.2 million people. Its population is projected to grow to 29.8 million by the year 2020, according to the United Nations Development Programme. Today, around 56% of the total population reside in urban centres with the balance living in rural areas.

Most of Malaysia's households are economically active and independent. Less than 114,000 households live below the poverty line.

The population is well educated. About 61% of its population make up its middle to upper income group of consumers. In addition, the Government recently announced that there are around 51,000 high income expatriates living in Malaysia, mainly in the Klang Valley, Penang and Johor. Unlike the other large Southeast Asian nations, Malaysia has a nation-wide consumer base that encompasses both urban and rural areas.

A significant proportion of the population is young. Children aged less than 15 years form 36% of the total population. The majority of these people are expected to participate in tomorrow's consumer market.

The Malaysian economy has a firm foundation based on a mixed economy that comprises strong manufacturing, service and agricultural sectors. Like most countries in Asia, it was adversely affected by the regional economic downturn in 1998. Its economy contracted by 7.5% in 1998 although inflation remained low at around 2.5%. That year, its GDP per capita fell to US\$3,208, from US\$4,287 in 1997.

On the positive front, the country managed to return to economic growth of 4.1% in the second quarter of 1999, ending five consecutive quarters of contraction. The growth was largely due to the resilience of the real economy, based on strong manufacturing and agricultural output.

Current forecasts for economic performance for the whole of 1999 indicate a growth of between 4% and 6%, with inflation at 3.4% and unemployment at 3.5%. The government forecasts economic growth of 4.3% for year 2000 while unofficial estimates put the figure closer to 5%. The growth will be driven by the recovery in private investment, increased local consumption and sustained external demand for Malaysia's products.

Malaysia's development policies and strategies are well entrenched and have turned it into one of the wealthiest countries in Asia today, with an even spread of middle class consumers who reside in both urban and rural areas. Some analysts comment that Malaysia's future long-term development path will ultimately see it develop into a nation/economy that is similar to that seen in Australia today.

3. Food service market summary

3.1 Malaysia's food service sector in overview

The food service sector in Malaysia is highly fragmented with a large number of small to medium sized players in the market. According to trade sources, over 80% of the food service establishments are made up of small family-owned businesses or individual proprietors. The following types of establishments form the food service sector in Malaysia:

- C Restaurants which are made up of low end to high end full service restaurants which serve a wide range of cuisine from all over the world, fast food restaurants which serve mainly American style fast food, coffee shops and hawker food and drinks stalls which serve local dishes.
- C Rated hotels and resorts which serve food and drinks through their food and beverage restaurants and other food service outlets within their premises.
- C Institutional catering which operate cafeterias in schools, colleges, hospitals, companies, including those which specialise in catering to airlines, ships, special functions such as exhibitions, weddings, corporate dinners and alike.

The Table below provides an indication of the size of the food service market in Malaysia.

Size of Malaysia's Food Service Sector			
	Estimated Sales* (US\$ Million)	Value Added (US\$ Million)	Growth Rates (%)
1994	2400	684	16.8
1995	2800	816	15.5
1996	3100	895	10
1997	3500	1026	15.9
1998	3400	1000	-3.5
1999	Not Available**		
Note: *: Estimates provided by trade sources. **: The estimated growth rate for the whole of the wholesale, retail and hotel/restaurant sector is 1.5%, according to the Economic Planning Unit. Source: Economic Planning Unit and Trade Estimates			

The food service sector has seen high rates of growth over the past five years, except for 1998 when

the sector's activities declined as a direct result of the economic slowdown in the country that year. Officials at the Economic Planning Unit of the Prime Minister's Department commented that preliminary figures showed that the whole of the wholesale, retail and hotel/restaurant sector grew by 1.5% in 1999, indicating that the food service sector has started to recover from the economic crisis of 1998.

No official statistics are available on the current structure of the food service sector today. The Table below provides a profile of the food service sector in 1993, based on a nationwide survey conducted by the Department of Statistics for 1993.

Structure of Malaysia's Food Service Sector (1993)			
Business type	Number of Businesses	Total Sales (US\$'000)	% Share of the Market*
Full service restaurants	8466	534852	30%
Coffee shops	14665	263108	15%
Fast food restaurants	422	118034	7%
Food and drinks stalls	45283	674044	38%
Drinks stalls	4188	39617	2%
Cafeterias, cafes and canteens	6996	131970	7%
Catering services	147	11956	Negligible
Others	327	6237	Negligible
Total*	80494	1779818	100%
Note: *The hotels and resorts sector was not included in this survey by the government.			
Source: Department of Statistics, Malaysia (1993 official survey)			

95% of the food service businesses in 1993 were owned by individual proprietors. Most of the businesses (67%) were located in urban centres, mainly in the states of Selangor, Perak, Penang and Johor and in the federal capital of Kuala Lumpur.

Trade comments indicate that the structure of the food service market today is quite similar to that seen in 1993, with the exception of increased activities in the fast food sector

The Table below provides trade estimates of the structure of the food service market today.

Structure of Food Service Market in 1999 (Estimated Sales of US\$ 3,450 Million)	
Full service family style restaurants	25%
Food and drinks hawker stalls	25%
Fast food restaurant chains	10%
Coffee shops	15%
Hotel and resorts	20%
Catering services	5%
Total	100%
Source: Trade estimates	

Trade sources comment that the full service restaurants and the hawker stalls remain popular places to eat at for most people. Fast food restaurants have increased in popularity over the years, mainly with the younger population as they find such places informal yet clean which offer tasty fast food at affordable prices.

3.2 Malaysian consumers and their eating out habits

Generally, Malaysian consumers dine at home rather than eat out. Although the number of women in the workforce has increased over the past five years, they still form a minority in the total working population.

The Table below shows the number of women in the workforce in Malaysia in 1999.

Female Workers in Malaysia		
	1999 (‘000)	1995 (‘000)
Total number of female workers	3152.9	2690
Total number of workforce	9286.7	7893.1
% of female workers in total workforce	34%	34%
Note: The first labour force survey was conducted by the Government in 1995. Source: Department of Statistics		

The majority of women cook their family meals, regardless of whether they work or are full time housewives. This is because eating out is still considered by many families as an expensive event

normally reserved for special family celebrations. Occasionally, take-away local meals are brought home for dinner by the woman, usually because she is too busy to prepare the evening meal or is late home from work.

The Table below shows the average monthly household expenditure on meals consumed away from home.

Average Monthly Household Expenditure on Meals Consumed Away from Home		
	1999* US\$	1993 US\$
Nationwide average per household per month	46.8	14.2
Urban household average per month	62.6	19.1
Rural household average per month	28.4	9.4
Meals eaten away as a % of total monthly household expenditure (nationwide)	11%	7%
*: Preliminary estimates based on a nationwide survey conducted in 1999 by the Department of Statistics.		
Source: Department of Statistics		

The following are some of the demand drivers which affect the food service market:

- C The majority of Malaysian workers do not go home for lunch. They usually have their lunch at food/hawker stalls located just a walk or short drive away from their place of work in order to avoid any lunch time traffic. A large number of these food/hawker stalls offer budget level hot meals suited to the local taste. Other than hawker/food stalls, canteens or cafeterias located within office buildings also offer budget level hot meals suited to local taste. Canteens or cafeterias within office buildings are not commonly found in most office buildings. These canteens or cafeterias are usually found in government office buildings and factories located at places where no food service outlets can be readily found.
- C Some school children have their lunch at canteens and cafeterias located within schools and colleges which also offer budget level hot meals suited to local taste. These children usually live a distance away from their schools and so are unable to return home for lunch. Some cafeterias at the larger private colleges also offer budget priced western style fast food and other western meals suited to the students' taste and budget.
- C Fast food restaurants and other types of middle end restaurants located within air-conditioned shopping centres are usually frequented by family groups for lunch or dinner during the weekends. This occurs generally after a family outing at the local shopping centres. These consumers usually prefer to shop at shopping centres rather than at other traditional retail

outlets and eat out at the shopping centres because of convenience.

- C It is common for Malaysians from the middle to higher income groups to entertain their personal guests at middle to high end restaurants instead of at home, not only because of convenience but also for reasons of social status. Apart from this, a growing number of women from the middle to higher income groups get together for regular lunch or tea parties at their favourite restaurants.
- C Important business meetings are often followed by lunch or dinner at a middle to high end restaurant. This is a common practice of most Malaysian businesses. In addition, the larger and more successful business corporations usually hold an annual dinner and dance function for their staff, usually an elaborate affair held at middle to high end hotel or resort restaurants.
- C It is a common practice for large businesses to provide food and beverages at promotional events, exhibitions, functions and alike. This is usually provided by contract catering businesses which supply a wide variety of dishes, both local to western dishes.
- C Culturally, it is common for Malaysians to hold elaborate wedding dinners. Increasingly, such wedding dinners are being held at middle to high end restaurants because of the social status implied rather than for convenience.
- C Tourists and business visitors' expenditure on food and beverages form around 10% of the total size of the food service market. They are a very important source of revenue to restaurants and other food and beverage retail outlets located within rated hotels and resorts.

The Table below shows the expenditure on food and beverages by tourists and business visitors over the five years to 1998

Tourism Expenditure on Food and Beverages	
	US\$ Million
1994	414.9
1995	434.6
1996	501.4
1997	477.3
1998	390.6
Source: Malaysia Tourism Promotion Board	

Food and beverage expenditure from this group of consumers fluctuates from year to year,

depending on the regional economic performance, business confidence of both foreign and local investors and tourist arrivals. Expenditure by this group has been decreasing in the past two years as a result of the regional economic slowdown.

- C To compete in the market, an increasing number of middle to high end restaurants have diversified their menus to cater to the demands of expatriate residents, business visitors and locals who look for variety when dining out. Today, a wide variety of restaurants exist in Malaysia, including American, Japanese, Korean, Thai, Vietnamese, Caribbean, European, Continental, French, Italian, Mediterranean, Swiss, Irish and alike. These restaurants are mainly located in the major cities where the expatriate population resides and where business visitors and tourists can be found.

3.3 Future growth in the food service sector

The Table below provides an indication of the future growth rate of the food service sector by type, based on trade estimates.

Future Growth Rates of the Retail Food and Beverage Sector			
	2000	2001	2002
Restaurants - Fast Food	20% to 30%	20% to 30%	20% to 30%
- Others	10% to 30%	10% to 30%	10% to 30%
Hotels and resorts	Growth expected but no forecast made.		
Institutional caterers	10% to 15%	10% to 15%	10% to 15%
Source: Trade estimates			

The above Table indicates that the largest growth will be experienced by the restaurants sector over the next three years. The fast food sector will experience the fastest growth of between 20% and 30% per annum. Trade sources in the fast food sector comment that more outlets will open over the next three years to cater to growing demands for convenience in eating out. Most of these outlets are likely to be located along the North-South highway and in new townships located off the highway, particularly in the states of Penang, Selangor, Negri Sembilan, Melaka and Johor.

Currently, food service outlets located along the highway offer budget-end food and drinks targeted at consumers with a preference for local food. Fast food restaurants, such as McDonald's, see opportunities in servicing the needs of motorists along the North-South highway, particularly those seeking convenience and variety. In addition, other fast food restaurants, such as KFC, also see opportunities in servicing the needs of residents in new townships where demands for western-style fast food exist amongst school children and young adults.

Full service restaurants will see growth of between 10% and 30% over the next three years. Trade sources in this sector comment that business entertainment has started to pick up, following a sharp

decline in business entertainment in 1998 and 1999 due to the economic downturn. Such business entertainment includes annual company dinner and dance, business breakfast, lunch or dinner meetings, special business functions/seminars and alike. In addition, to increase revenue, a number of middle to upper end restaurants have been actively promoting special lunch menus, targeting the young executives who are inquisitive and are more inclined to widen their dining experience.

Trade sources comment that more women executives, particularly those in the middle to upper income range working in the major cities, entertain by dining out at full service restaurants rather than entertain at home. Trade sources added that an increasing number of women, particularly those from the middle to upper income group, dine out at family style restaurants. Women-only lunch/tea/dinner parties or “get-togethers” are becoming popular amongst this group of consumers.

Trade sources from the hotel and resorts sub-sector comment that business will improve in their food and beverage outlets but are unable to provide any forecast for growth over the next three years. They are confident that sales will be better than in the recent past as business has started to pick up over the last quarter of 1999, continuing into 2000. Growth in this sub-sector will depend on future economic performance, business confidence of both local and foreign investors and the level of tourist arrivals as the hotel trade is directly affected by these factors.

The institutional caterers are likely to see growth of between 10% and 15% over the next three years, according to trade sources. Growth will be directly affected by the improved economic climate of the country.

Caterers which target cafeterias of private schools and colleges will see increased activities with the economic growth over the next three years as more Malaysian parents from the middle to high income groups become comfortable about sending their children to these institutions for their education.

Catering businesses which target seminars, trade exhibitions, company dinner and dance, weddings, family parties and alike will likely see increased sales as the economy improves. Entertainment budgets will increase as business confidence returns. In addition, private parties, weddings and alike will return to being more elaborate affairs as consumer confidence returns to the middle to upper income group.

In addition, with the improvement in the region’s economic performance, airline catering operations are likely to see growth as business and tourist travels increase within the region and from outside the region.

All the above factors will contribute to the future growth of the food service sector over the next three years.

3.4 Advantages and challenges for US exporters

The Table below summarises the opportunities and threats for US products in the Malaysian food service market.

Opportunities	Threats
Malaysia's economy is coming out of recession with growth forecast of 5% for the year 2000.	Malaysian food culture is strong and dominates restaurant output, which mainly revolves around local Malay, Chinese and Indian dishes today.
The Malaysian market for imported food and beverages continues to be liberalised. Tariffs are now low for most products. Few official barriers exist for imported food and beverages.	The Muslim population limits demand for non-halal products from foreign sources. These include products which are not prepared in a halal manner as well as more obvious products such as those containing alcohol and pork.
61% of Malaysia's population of 22.2 million comprise of the nation's middle to upper income group. The population is well educated and is growing at more than 2% per annum.	Local products and those from neighbouring countries dominate the supply of food and beverages to Malaysia's food service sector. This includes supplies to fast food businesses such as McDonald's and KFC, which have localised/ASEANised many of their food and beverage requirements.
More than 36% of the population is under 15 years of age. The majority of them are expected to participate in tomorrow's consumer market.	Foreign companies with investments in Malaysia, e.g. Nestlé and CPC (Caterplan) have developed a strong position as suppliers to middle and high-end food service outlets over the past 3 to 5 years.
New modern airconditioned shopping malls are continuing to open, providing increased opportunities for food service operators to access customers on a nationwide basis. The most successful food service businesses have strategies that involve obtaining prime sites within the country's key shopping malls/areas. This also involves new food service outlets along Malaysia's highways, in particular the North-South highway.	Price sensitivity of consumers affects the food service sector's buyers and their suppliers, e.g. importers and distributors.

Opportunities	Threats
Increased usage of new shopping malls has resulted in increased usage of the modern food service outlets operating within the malls.	Malaysia's large geographical area requires a strong distribution network to supply all urban areas where key food service outlets operate.
Increased spending in the food service sector, especially in the urban areas.	Relatively small and frequent order quantities by the food service sector means that buyers are unable to source directly from exporters who generally prefer to satisfy large orders only.
Diet and eating/dining-out habit modernisation especially amongst Malaysia's more affluent and younger urban residents is underpinning demand for a broad range of food service outlets.	Limited availability of importers/distributors for imported products targeting food service users.
Menu diversification by food service operators as part of their strategy to attract younger urban residents to their outlets.	Many of Malaysia's food service buyers are well exposed to foreign products and understand product quality based on their comparisons with equivalent products.
The English language has a strong footing in Malaysia although the younger people are inclined to speak Bahasa Malaysia.	Competition from Australia, New Zealand and some European countries, e.g. France. Neighbouring countries such as Thailand, Indonesia and India have a strong position in some segments, e.g. meat, poultry and fish/seafood.
	Lower end food service outlets and those supplying traditional dishes rarely use imported food and beverages in their menus.

The Table below summarises the strengths and weaknesses of US products in the Malaysian food service market.

Strengths	Weaknesses
Some U.S. products, e.g. beef, are viewed as high quality by some food service buyers. Past promotional activities underpin the product image of a range of products, mainly U.S. red meat, fruits and some types of vegetables.	US products are not always price competitive when compared to local products and imports from other countries. This is a key weakness in supplying most Malaysian restaurants today because of the weak value of the Ringgit against the U.S. Dollar.
US businesses are active in supplying Malaysia's market for food service supplies, e.g. CPC/AJI (Caterplan), Kraft, Heinz and Campbell Soups.	Most U.S. products and brands are not known to Malaysian food service buyers.
Some middle to higher end Malaysian restaurants are already using some U.S. products, e.g. beef, vegetables, fruits and some processed canned and frozen products.	US products do not always satisfy local purchasing criteria, e.g. U.S. beef cuts do not meet the requirements of some food service buyers that aspire to use the product in their menus.

4. Road map for market entry

4.1 Restaurants

4.1.1 Sub-sector profile

The restaurant sector dominates the food service market in Malaysia, with the largest share (75%) of the market. This sector is made up of:

- C Full service family style restaurants, operated by individual proprietors, companies or large corporations.

The full service restaurants are estimated to have around 25% of the total food service market. They are made up of low to high end air-conditioned restaurants with waiter services included. Some of the larger businesses operate restaurant chains located in several states. A large number of these full service restaurants serve Asian cuisine, especially Chinese, although an increasing number of restaurants specialise in serving exotic cuisine from Europe, Africa and America, particularly those located in the major cities where expatriates live.

The majority of the customers consist of families from middle to high income groups, business

persons and affluent younger Malaysians. Customers also include expatriates as well as business visitors and tourists. Most of the customers frequent this type of restaurants because they can eat in style and comfort and can access the best and most sophisticated culinary standards in the country.

- C Coffee shops, mainly small businesses operated by family members. These businesses are estimated to have around 15% share of the total food service market.

These are generally low to middle end restaurants without air-conditioning or waiter services included. Culinary and sometimes health standards are generally low to average with the majority offering local dishes. Their menu prices are usually inexpensive compared to full service restaurants which attract the majority of the low to middle income consumers in Malaysia.

Their customers include a large number of workers who have breakfast and lunch at these places because the meals are affordable to them, as well as families having an occasional meal out.

- C Fast food chain of restaurants, operated by companies or large corporations. This sector is estimated to have around 10% share of the total food service market.

The fast food dining concept was first introduced into Malaysia by KFC in the 1970s and this sector has grown significantly in just twenty years.

Popular fast food restaurants include KFC, McDonald's and A&W, introduced into Malaysia from the USA via franchise agreements with large local companies. Local versions of fast food restaurants have appeared in recent years to compete in the market with some success, e.g. SugarBun.

The majority of the fast food businesses offer US style fast food dining; food cooked quickly in a self-service air-conditioned restaurant with standardised menus which are offered at each restaurant chain's outlet.

The majority of the customers that frequent fast food outlets are from the educated middle income group of consumers who have acquired a taste for burgers, quick fried chicken (a well entrenched traditional food in the Malay diet) and alike. The consumers are mainly family groups, young working adults or children as well as tourists. These consumers prefer the informal, yet clean and comfortable ambiance of the fast food restaurants. Trade sources comment that KFC attracts mainly young adults and children while McDonald's attracts office workers during the week and family groups during the weekends.

- C Small food and drinks stalls, operated by proprietors or family businesses. This sector has around 25% of the total food service market.

The majority of these businesses operate from temporary roadside stalls although some are located within coffee shops as well. A growing number of such stalls are located in food halls in the modern shopping complexes.

Each stall generally offers a very limited range of local dishes at inexpensive prices. Some stalls specialise in cooking only one variety of local dish. The dishes are cooked quickly and can be taken away or consumed at the stall.

The majority of this sector's customers are low to middle income workers who have their breakfast or lunch at food stalls on a daily basis during the working week and/or wish to consume something, e.g. a coffee or snack such as noodles or banana fritters, before returning home in the evening. For this reason, temporary hawker stalls which are located near offices operate with very limited hours.

However, food stalls located in shopping complexes operate longer hours, similar to restaurants. They attract office workers as well as family groups, students, tourists and the occasional business visitor. Such stalls are up-market versions of the roadside stalls, operating in an airconditioned and clean environment.

4.1.2 Usage of local and imported food and beverage products

The Table below provides an overview of the usage of local and imported food and beverage products by the restaurants sector.

Overview of Usage of Local and Imported Foods and Beverages							
	Relative Usage by Malaysia's Restaurant Sector						
	Very High	High		Moderate		Low	Non Existent
Full service restaurants		Local		Imports			
Fast food restaurants		Imports	Local				
Coffee shops		Local				Imports	
Food and drinks stalls	Local						Imports
Source: Trade sources							

Usage of local products dominate in this sector, with the exception of fast food restaurants where a sizeable proportion of food products are sourced from overseas suppliers, e.g. beef from Australia, chicken from Thailand and cheese from New Zealand.

The following are some of the more common imported products used by the full service restaurants and hotels:

- C Frozen beef from India and the USA.
- C Lamb from Australia and New Zealand.
- C Dairy products from Australia, New Zealand and Europe.
- C Fresh or processed fruits from the USA, Europe, Australia and New Zealand.
- C Fresh, prepared or processed vegetables from the USA, Australia and New Zealand.
- C Wine from the USA and Australia.

Non-alcoholic beverages and beer are largely sourced from local manufacturers.

It is important to note that certain restaurants only source halal food and beverage products, particularly those which also target the Muslim consumers.

4.1.3 Company profiles

The restaurant sector is highly fragmented and has very few large players involved. The Table below provides information on some major businesses involved in the restaurant sector.

Restaurant Name and Outlet Type	Ownership	Sales (US\$ million)	No. of Outlets	Location	Purchasing Agent Type
KFC Holdings (Malaysia) Bhd, fast food chains of KFC and Pizza Hut	Franchise operated by a local listed company listed on the KLSE.	Group turnover of US\$ 221.2 million. (1998)	KFC (275) Pizza Hut (77)	Nationwide, in urban centres and along North-South highway.	Centralised buying performed by Tricon International Restaurants Pte Lte in Singapore.
Golden Arches Restaurants Sdn Bhd, McDonald's fast food chains	Franchise operated by company. Share holder includes McDonald's Corporation.	US\$ 54.8 million (1997)	135	Nationwide, in urban centres.	Centralised buying performed by McFood Services Malaysia Sdn Bhd.
Eden Village Sdn Bhd, full service restaurant	Local Malaysian Chinese.	US\$ 1.6 million (1997)	10	Major cities.	Local agents.
TT Resources Bhd, full service restaurant under the Tai Thong group of restaurants.	Public company listed in the KLSE.	Group sales of US\$ 17.3 million (1998)	29	Major cities.	Local agents.

The Ship Sdn Bhd, full service restaurant	Local shareholders	Under US\$ 1 million.	6	Major cities.	Local agents.
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4.1.4 Entry strategy

The restaurants sector in Malaysia is more complex than it appears at first sight. The majority of the larger restaurant businesses do not use a large quantity of imported food products as most offer local cuisine. US exporters should consider the following when selecting major restaurants to target:

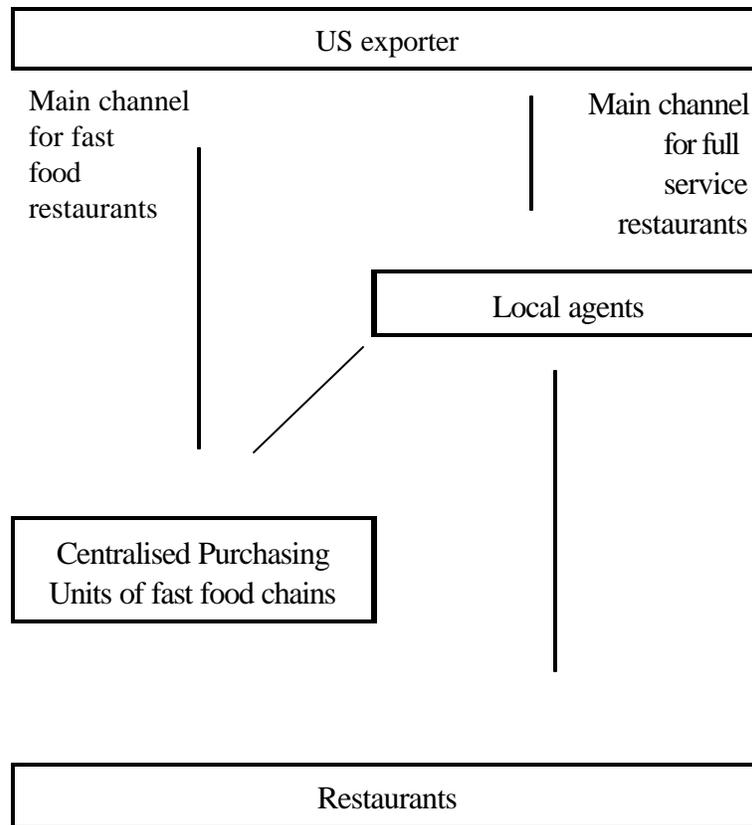
- C The financial strength of the company.
- C The number and location of food service outlets.
- C The target customers of the restaurants.
- C The menu diversification and the cuisine offered.
- C The restaurant's purchasing policy, i.e. whether restaurant chains have centralised the purchasing department or each restaurant buys from local agents.

In addition, US exporters should also consider the following matters when planning to enter this sector:

- C The requirement to supply halal food products as the majority of middle to high end restaurants target a wider consumer base today and hence demand halal food products.
- C Price competitiveness of US products compared to local and other imported products. For example, trade sources indicate that US beef is perceived to be of very high quality and many would like to use US beef but the product is not price competitive compared to Indian beef. If the US exporters are able to supply beef at a more competitive price, the restaurants will likely use more US beef.
- C US products which can be accepted as alternatives to local and other imported products. For example, trade sources comment that the USA does not supply the beef cuts which they require, similar to those supplied by India.
- C US products which can easily fit into local food cuisine. US exporters will need to study this to identify opportunities available to them.
- C The use of local agents to promote and distribute US products because all restaurants order small volumes of food products on a frequent basis. Restaurant establishments do not have the storage space to keep large inventories. For this reason, they prefer to place small but frequent orders with local agents who are able to meet such needs.

4.1.5 Distribution channel

The Chart below gives an overview of the distribution channel for imported food and beverage products from US exporters to restaurants.



It is important to note that some restaurant chains, particularly fast food chains, control the purchasing function through a centralised purchasing department or company. For example, KFC's centralised purchasing function is handled by Tricon International Restaurants Pte Ltd, based in Singapore while McDonald's central purchasing unit is controlled by McFood Services Malaysia Sdn Bhd.

The majority of restaurants source their products from local agents. Most restaurant businesses buy small quantities of food and beverages at a time, as many restaurants do not have the storage space needed for large inventories. Instead, they rely on local agents to hold sufficient inventories to meet their needs.

4.2 Hotels and resorts

4.2.1 Sub-sector profile

Hotels and resorts are a relatively small segment in Malaysia's food service market. Its share of the total market is estimated at about 20% today. Importantly, some hotels are key users of imported food and beverages.

The sector comprises about 1,700 hotels and other lodging houses (see Table below).

Size of Malaysia's Hotels and Other Lodging Places		
	No. of Establishments	Total Sales (US\$'000)
1992	1197	584.2
1994	1386	719.2
1996	1669	995.8
Note: The total sales figure includes sales from restaurant facilities as well as from lodging and other facilities. Source: Department of Statistics (Census of Selected Service Industries 1997)		

According to the Malaysian Tourism Promotion Board, 370 or around 22% of these businesses are rated establishments (see Table below).

Number of Rated Hotels in Malaysia (1999)	
5 star hotels	59
4 star hotels	72
3 star hotels	95
2 star hotels	94
1 star hotels	50
Total rated hotels	370
Source: Malaysia Tourism Promotion Board	

These rated hotels generally provide food and beverage facilities within their premises and food and beverage sales are considered a major part of their business by most hoteliers.

Trade sources in the hotel sector comment that food and beverage sales form the second largest revenue earner, after room sales. No information is publically available on the total sales made by the hotel sector from food and beverage outlets.

Some other characteristics of this sector are as follows:

- C Rated hotels and resorts are well dispersed around Malaysia in cities, towns and key tourist destinations, including some of the country's leading golf courses (see Table below).

Location of Leading Hotels Used by Foreign Tourists and Business Visitors	
State Name	Number of Hotels
Johor	11
Kedah, including Langkawi Island	10
Kelantan	1
Kuala Lumpur (Malaysia's capital city)	22
Melaka	5
Pahang	12
Penang	19
Perak	5
Sabah (Malaysian Borneo)	8
Sarawak (Malaysian Borneo)	6
Selangor	8
Negri Sembilan	5
Terengganu	5
Total	117
Source: Malaysia Tourism Promotion Board	

- C 3 to 5 star hotels normally have more than one food outlet, e.g. a coffee house, a local Asian restaurant, i.e. Chinese food, and a foreign restaurant, i.e. Western food or, in some cases, Japanese food, as well as at least one bar that is licenced to sell alcoholic drinks. 1 and 2 star hotels commonly have one or two food outlets, e.g. a coffee house and/or a Chinese restaurant and a licenced bar.
- C The key locations of 3 to 5 star hotels are:
- C Kuala Lumpur, the capital city, and the surrounding Klang Valley.
 - C Penang Island.
 - C The tourism belt on the east coast of the Malayan peninsula, i.e. close to Kuantan.
- C Other locations with a number of 3 to 5 star hotels are:
- C Langkawi Island, a duty free tourist destination.
 - C Melaka
 - C Kota Kinabalu (Malaysian Borneo)

- C Kuching (Malaysian Borneo).
- C Johor Bahru

- C Common hotel brands in Malaysia are Holiday Inn, Pan Pacific, Hilton, Shangri La, Hyatt, Renaissance and Sheraton. All of these hotel groups have a number of hotels located in different parts of the country. Holiday Inn probably has the largest number of hotels in Malaysia, including hotels located in provincial cities and even an inland resort located next to a lake.

- C Malaysia is one of South East Asia's most popular destinations for tourists and business visitors. It receives more than 6.5 million tourists every year. These visitors also include a large number of business visitors.

- C The main users of hotel restaurants are tourists, business visitors and Malaysians, including businessmen/women and more affluent individuals and their families. Until recently, many of the best restaurants were located in hotels and these were the focus for business functions and family events, e.g. wedding dinners, and more casual dining. Today, single site restaurants outside hotels exist that rate quite highly compared to hotels so the hotel restaurants no longer dominate business and private functions as they did in the past. Having stated this, hotels do remain important places for dining in style.

- C 3 to 5 star hotels and resorts are key users of imported foods and beverages. The top hotels employ foreign chefs with a demand for authentic foreign products for use in their restaurants. Imported products are commonly used in international buffets in hotel coffee shops and western food restaurants. Asian restaurants in hotels generally have less of a demand for imported foods, although products such as beef, lamb and wines are included in the menus.

- C Foreign country promotion of food and beverages are highly prevalent in some of the key hotels in Malaysia, especially those in Kuala Lumpur. Organisations, mainly from the USA, Australia and New Zealand, regularly run promotional events for their food and beverage items in hotels. Such promotions have covered red meats, poultry and wines.

4.2.2 Usage of local and imported food and beverage products

Discussions with hotel buyers indicate that the majority of food and beverages used by their hotels are locally produced or imported from other ASEAN countries. While 1 to 3 star hotels have only limited use for imported products, mainly beef and alcoholic drinks, e.g. wines and spirits, Malaysia's 4 and 5 star hotels use a broad range of imported products.

Trade interviews highlight that the following products imported from countries outside ASEAN are used by 4 and 5 star hotels:

- C Fresh/chilled and frozen beef and lamb and limited quantities of frozen turkey.
- C Cheese and butter.
- C Some varieties of temperate vegetables that are not grown in the local highlands and /or are not

- seasonally available in Malaysia, e.g. certain varieties of lettuce and exotic vegetables such as asparagus, artichokes and alike.
- C Temperate fruits.
 - C Sauces and seasonings demanded by the chefs running Western restaurants.
 - C Olive oil.
 - C Wines, spirits and limited quantities of specialty foreign beers.

Except for alcoholic drinks, most of the products being used are “halal” by nature in order that the hotels can target a wide Malaysian clientele, including Muslims and Non-Muslims. Having stated this, it should be noted that a large number of Chinese restaurants are not halal restaurants because they served dishes which include local pork.

It should be noted that, while usage of imported products is lower than it was before the economic downturn when budgets for business entertainment were drastically cut, most trade sources expect there to be increased demand from hotel buyers as the current economic turnaround progresses.

Hotel buyers comment that they like to run promotions for foreign food and beverages, especially those which have the ability to attract both Malaysian and foreign clientele to their food and beverage outlets. Most internationally branded hotels in Kuala Lumpur run some form of promotion every month with key promotions occurring at festive seasons, in particular Hari Raya Puasa (the end of the Ramadan fasting month celebrations), Chinese New Year and Christmas. Christmas has become more important in recent years as Malaysia’s government has attempted to boost the number of foreign tourists from Europe, Australia and neighbouring countries such as Singapore during this period.

4.2.3 Hotel profiles

The Malaysian hotel industry is relatively fragmented, although some key hotel “brand names” do exist. Most of the key hotels are owned by large locally listed companies and managed through agreements with international hotel chains, in particular Hilton, Hyatt and Sheraton. Some, for example the hotels under the Shangri La and OUE/Meritus hotel groups, are owned and operated by local or Singaporean businesses.

The Table below provides an overview of the some of the key hotel chains with operations throughout Malaysia that are used by foreign tourists and business visitors.

Hotel Group	Location of Main Hotels and Hotel Size
Berjaya Resorts (Local)	Tioman Island (Resort with 400 rooms). Langkawi Island (Resort with 400 rooms). Pulau Redang (Resort with 100 rooms).

Holiday Inn	<p>Johor Bahru (City hotel with 350 rooms). Kuala Lumpur (2 city hotels with 200 and 250 rooms respectively). Penang (Resort hotel with 350 rooms). Damai Beach, Kuching (Resort hotel with 300 rooms). Kuching (City hotel with 300 rooms). Shah Alam (City hotel with 154 rooms). Miri (City hotel with 168 rooms). Pedu Lake (Resort hotel with 200 chalets).</p>
Hyatt	<p>Johor Bahru (City hotel with 406 rooms). Kuantan (Resort hotel with 340 rooms). Kota Kinabalu (City hotel with 315 rooms). Subang (Resort hotel with 386 rooms).</p>
Pan Pacific	<p>Johor Bahru (City hotel with 500 rooms). Kuala Lumpur (City hotel with 571 rooms). KL Int'l Airport (Airport hotel with 441 rooms). Subang (Golf resort hotel with 291 rooms). Pangkor Island (Resort hotel with 165 rooms).</p>
Sheraton	<p>Langkawi - Langkawi Beach (Resort hotel with 264 rooms). Langkawi - Langkawi Perdana (Resort hotel with 204 rooms). Kuala Lumpur - Imperial (City hotel with 400 rooms) Subang (City hotel with 502 rooms). George Town, Penang (City hotel with 283 rooms). Labuan F.T. East Malaysia, (City hotel with 98 rooms).</p>
Hotel Grand Continental	<p>Johor Bahru (City hotel with 188 rooms). Langkawi Island (City hotel with 179 rooms). Kuala Lumpur (City hotel with 309 rooms). Melaka (City hotel with 150 rooms). Kuantan (City hotel with 202 rooms). George Town, Penang (City hotel with 195 rooms).</p>
Shangri La Hotels and Resorts (Local)	<p>Kuala Lumpur - Shangri La (City hotel with 720 rooms). Penang - Shangri La (City hotel with 445 rooms). Penang - Rasa Sayang (Resort hotel with 514 rooms). Penang - Golden Sands (Resort hotel with 395 rooms). Sabah - Tanjung Aru (Resort hotel with 500 rooms). Sabah - Rasa Ria (Resort hotel with 300 rooms).</p>

OUE/Meritus hotels (Singapore owned)	Langkawi - Pelangi Beach Resort (Resort hotel with 350 rooms). Kuala Lumpur - Istana (City hotel with 516 rooms). Melaka - Riveria Bay (Resort hotel with 450 rooms). Penang - Mutiara (Resort hotel with 438 rooms).
Hilton International	Kuala Lumpur (City hotel with 581 rooms). Petaling Jaya (City hotel with 564 rooms). Kuching (City hotel with 322 rooms).
Renaissance Hotels and Resorts	Kuala Lumpur (City hotel with 400 rooms). Melaka (City hotel with 300 rooms). Sandakan (City hotel with 116 rooms). Putrajaya - Palm Garden (Golf resort hotel with 153 rooms).
Hotel Equatorial	Kuala Lumpur (City hotel with 300 rooms). Penang (Resort hotel with 413 rooms). Melaka (City hotel with 498 rooms).

Some of these hotel groups are expanding, e.g. Pan Pacific management advised that their hotel group should be managing new hotels in Kota Kinabalu and Penang within the next 2 years. OUE/Meritus, Shangri La and Renaissance are also reported to have expansion plans for their Malaysian operations.

All of the above hotels have at least 3 food and beverage outlets. No details are publically available about the annual food and beverage sales. Trade sources comment that all are sizeable users of imported food and beverages, although some of the provincial hotels have less demand than those in Kuala Lumpur or the major tourist destinations mentioned earlier in this report.

4.2.4 Entry strategy

3 to 5 star hotels and resorts are key users of imported food and beverages, particularly those which employ foreign chefs and offer authentic foreign cuisine.

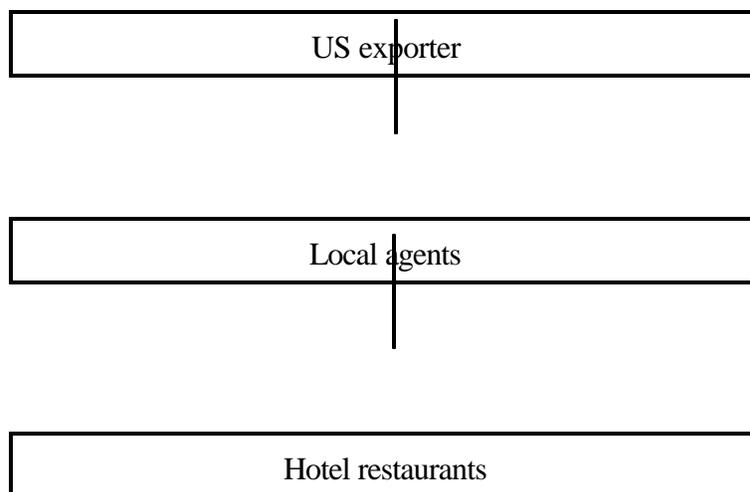
US exporters should consider the following matters when planning to enter this sector:

- C Focus on the main business and tourist hotels, e.g. those located in Kuala Lumpur, Penang and Langkawi as well as some of the hotels located on beaches close to Kuantan.
- C Develop links through local agents and target the key branded hotels, e.g. Sheraton, Shangri-La, Pan Pacific, Hilton and Hyatt as well as specialist hotels with high end restaurants such as Carcosa, Palace of the Golden Horse, E&O Penang (when it reopens).

- C Gain a full understanding of product needs and purchasing criteria on a localised basis.
- C Conduct seasonal promotions with hotel restaurants, particularly during Hari Raya, Chinese New Year and Christmas as well as other times of the year when tourists visit, e.g. during mid year with visitors from Europe and America and over the year end with visitors from Australia and New Zealand.

4.2.5 Distribution channel

The Chart below gives an overview of the distribution channel for imported food and beverage products from US exporters to hotel and resort food service end users.



4. Road map for market entry

4.3 Institutional caterers

4.3.1 Sub-sector profile

The institutional catering sector has around 5 % share of the food service market, according to trade sources. This sector is largely made up of:

- C Contract catering businesses.
- C These catering businesses range from small businesses operated by proprietors or family members to medium sized companies. The majority of these businesses target middle to high income earners and large businesses located in Kuala Lumpur and in major cities in neighbouring Selangor.

These businesses specialise in catering to special functions such as weddings, birthday parties, business parties, seminars, conventions, trade exhibitions, company family day functions, private parties and alike.

C No information is available on the total size of this market segment but trade sources indicate that they form the largest proportion of the whole of the catering market segment. Trade sources comment that the more successful companies are medium sized and achieve smaller sales than hotel restaurants, with annual sales of less than US\$ 0.5 million each.

C Airline catering businesses.

C These businesses specialise in catering to airlines. Only two businesses are involved in this line of business. The major company with the bulk of the airline catering business is MAS Catering, supplying most of the airlines flying through Malaysia. A smaller business is also involved, known as KLAS Catering which cater to much fewer airlines.

C Other catering businesses.

Other catering businesses include those which target canteens at schools, the military, prisons and alike as well as those which specialise in catering meals to families on a daily basis, particularly families with busy working mothers. These catering businesses usually provide local dishes only, usually at the low end price scale. Most of these businesses are small sized establishments. Generally, hospitals, nursing and retirement homes provide in-house meals and do not contract in any catering service.

Very few catering businesses are involved in targeting the middle to high income consumers. They cater to cafeterias located in private schools and colleges attended by students from well-to-do families. These catering businesses prepare local as well as western dishes.

4.3.2 Usage of local and imported food and beverage products

The Table below provides an overview of the usage of local and imported food and beverage products by the restaurants sector.

Overview of Usage of Local and Imported Foods and Beverages							
	Relative Usage by Malaysia's Institutional Catering Sector						
	Very High	High		Moderate		Low	Non Existent
Contract catering		Local				Imports	
Airline catering		Local	Imports				
Other catering	Local						Imports
Source: Trade sources							

Usage of local products dominate in this sector. Most of the caterers prepare local dishes only and therefore very small quantities of imported food products are used by them, if any. Cost is a major concern of catering companies as they make very slim margins.

Only a few of the more successful catering businesses, particularly contract caterers involved in supplying to business functions, trade exhibitions and alike, also supply non-Asian dishes. Such businesses use imported food products in their dishes. The airline catering businesses are the largest users of imported food products within this segment of the market.

The following are some of the imported products used by this sector:

- C Meat products from Australia and New Zealand, e.g lamb and steak from New Zealand.
- C Frozen beef from India.
- C Dairy products from Australia, New Zealand and Europe.
- C Pastry and bakery products from Europe, e.g pastry from Germany.
- C Fresh temperate fruits or processed fruits from the USA, Europe, Australia and New Zealand.
- C Fresh or processed vegetables from the USA, Australia and New Zealand, e.g. french fries from Canada and frozen mixed vegetables from New Zealand.

Non-alcoholic beverages are sourced from local manufacturers as they supply high quality products.

It is important to note that the airline catering companies only buy halal food and beverage products.

4.3.3 Company profiles

The catering sector is highly fragmented and involves very few large companies. The Table below provides information on some major businesses involved in the catering sector.

Name and business type	Ownership	Sales (US\$ million)	No. of Outlets	Location	Purchasing Agent Type
MAS Catering Sdn Bhd, airline catering	Malaysian Airlines Systems Bhd, the national airline	US\$ 52 million (1999)	At all airports in Malaysia	At all airports in Malaysia	Direct from overseas suppliers (through a tendering system) and via local agents
La Tropical Sdn Bhd, food catering business targeting large business functions, private functions and parties.	Local individuals	Less than US\$ 0.5 million (1998)	1	Kuala Lumpur	Local agents

Advance Catering, canteen operator at a private college	4 individuals	Not disclosed, small business	1	Petaling Jaya	Local agents
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4.3.4 Entry strategy

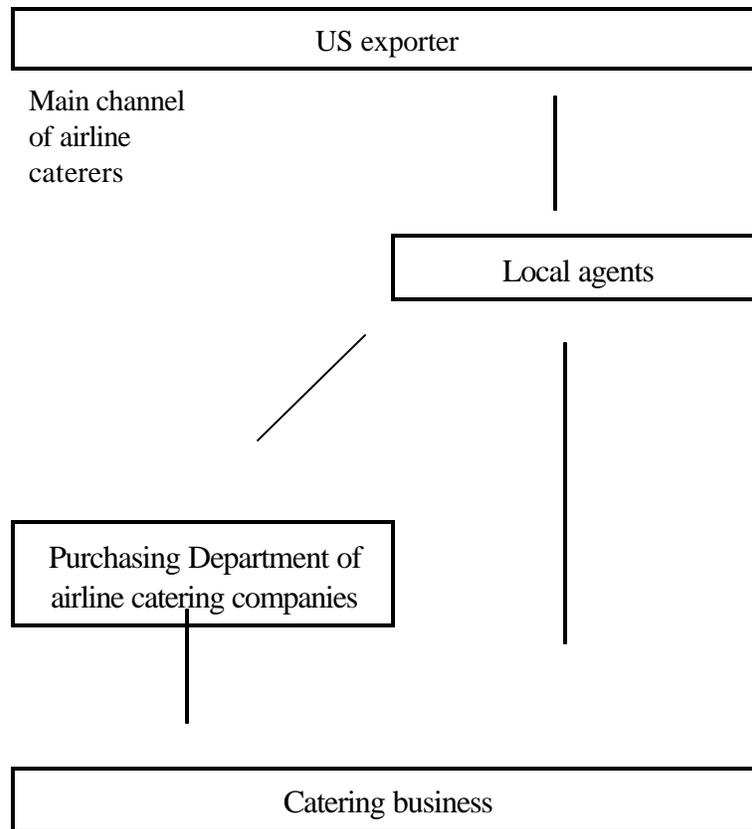
The majority of the caterers do not use imported food products as most offer local cuisine. Those that use imported products are very cost conscious because profit margins made by the catering business tend to be very slim.

US exporters should consider the following matters when planning to enter this sector:

- C The requirement by the airline catering companies to only purchase halal food products.
- C The use of local agents to promote and distribute US products. Catering businesses, like other food service businesses, do not purchase large quantities of foodstuffs. Most do not have the storage space to keep large inventories. For this reason, they will not order directly from overseas suppliers, preferring to deal with local agents instead. The exception is found in the airline catering businesses which will enter into purchasing contracts for one year's supply of various types of food and beverages.
- C US exporters need to identify products which can be accepted as alternatives to local or other imported products. For example, trade sources at the major airline catering business comment that the choice of pastry and bakery products available to them is very limited.
- C The need to meet closely with the purchasing criteria of the catering business, particularly airline caterers where quality, price and food safety are important factors affecting purchasing decisions.

4.3.5 Distribution channel

The Chart below gives an overview of the distribution channel for imported food and beverage products from US exporters to caterers.



5. Competition in food service sector supplies

5.1 Review of major brands and supply sources in the market

5.1.1 Overview of the key purchasing criteria of food service sector buyers

Competition in Malaysia's food service market revolves around meeting a number of basic purchasing criteria. Trade sources identify the following as the most important in this market:

- C Products meeting local taste, generally dictated by chefs' personal preferences based on their knowledge of their clientele. This often includes a halal requirement.
- C Price.
- C Product quality appropriate to culinary standards of the outlet.
- C Service factors, which include:
 - C The ability to meet small order quantities on near "just in time" basis through local agents/distributors that hold inventories.
 - C The reliability of agents representing imported products.
 - C The commitment of exporters to supply to the specific needs of local agents on a timely basis.
 - C Convenience to end user.
- C Promotion of products to chefs and buyers through local agents/distributors.

Both local and imported products are involved in the market. Service is very important in this market and usually underpins the difference between successful and unsuccessful products and suppliers.

The following three sections provide an overview of the key local and foreign brands that are available in the Malaysian market in early 2000. Imported brands are identified by the country name that follows the brand-name. The reader should note that many of the key players in the market are foreign branded products that are manufactured or packed locally. In some cases, brand-name owners, rather than individual brand-name are noted in the Tables.

5.1.2 High usage products and brands

Trade sources comment that the following products and brands are in high usage by Malaysia's food service sector.

Product Category	Major Players	Minor Players
Red meat, beef and lamb	India (Unbranded)	National branding by Australia, USA and New Zealand
Poultry.	Various local brands, fresh and frozen.	US brands - Frozen turkey US brands - Frozen duck US brands - Frozen goose
Eggs	Various local brands	-
Soft drinks	Coca-Cola/Fraser & Neave Pepsi Cola Schweppes	Other locally bottled foreign and local brands. Various imported brands.
Mineral water, still and sparkling	Various local brands	Evian (France) Volvic (France) Perrier (France)
Beer	Guinness Anchor brands. Carlsberg brands.	Fosters (Australia) San Miguel (Philippines) Asia Brewery (Philippines) Various specialty brands from Belgium .
Source: Trade sources in Kuala Lumpur/Klang Valley, Melaka and Johor Baru		

While the above products are used by much of the food service sector, there are some limitations on

participation of imports in the market. For example:

- C Expensive beef cuts are only used by high end restaurants.
- C Imported soft drinks are largely uncompetitive against local products.
- C Beer is generally restricted because it is not “halal”. Local beer is high quality and so is a strong competitor for imports.
- C Successful foreign mineral waters are those that have built niche markets supported via aggressive marketing campaigns. Local mineral water is high quality and a significant threat for imports.
- C Turkey is rarely used outside restaurants specialising in western cuisine and the Christmas season.

5.1.3 Moderate usage products and brands

Trade sources comment that the following products and brands are in moderate usage by Malaysia’s food service sector.

Product Category	Major Players	Minor Players
Fresh fruits, temperate varieties only	National branding by USA, France, Australia, New Zealand China brands	Various country sources, including South Africa, Chile and Canada.
Prepared vegetables, frozen	McCain (USA and Canada) Watties (NZ)	Maple Leaf (Canada)
Prepared fruits, juices	Berri (Australia) Various brands from Australia and EU countries.	Various brands of Belgium sparkling juices.
Dairy products - Ice cream	Walls (Unilever Malaysia and ASEAN) Nestlé (Local and imported) Kings	Haagen Dazs (USA) Buds (USA) Tip Top (NZ) Bulla (Australia)
Source: Trade sources in Kuala Lumpur/Klang Valley, Melaka and Johor Baru		

While frozen vegetables and ice cream are used in the menus of a wide range of different food service outlets, the usage of fresh temperate fruits and imported fruit juices is almost exclusively confined to hotels.

Ice cream imported from countries other than those in ASEAN is generally only used in the menus of higher-end restaurants.

5.1.4 Low usage products and brands

Trade sources comment that the following products and brands are in low usage by Malaysia's food service sector.

Product Category	Major Players	Minor Players
Wines	Various brands from Australia, the USA and France.	Various brands from Italy, New Zealand, Chile and South Africa
Dairy products - UHT liquid milk	Nestlé Dutch Baby Susu Lembu Asli	Various brands from Australia Country Goodness (NZ).
Spirits	High-End spirit brands from various countries.	Various local brands.
Dairy products - Butter	Various brands from Australia, New Zealand, France and Denmark.	-
Prepared fruits, canned	Various local and Thai brands Del Monte (USA) S&W (USA)	-
Prepared fruits, jellies/jams	Local brands Hero (Switzerland) St Dalfour (France) Smuckers (USA) Chivers (UK) Steffi's Choice (EU) IXL (Australia)	Tesco (UK) Bonne Maman (France)
Prepared vegetables, canned	S&W (USA) Green Giant (USA)	Del Monte (USA)

Breakfast cereals	Kelloggs (Thailand & Australia) Nestlé (Philippines) Quaker (Asian products)	Post (USA) Sanitarium (Australia) Uncle Toby's (Australia) Weetabix/Alpen (UK) Tesco (UK)
Product Category	Major Players	Minor Players
Dairy products - Cupped yoghurt	Nestlé Dutch Baby Marigold	Elle & Vire (France) Fresh n' Fruity (NZ) Yoplait (Australia)
Dairy products - Cheese	Kraft (Australia) New Zealand Dairy Board	Other brands mainly from Australia, France and Denmark.
Fresh vegetables, temperate varieties only	High profile branding not evident	

Some key points to note about the above products and brands are as follows:

- C The major players listed above tend to dominate supply to food service businesses for all products. The minor players participate to a lesser extent by supplying niche products that are more likely to be found in higher-end supermarkets than being used by food service outlets.
- C Wines are mainly used by hotels and high-end restaurants. In recent years, wine has increased in popularity so a broader based market now exists, including some Asian restaurants. Wine distribution and consumption is limited because the products is not halal.
- C Liquid milk supplies to food service users is dominated by the key local dairy companies.
- C Brandy and whisky are the most popular spirits. The market is mainly restricted to ethnic Chinese and Indian non-Muslims because spirits are not "halal". Spirit consumption has been in decline for close to 10 years, mainly because of high prices. "Must have" Scottish whisky and French cognac/brandy brands tend to dominate this market.
- C Butter, breakfast cereals, cupped (eating) yoghurt, cheese and temperate vegetables are mainly used by hotels.

The products and brands listed in the following Table are in very low use by Malaysia's food service sector.

These items are sold via kiosks in food service centres, in shops located on the premises of hotels and resorts and via hotel minibars.

Product Category	Major Players	Minor Players
Snack foods	Various local brands	Fritolay (USA) Pringles (USA)
Nuts	Tong Garden Local unbranded packs.	Planters (USA)
Source: Trade sources in Kuala Lumpur/Klang Valley, Melaka and Johor Baru		

The supply of food and beverages was the preserve of trading companies and small family businesses until about 5 years ago, except for the supply of beer which was largely controlled by the local breweries. At that time a number of larger food manufacturers, e.g. Nestlé and CPC/AJI, realised that this market was sizeable and growing so they established their own food service supply divisions. Today, both have sizeable businesses focussed on meeting the needs of key customers in the food service sector.

5.2 Local companies with a strong position in the food and beverage market

Malaysia has a strong local food and beverage industry which supplies products that dominate the markets for poultry, dairy products, eggs, fresh tropical fruits and vegetables, soft drinks, mineral water, beer and snack foods (potato and cereal based products).

While businesses competing in the fresh produce segments compete on being able to supply competitively priced locally known products, the processed food and beverage businesses are generally competing in markets where brands are important.

It will be noted from the review of major brands in the previous section that there are a number of Malaysian businesses with a strong position in their markets. The largest companies are:

- C Nestlé Malaysia, which has a wide range of local and imported products in the market.
- C Dutch Baby Milk Industries, a dairy processing company.
- C New Zealand Milk Products, a subsidiary of the New Zealand Dairy Board.
- C Fraser & Neave, a beverage company with strong links to Coca-Cola.
- C Unilever Malaysia, manufacturer of Wall's ice cream.
- C Permanis, the largest Pepsi-Cola bottler in Malaysia.
- C Yeo Hiap Seng, a large local food company and bottler of Schweppes soft drinks.

- C Guinness Anchor, a large brewery.
- C Carlsberg, a large brewery.
- C Tong Garden, a subsidiary of a leading Singapore based snack producer.

All of these businesses have brand-driven business strategies, strong and knowledgeable management teams, products which meet closely with local demand requirements, strong physical distribution networks and the financial resources to support their dominant market shares in the segments in which they operate. These companies, their products and brands are a key challenge for any product competing in their market segments. They are aggressive brand-driven competitors that support their products in the market. New entrants generally find it difficult to enter the market segments in which these companies are the dominant players.

5.3 The advantages and disadvantages of local products

The Table below provides an overview of the advantages and disadvantages of local products when in competition with imported products, including those sourced from the USA.

Advantages of Local Products	Disadvantages of Local Products
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<ul style="list-style-type: none">• Product “fits” local food culture. Suppliers are generally more sensitive to local demand requirements.• A large number of products have obtained local halal certification.• Pricing is generally lower than competing imports.• Taste meets closely with local requirements• Food service operators readily accept local products as the products are well known to them.• Malaysian products are generally better supported than those which are imported by independent distributors.• Malaysian products dominate in shorter shelf life segments, e.g. fruits, vegetables, dairy products such as yoghurt, liquid milk and ice cream.• Local soft drinks, mineral water and beer are more price competitive because of the production and distribution economies of scale that are available to local producers.• Local products are readily available to end users almost all year round.	<ul style="list-style-type: none">• Unable to supply temperate climate products such as vegetables and fruits.• Limited supplies of local products such as beef undermines the ability of some local suppliers to meet end user requirements.• Cannot always service all demand from restaurants targeting the 51,000 expatriates residing in Malaysia, tourists and large number of business visitors.
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5.4 The major foreign supply countries today

The Table below provides an overview of the market presence of food and beverage products that are imported from Malaysia's key foreign supply countries.

Overview of the Market Presence of Imported Foods and Beverages						
	Relative Presence in Malaysia's Market					
Product Category	Very High	High		Moderate		Low
Snack foods						USA
Breakfast cereals		ASEAN			USA	Aus
Red meat				Aus/India		NZ
Poultry						USA
Dairy products					Aus/NZ	EU/Jap
Eggs	No Imports Noted					
Fresh fruits, temperate		China	USA/Aus		NZ	Others
Prepared fruits				USA		
Fresh vegetables, temperate					Aus	EU
Prepared vegetables				USA		
Nuts						USA
Soft drinks						Various
Mineral water						France
Beer						Various
Wines		France	Aus	USA		
Spirits			EU			Others
Key: Aus: Australia, German: Germany, ASEAN: ASEAN free trade area countries, NZ: New Zealand EU: Western European countries. Jap: Japan. Source: Trade sources in Kuala Lumpur/Klang Valley, Melaka State and Johor State.						

Imports dominate the markets for breakfast cereals, red meat, nuts, wines and alcoholic spirits. Imports also participate extensively in the markets for fresh fruits and vegetables and canned fruits and vegetables. Niches also exist for imported products in the markets for poultry (frozen items), snack foods, ice cream, yoghurt, soft drinks, mineral water and beer.

Market observations in Malaysia's food service outlets indicate that the position of the supply countries in the above Chart is reasonably accurate. For example:

- C Breakfast cereals served by key hotels are usually supplied by Nestlé (Philippines) and Kelloggs (Thailand).
- C Beef and lamb served by high-end restaurants is supplied from Australia whereas other food service operators utilise Indian beef.
- C Turkey and other imported poultry used by hotels is usually supplied from the USA.
- C Apples found in hotel fruit baskets are supplied from China, the USA and Australia. Other temperate fruits, e.g. strawberries, used by hotels are supplied by the USA, Australia or New Zealand.
- C Imported fresh temperate vegetables used by hotels are usually supplied by Australia.
- C Foreign mineral water is almost exclusively French.
- C Wines are commonly supplied from France, Australia and the USA. Higher end restaurants concentrate on supplying French wines.
- C Spirits are dominated by supplies from the UK and France.

Local food and beverage manufacturers such as Nestlé, Dutch Baby, New Zealand Milk Products, Unilever Malaysia (Wall's ice cream), Guinness Anchor (a brewery) and Carlsberg are also large importers of finished branded products. Nestlé imports from a large number of countries including Australia, the UK and other ASEAN countries. Unilever imports ice cream from Indonesia, Thailand and the UK. Carlsberg imports beer from Hong Kong and Denmark. Such activities have boosted imports in some segments, e.g. breakfast cereals, dairy products, beer, and have added to the strengths of these businesses in the market.

5.5 Review of competition in individual market segments

No details are available on the exact amount of product consumed by Malaysia's food service sector nor are any estimates available from trade sources on usage. For this reason, the data provided in this section represents total imports, which includes products consumed in both Malaysia's retail and food service markets.

The following Tables provides information about the key supply countries in each market segment covered by this study and reasons for their strengths in the markets

Products in High Usage by the Food Service Sector			
Product	Total Imports	Major Supply Countries	Reasons for Strengths of the Key Supply Countries
Red meat, beef and lamb	82,555 tonnes imported in 1998	<ol style="list-style-type: none"> 1. India - 59.2% 2. Australia - 22.1% 3. New Zealand - 15.6% <p>The USA is a minor supplier with just 0.6% of the market in 1998.</p>	<p>This market is segmented between a small fresh/chilled market and a large frozen market.</p> <p>India dominates the frozen segment, which supplies mass market demand for competitive meat supplies.</p> <p>Australia and New Zealand are important suppliers of fresh/chilled red meats as well as frozen products. These two countries are generally more price competitive than other sources outside Asia, e.g. the USA and Europe.</p>
Poultry, frozen	19,476 tonnes imported in 1998.	<ol style="list-style-type: none"> 1. USA - 30.4% 2. Denmark - 26.2% 3. Netherlands - 20.9% 	<p>Liberalisation of the markets has allowed larger US and European frozen poultry suppliers to enter and develop the Malaysian market. Currently, most of these products are used by Malaysia's food service sector. Small quantities of U.S.frozen turkey, goose and duck are present in major supermarkets.</p>
Eggs	238 tonnes of processed eggs imported	Foreign suppliers do not supply significant quantities to Malaysia.	Imported eggs have difficulty competing in a market which is well supplied by local producers. Fresh eggs are still predominantly used by the food service sector.
Soft drinks	Minimal compared to local production of more than 418,000 tonnes.	Locally produced soft drinks dominate this market. They have developed a firm footing in the market to the near exclusion of imports.	The brands of Coca-Cola, Pepsico and a number of other foreign soft drinks manufacturers are being produced in Malaysia.

Mineral water.	2.8 million litres imported in 1998. Malaysia is now a large producer of mineral water.	1. France - 50.3% 2. Singapore - 20.8% 3. Indonesia - 20.5%	The French brands of Evian, Volvic and Perrier are brand managed in the Malaysian market. This underpins their continued survival in the market in the face of high quality local competition. Singapore is mainly a re-exporter of foreign mineral waters and Indonesia supplies commodity products to Malaysia.
Beer	6.0 million litres imported. Malaysia is a large producer of beer.	1. Singapore - 86.5% 2. Australia - 2.2% 3. Philippines - 2.1% The USA's market share was 0.4% in 1998.	The majority of beer imported to Malaysia is brought in by Malaysia's two largest breweries, which import their own brands from Singapore and Hong Kong (1.6%). The other imported beers have a tentative niche presence in the market, primarily because of the strong position of the two largest breweries in Malaysia.
Source: Official government trade data, market observations and trade interviews			

Products in Moderate Usage by the Food Service Sector			
Product	Total Imports	Major Supply Countries	Reasons for Strengths of the Key Supply Countries
Fresh fruits, temperate varieties only	219,716 tonnes imported in 1998	1. China - 37.4% 2. USA - 21.9% 3. Australia - 20.2%	<p>China dominates because it supplies traditional fruits, e.g. Mandarin Oranges and Chinese variety pears, which have a strong demand in Malaysia. China has also been supplying good quality Fuji apples supported by a good cool chain distribution system. These are becoming popular with Malaysian consumers.</p> <p>The USA and Australia are key seasonal suppliers of a broad range of non-tropical fruits, e.g. oranges, apples, pears (especially for Australia) and grapes, which are in high demand in retail channels with secondary demand from hotels for fruit baskets and buffets.</p>
Prepared vegetables, frozen	23,455 tonnes imported in 1998	USA - 50.7% New Zealand - 25.4% Canada - 11.8%	Major U.S. and Canadian frozen vegetable suppliers dominate the large market for potato products. New Zealand concentrates on supplying vegetables other than potatoes. The USA is also active in the supply of such products.
Prepared fruits, juices	7,042 tonnes imported in 1998	1. Australia - 18.5% 2. USA - 11.7% 3. Brazil - 11.6%	Strong distribution links to Malaysian importers and end users.
Dairy products - Ice cream	2,552 tonnes imported in 1998	1. Thailand - 62.7% 2. USA - 14.6% 3. Indonesia - 7.9%	<p>Local producers, Nestlé and Wall's (Unilever), are importing some of ice cream products from their operations in Thailand and Indonesia.</p> <p>U.S. ice cream supplies niche demand for higher quality branded ice creams, e.g. Haagen Dazs and Buds.</p>
Source: Official government trade data, market observations and trade interviews			

Products in Low Usage by the Food Service Sector			
Product	Total Imports	Major Supply Countries	Reasons for Strengths of the Key Supply Countries
Wines	1.6 million litres imported in 1998.	1. France - 37.8% 2. Australia - 25.1% 3. USA - 19.8%	France dominates the food service segment and competes on quality. All countries run marketing campaigns and their distributors attempt to maintain reasonable prices under conditions where high duties exist. These suppliers appear to have benefited from a switch away from higher cost spirits.
Dairy products - UHT milk beverages	Small quantities imported in 1998.	Australia and New Zealand are currently the only foreign suppliers to a market which is dominated by locally manufactured products.	The market was recently opened but is still subjected to controls. This limits the impact of imported products in a market supplied by very strong local producers. The main barrier for imports is however competition from companies such as Nestlé and Dutch Baby.
Spirits	2.9 million litres imported in 1998	1. UK - 38.3 % 2. France - 36.0% 3. Italy - 7.5% The USA supplied 3.7% of the market in 1998.	This market is controlled by aggressive British and French brands. It is underpinned by traditional demand for these brands, in particular brandy, cognac and Scotch whisky. These product have good demand from Malaysia's ethnic Chinese males.
Dairy products - Butter	2,591 tonnes imported in 1998	1. Australia - 55.9% 2. New Zealand - 31.2% 3. Denmark - 1.0% The USA supplied 0.02% of Malaysia's butter in 1998.	Australia and New Zealand have long established links to the market and supply good quality price competitive butter. Note: Locally produced margarine is very strong and has marginalised butter as a product in the market. Margarine is manufactured by strong local businesses that are brand managing their products in the market.

Prepared fruits, canned	1,159 tonnes imported in 1998.	<ol style="list-style-type: none"> 1. Thailand - 27.2% 2. Australia - 20.1% 3. USA - 20.1% 	<p>Thailand dominates because of its proximity to Malaysia, competitive price, links to local distributors and its products, which are generally based on tropical and sub-tropical fruits that are well known to Malaysians.</p> <p>Australian and U.S. supplies compete with temperate canned fruits. U.S. products are generally branded products, e.g. Del Monte and S&W, whilst Australian products compete more on price and quality.</p>
Prepared fruits, jellies/jams	2,105 tonnes imported in 1998	<ol style="list-style-type: none"> 1. Australia - 24.3% 2. USA - 12.6% 3. Switzerland - 7.2% 	<p>Australia dominates by supplying high quality price competitive products.</p> <p>U.S. products are active in supplying the retail and food service markets. The highest profile brand is Smuckers.</p> <p>Switzerland's Hero brand has built a higher end niche based largely on its product quality. This brand is active in both the retail and food service markets.</p>
Prepared vegetables, canned	17,962 tonnes imported in 1998	<ol style="list-style-type: none"> 1. China - 42.9% 2. Turkey - 26.4% 3. Thailand - 7.7% <p>The USA is the fourth largest supplier with a market share of 6.1%.</p>	<p>China and Thailand supply canned vegetables which are well known to Malaysians or have traditional demand.</p> <p>The USA is the major supplier of branded canned vegetables. China, Thailand and the US products are used by various sections of the food service market.</p> <p>Turkey's tomato products have demand in markets other than the retail sector.</p>

Breakfast cereals	3,324 tonnes imported in 1998	<ol style="list-style-type: none"> 1. Philippines - 42.4% 2. Thailand - 19.1% 3. USA - 12.3% 	<p>Nestlé has invested in the Philippines as its base for ASEAN region production of breakfast cereals. Nestlé has been manufacturing breakfast cereals in South East Asia since the 1980s. Kelloggs has invested in Thailand to produce breakfast cereals for the ASEAN region. This company has operations in Malaysia and is also importing breakfast cereals from other countries, including the USA, Australia, China and South Korea.</p> <p>Kraft Foods, which has a strong marketing presence in South East Asia, is importing Post cereals from the USA today. Its products are mainly in the retail sector.</p>
Dairy products - Cupped (eating) yoghurt and drinking yoghurt	Minuscule imports in 1998.	Australia and New Zealand are currently the only foreign suppliers to a market which is dominated by locally manufactured products.	This small market is dominated by the products of very strong local producers. Foreign suppliers find it difficult to compete with the local products of Nestlé and Dutch Baby.
Dairy products - Cheese	3,237 tonnes imported in 1998	<ol style="list-style-type: none"> 1. Australia - 43.9% 2. New Zealand - 38.0% 3. France - 3.9% <p>The USA is a secondary supplier with a market share of 3.1% in 1998.</p>	<p>The key brands in the market are Kraft (Australia), Chesdale (New Zealand) and President (France).</p> <p>Australia and New Zealand dominate the key price-sensitive processed cheese markets.</p>
Fresh vegetables, temperate varieties only	147,852 tonnes imported in 1998	<ol style="list-style-type: none"> 1. Australia - 47.3% 2. Netherlands - 36% 3. New Zealand - 11.8% <p>The USA is a secondary supplier with 3.8% share of the market in 1998.</p>	The market leaders have long established distribution links with Malaysia. Australia's proximity and frequent air-links are key advantages in its efforts to build markets for its perishable product.

Source: Official government trade data, market observations and trade interviews

Products in Very Low Usage by the Food Service Sector			
Product	Total Imports	Major Supply Countries	Reasons for Strengths of the Key Supply Countries
Snack foods, potato and cereal based products	Not reported. Trade sources comment that imports are very small	<p>Pepsico USA (Fritolay) snacks have a very small share of the market.</p> <p>Local products command a huge market share in 1999.</p>	<p>Pepsico Foods has a strategy which includes expanding its markets in the ASEAN region, including Malaysia. Its main thrust in Malaysia is currently linked to exports of U.S. products.</p> <p>A number of Malaysian companies have been manufacturing potato and cereal based snacks since the 1980s. Their success in promoting and distributing their products to hotels has reduced the impact of imports in this market.</p>
Nuts	3,913 tonnes imported in 1998.	<ol style="list-style-type: none"> 1. China - 53.0% 2. USA - 21.2% 3. India - 7.4% 	<p>The market for nuts has a mix of commodity and packaged nuts. Demand exists in both the retail and food service markets.</p> <p>China supplies nuts that have traditional demand from Malaysia's ethnic Chinese population, e.g. commodity chestnuts, almonds, walnuts.</p> <p>The USA supplies a similar portfolio of nuts to China, although some of its branded and packaged products are distributed to high end hotels and resorts.</p> <p>India is a key supplier of commodity cashew nuts.</p>

Source: Official government trade data, market observations and trade interviews

6. Best prospects

6.1 Market attractiveness review

Trade sources comment that the food service sector will grow at between 10% and 30 % over the next three years, depending on the segment of the market that the food service businesses are involved in. This positive view is provided based on the facts that Malaysia's economic performance is bouncing back from the sharp downturn seen in 1998 and consumer confidence is returning.

Forecast future growth in tourist arrivals as well as business visitors is underpinned by the favourable exchange rate of the ringgit against US dollar and European currencies and Malaysia's strategy to attract high profile sporting events such as Formula 1 racing and the Commonwealth Games. In addition, trade sources comment that new high end hotel and resort developments are to be launched over the next five years. These activities are expected to boost food service sector demand for food and beverages in future.

The main aim of this study is to make a broad based assessment of the attractiveness of the target market segments for U.S. products and rank each segment in accordance with the following criteria:

- C Category A: U.S. products are available in significant quantities in the market segments which have good sales potential.
- C Category B: U.S. products not present in significant quantities in market segments which have good sales potential.
- C Category C: U.S. products not present in market segments because they face significant barriers

The following Table considers in broad terms which of the product categories covered by this study are attractive for U.S. products to develop over the next three years. The Table also ranks each product category according to the above referred criteria.

It should be noted that this market attractiveness review has been developed from a broad study of the Malaysian food service market and not detailed market studies of each segment. As a result, the reader should not construe it as the results of a full and detailed market study into opportunities for U.S. products. This assessment considers in broad terms the likely strategic direction of each market segment but does not consider or provide advice on the strategies or tactics that will be needed by US exporters to develop viable markets.

Product Category	1994 Imports	1998 Imports	% Change	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness For USA
Snack foods	2,000 tonnes, mainly local products. (Value not reported)	3,500 tonnes, mainly local products. (Value not reported)	3% growth per annum	0% to 7% duty is charged depending on product type.	Local products command a huge share of the market and are well known by food service operators.	Category C Very low usage by the food service sector. Attractive to stronger U.S. businesses willing to compete with strong local businesses.
Breakfast cereals	4,314 tonnes imported RM 26 million (CIF value)	3,324 tonnes imported RM 32 million (CIF value)	Decline in 1996 to 1998	5% duty charged except on products containing cocoa, which incur 7% duty.	Nestlé and Kelloggs breakfast cereals and their strengths in the market.	Category B if targeted at the middle to high end hotels. Low usage by the rest of the sector. An attractive market for long term development based on increased tourist arrivals and hotel developments.

Product Category	1994 Imports	1998 Imports	% Change	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness For USA
Red meat, beef and lamb.	62,312 tonnes imported. Local supplies are small. RM 270 million (CIF value)	82,555 tonnes imported. Local supplies are small. RM 424 million (CIF value)	6% growth per annum Market is in a growth phase.	No import duties are levied on beef and lamb.	Segmentation between a small market for fresh/chilled products dominated by Australia and New Zealand and a large frozen market dominated by India.	Category B High usage by the food service sector. High attractiveness for major exporters that target high end restaurants and hotels and able to compete with Australia, New Zealand and India.
Poultry, frozen.	2,110 tonnes imported RM 10 million (CIF value)	19,386 tonnes imported RM 86 million (CIF value)	Very fast growth	No import duties are levied on poultry imports.	The local poultry industry is very strong.	Category A High usage by the whole of the food service sector. Niche demand exists for frozen turkey over Christmas by high end Western restaurant and middle to high end hotels.

Product Category	1994 Imports	1998 Imports	% Change	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness For USA
Dairy products - UHT milk beverages	No imports, product was banned. Local output is 59,121 tonnes. Sales value not reported	Minimal imports compared to local output of 72,101 tonnes. Sales value not reported	4% growth per annum.	No import duty is imposed. Entry is currently controlled by licence and quota.	Strong local suppliers is the main barrier to entry by foreign products.	Category C Low usage by food service sector. This segment is not particularly attractive for U.S. exporters. High levels of existing competition for market share make entry difficult and costly.
Dairy products - Cupped (eating) yoghurt, drinking yoghurt	300 tonnes Sales value not reported	300 tonnes Sales value not reported	Static market.	25% import duty charged.	Strong local brands. Yoghurt is a niche product. Local producers have some difficulty developing the market.	Category C Low usage by food service sector. Generally unattractive for U.S. exporters.

Product Category	1994 Imports	1998 Imports	% Change	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness For USA
Dairy products - Butter	4,210 tonnes RM 21 million (CIF value)	2,591 tonnes RM 20 million (CIF value)	Market in decline.	2% import duty is charged.	Local margarine is very strong.	Category C Low usage by food service sector. Generally unattractive for U.S. exporters because of high levels of competition from local margarine and price competitive Australian and New Zealand products.
Dairy products - Cheese	2,721 tonnes imported RM 22 million (CIF value)	3,237 tonnes imported RM 35 million (CIF value)	Slow growth (3% to 4% per annum).	5% import duty is charged	Competition is very strong from Australia and New Zealand Food service demand is a key part of the market.	Category B Low usage by food service sector overall but demand is mainly by the middle to high end hotels. Attractive for suppliers of pizza cheese that can compete with Australia and New Zealand. Limited potential may also exist for U.S. natural cheese at high end hotels.

Product Category	1994 Imports	1998 Imports	% Change	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness For USA
Eggs	208 tonnes imported RM 11 million (CIF value)	238 tonnes imported	Very slow growth	2% import duty charged	Local egg producers are very strong in the market.	Category C Fresh eggs are still predominantly used by the food service sector. Liquid eggs are produced in Malaysia and is a developing trade.
Fresh fruits, temperate varieties only	180,006 tonnes imported RM 257 million (CIF value)	219,716 tonnes imported RM 299 million (CIF value)	3% growth per annum	5% except oranges which incur no import duty.	Few barriers exist for popular products such as apples, pears, oranges and grapes.	Category A Moderate usage by food service sector. This is one of the most attractive market segments for the USA to develop with hotels and resorts. Fruits that are attractive include apples, pears, oranges, grapes, berries and stone fruits.

Product Category	1994 Imports	1998 Imports	% Change	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness For USA
Prepared fruits, canned	9,940 tonnes imported RM 13 million (CIF value)	1,159 tonnes imported RM 10 million (CIF value)	Demand has declined for canned fruit from China.	6% to 10% depending in product type, except for on pineapple which incurs 5% plus RM 2.20 (US\$ 0.58) per kilogram.	Fresh fruits, both tropical and temperate varieties, are very widely available and are generally preferred.	Category B Low usage by food service sector. Increase in demand for convenient products should underpin long term prospects for USA.
Prepared fruits, juices	4,853 tonnes imported RM 20 million (CIF value)	7,042 tonnes imported RM 32 million (CIF value)	8% to 10% growth per annum.	6% to 10% depending on product, except on pineapple juice which incurs 30%.	The product is not in the mainstream diet of most Malaysians. Food service market is likely to lead development for pure juice consumption.	Category B Moderate usage by food service sector, particularly by hotels. This market is likely to become more dynamic in future as Malaysians start to understand these products. Opportunities will exist for development by the U.S. pure juice suppliers.

Product Category	1994 Imports	1998 Imports	% Change	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness For USA
Prepared fruits, jellies/ jams	765 tonnes imported RM 15 million (CIF value)	2,105 tonnes imported RM 12 million (CIF value)	Very fast growth	No import duties are levied on jellies/ jams.	Not a mainstream item demanded by the food service sector as the products. Main usage is by hotels and resorts and restaurants with bakery.	Category B Low usage by food service sector. Opportunities exist for US exporters which target the hotel and resort sector.
Fresh vegetables, temperate varieties only	81,456 tonnes imported RM 105 million (CIF value)	147,852 tonnes imported RM 255 million (CIF value)	Growth of about 15% per annum	No import duty is charged except on sweet corn, which incurs 8% import duty.	Competition from key established suppliers from Australia, New Zealand and the Netherlands. Competition also comes in the form of products from Malaysia's own highlands and some Asian countries.	Category B Low usage by food service sector. Demand for temperate vegetables exists from high end restaurants and hotels and resorts. This will provide opportunities for U.S. suppliers able to compete with Australia, New Zealand and the Netherlands.

Product Category	1994 Imports	1998 Imports	% Change	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness For USA
Prepared vegetables, canned	12,299 tonnes imported. RM 26 million (CIF value)	17,962 tonnes imported. RM 47 million (CIF value)	8% to 10% per annum.	2% to 8% import duty is charged depending on product type.	<p>The bulk of vegetables demanded by food service operators are fresh local produce as they are inexpensive.</p> <p>Demand for canned vegetables is very specific and does not include many products. Mushrooms, sweet corn, tomatoes, baked beans, peas and some Chinese products comprise the bulk of demand.</p>	<p>Category B Low usage by food service sector.</p> <p>US suppliers are likely to find some future opportunities exist for certain products which “fit” in Malaysian food culture, but not the whole range of products that are available in the USA.</p>

Product Category	1994 Imports	1998 Imports	% Change	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness For USA
Prepared vegetables, frozen	12,955 tonnes imported RM 31 million (CIF value)	23,455 tonnes imported RM 67 million (CIF value)	Around 15% per annum.	Nil except sweet corn which incurs 12%	Demand is not very varied and revolves around potatoes, peas, sweet corn and mixed vegetables.	Category A High usage by food service sector. Good prospects exist for certain frozen vegetables supplied by the USA that are in demand from food service operators seeking convenience.
Nuts	4,940 tonnes imported RM 29 million (CIF value)	3,913 tonnes imported RM 24 million (CIF value)	Static market	Nil, except products containing coconut	Mature traditional demand exists with no major stimulant to boost growth potential.	Category A Very low usage by the food service sector. This market should not be ignored in future as the USA is already the major supplier.

Product Category	1994 Imports	1998 Imports	% Change	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness For USA
Soft drinks	Imports are minimal. 390 million litres in local production	Imports are minimal 418 million litres in local production	Very slow growth	25% import duty levied.	The dominant status of the large local soft drink manufacturers, which include strong Coca-Cola and Pepsico bottlers.	Category C High usage by food service sector. This market is generally unattractive for U.S. exporters because it is difficult and costly to enter and develop the market.
Mineral water, still and sparkling	3.1 million litres imported. RM 5 million (CIF value)	2.8 million litres imported. RM 4 million (CIF value)	Market is static or in decline.	20% import duty levied.	High quality local brands exist. Demand for imports is niche like with leading French brands well supported in the market.	Category C High usage by food service sector. Not attractive for U.S. exporters because of the high level of competition from local products.

Product Category	1994 Imports	1998 Imports	% Change	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness For USA
Beer	4.3 million litres imported. RM 14 million (CIF value)	6 million litres imported. RM 23 million (CIF value)	Around 8% per annum.	RM 89.00 (about US\$ 23) per Decalitre	The two key local brewers, Guinness Anchor (a Heineken company) and Carlsberg Malaysia are very aggressive businesses. Most of Malaysia's foreign beers are imported by these businesses from Singapore and Hong Kong. Other imported beers are niche products.	Category B High usage by food service sector. Opportunities exist for US exporters targeting high end restaurants, hotels and bars where affluent customers look for variety.
Wines	0.8 million litres imported RM 12 million (CIF value)	1.6 million litres imported RM 31 million (CIF value)	High rates of growth.	RM 120.00 (about US\$ 32) per Decalitre for still wines. Sparkling wines incur RM 425.00 (about US\$ 112) per Decalitre.	Duties on alcoholic drinks and moderate consumption. Wine may have benefited from a switch from use of spirits, e.g. brandy, at celebrations, e.g. ethnic Chinese weddings.	Category B Low usage by food service sector. Main demand is from hotels, western restaurants and high end Chinese restaurants. Opportunities will increase as affluence grows.

Product Category	1994 Imports	1998 Imports	% Change	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness For USA
Spirits	4.1 million litres imported. RM 196 million (CIF value)	2.9 million litres imported. RM 109 million (CIF value)	Market in decline.	Between RM 553.00 (US\$ 145) and RM 587.00 (US\$ 154) per Decalitre, depending on spirit type.	High duties on these products and adverse exchange rates have damaged this market. Demand is very specific. Brandy/ cognac and Scotch whisky are the key products demanded and consumed.	Category C Low usage by food service sector. Unattractive for U.S. exporters due to well entrenched local demand traits and strong brand managed competition.

6.2 Summary of findings

Category A retail market segments are as follows:

- C Poultry, frozen.
- C Fresh fruits, temperate varieties.
- C Prepared vegetables, frozen.
- C Nuts (This is a mature small market).

Category B retail market segments are as follows:

- C Red meats, i.e. beef and lamb.
- C Breakfast cereals.
- C Cheese, particularly pizza cheese.
- C Prepared fruits, canned.
- C Prepared fruits, juices.
- C Prepared fruits, jellies/jams.
- C Fresh vegetables, temperate vegetables.
- C Beer.
- C Wines.
- C Snack foods, i.e. potato and cereal based products. (There is low demand for such snacks from food service operators).

Category C retail market segments are as follows:

- C UHT milk beverages.
- C Yoghurt in all forms.
- C Butter.
- C Eggs.
- C Soft drinks.
- C Mineral water, still and sparkling.
- C Spirits.

APPENDIX A

Malaysian Import Duties	
Product Category	Import Duty Levied on Non-ASEAN Products
Snack foods, cereal and potato based.	Nil to 7% depending on product type
Breakfast cereals	5%, except for products containing cocoa which incur 7%
Red meat, beef and lamb	Nil
Poultry.	Nil
Dairy products - Canned and bagged milk powders (Not infant formula)	Nil
Dairy products - UHT liquid milk	Nil (Controlled by licence and quota)
Dairy products - Cupped yoghurt	25%
Dairy products - Drinking yoghurt (including cultured milk drinks)	25%
Dairy products - Ice cream	5%
Dairy products - Butter	2%
Dairy products - Cheese	5%
Eggs	2%
Fresh fruits, temperate varieties only	5% except oranges which incur no duty
Prepared fruits, canned	6% to 10% depending on product, except for pineapple which incurs 5% plus RM 2.20 (US\$ 0.58) per kilogram.
Prepared fruits, juices	5% to 10% depending on product, except on pineapple juice which incurs 30%.
Prepared fruits, jellies/jams	Nil
Prepared fruits, dried temperate types	10% except for Dates which incur no import duty.
Prepared fruits, frozen	RM 760 (US\$ 200) per tonne, except pineapple which incurs RM 793 (US\$ 208) per tonne.
Fresh vegetables, temperate varieties only	Nil except sweet corn which incurs 8%
Prepared vegetables, canned	2% to 8% depending on product.

Prepared vegetables, frozen	Nil except sweet corn which incurs 12%
Nuts	Nil, except products containing coconut
Soft drinks	25%
Mineral water, still and sparkling	20%
Beer	RM 89.00 (about US\$ 23) per Decalitre
Wines (In bottles)	RM 120.00 (about US\$ 32) per Decalitre for still wines. Sparkling wines incur RM 425.00 (about US\$ 112) per Decalitre.
Spirits, i.e. brandy/cognac, whisky, rum, gin or vodka	Between RM 553.00 (US\$ 145) and RM 587.00 (US\$ 154) per Decalitre, depending on spirit type.
Infant milk	Nil
Infant foods	Nil
Dog food	Nil
Cat food	Nil
Other pet food	Nil
Source: Ministerial Announcement on October 29, 1999, and Malaysian Customs Tariff Schedule 1999/2000	

APPENDIX B

Malaysian Food and Beverage Market Trends - 1994 to 1998					
Product Category	1994	1995	1996	1997	1998
Snack foods (based on potatoes and cereals)	2,000 tonnes, mainly local products	Trade estimates not available	Trade estimates not available	Trade estimates not available	3,500 tonnes, mainly local products
Breakfast cereals and cereal beverage products	4,314 tonnes imported	5,401 tonnes imported	10,430 tonnes imported	4,946 tonnes imported	3,324 tonnes imported
Red meat, beef and lamb	62,312 tonnes imported	72,076 tonnes imported	90,156 tonnes imported	96,063 tonnes imported	82,555 tonnes imported
Poultry, frozen	2,110 tonnes imported	4,849 tonnes imported	8,195 tonnes imported	14,139 tonnes imported	19,386 tonnes imported
Dairy products - UHT milk beverages	59,121 tonnes, mainly local products	61,413 tonnes, mainly local products	67,344 tonnes, mainly local products	77,228 tonnes, mainly local products	72,101 tonnes, mainly local products
Dairy products - Cupped yoghurt and drinking varieties (including cultured milk drinks)	300 tonnes, mainly local products	350 tonnes, mainly local products	400 tonnes, mainly local products	300 tonnes, mainly local products	300 tonnes, mainly local products

Dairy products - Ice cream	30,000 tonnes, mainly local products	32,000 tonnes, mainly local products	35,000 tonnes, mainly local products	38,000 tonnes, mainly local products	33,000 tonnes, mainly local products
Dairy products - Butter	4,210 tonnes imported	4,669 tonnes imported	842 tonnes imported	3,643 tonnes imported	2,591 tonnes imported
Dairy products - Cheese	2,721 tonnes imported	2,786 tonnes imported	3,437 tonnes imported	4,385 tonnes imported	3,237 tonnes imported
Eggs	Dominated by local eggs. Imported 208 tonnes in processed eggs.	Dominated by local eggs. Imported 74 tonnes in processed eggs	Dominated by local eggs. Imported 186 tonnes in processed eggs	Dominated by local eggs. Imported 307 tonnes in processed eggs	Dominated by local eggs. Imported 238 tonnes in processed eggs
Fresh fruits, temperate varieties only	190,385 tonnes imported	213,683 tonnes imported	392,154 tonnes imported	231,344 tonnes imported	219,716 tonnes imported
Prepared fruits, canned	9,940 tonnes imported. Local canned pineapple has a strong presence.	5,141 tonnes imported. Local canned pineapple has a strong presence.	10,575 tonnes imported. Local canned pineapple has a strong presence.	3,048 tonnes imported. Local canned pineapple has a strong presence.	1,159 tonnes imported. Local canned pineapple has a strong presence.
Prepared fruits, juices	4,853 tonnes imported	5,858 tonnes imported	7,688 tonnes imported	9,792 tonnes imported	7,042 tonnes imported
Prepared fruits, jellies/jams	765 tonnes imported	1,270 tonnes imported	1,908 tonnes imported	2,236 tonnes imported	2,105 tonnes imported

Fresh vegetables, temperate varieties only	81,456 tonnes imported	81,315 tonnes imported	129,439 tonnes imported	132,525 tonnes imported	147,852 tonnes imported
Prepared vegetables, canned	12,299 tonnes imported	12,343 tonnes imported	12,656 tonnes imported	13,612 tonnes imported	17,962 tonnes imported
Prepared vegetables, frozen	12,955 tonnes imported	17,403 tonnes imported	25,627 tonnes imported	24,431 tonnes imported	23,455 tonnes imported
Nuts	4,940 tonnes imported	5,016 tonnes imported	6,222 tonnes imported	6,448 tonnes imported	3,913 tonnes imported
Soft drinks, carbonated and non-carbonated	390 million litres in local production	417 million litres in local production	504 million litres in local production	512 million litres in local production	418 million litres in local production
Mineral water, still and sparkling	Dominated by local production. Imports amount to 3.1 million litres.	Dominated by local production. Imports amount to 3.2 million litres.	Dominated by local production. Imports amount to 3.3 million litres.	Dominated by local production. Imports amount to 4.7 million litres.	Dominated by local production. Imports amount to 2.8 million litres.
Beer	Dominated by local production. Imports amount to 4.3 million litres.	Dominated by local production. Imports amount to 4.7 million litres.	Dominated by local production. Imports amount to 6.0 million litres.	Dominated by local production. Imports amount to 5.3 million litres.	Dominated by local production. Imports amount to 6.0 million litres.

Wines	0.8 million litres imported.	1.2 million litres imported.	1.0 million litres imported.	1.2 million litres imported.	1.6 million litres imported.
Spirits	4.1 million litres imported	4.5 million litres imported	4.0 million litres imported	3.4 million litres imported	2.9 million litres imported

Source: Trade sources and government data

APPENDIX C**Leading hotels used by foreign tourists and business visitors to Malaysia****(Source: Malaysia Tourism Promotion Board)****Johor State**

Holiday Inn Crowne Plaza Johor Bahru
 Jalan Dato Sulaiman,
 Century Garden,
 80990 Johor Bahru
 Johor
 Tel:07-3323800
 City Hotel, 350 Rooms, Swimming pool,
 business centre

Hyatt Regency Johor Bahru
 Jalan Sungai Chat,
 80720 Johor Bahru
 Johor
 Tel:07-2231234
 City Hotel, 406 Rooms, Swimming Pool,
 Business Centre

The Puteri Pan Pacific
 The Kotaraya
 80730 Johor Bahru
 Johor
 Tel:07-2233333, Tool free 8008555
 City hotel, 500 rooms, swimming pool, business
 centre

Sebana Cove Marina
 Mukim Of Pengerang
 Kota Tinggi
 Johor
 Tel:07-8252411-2
 Resort Hotel, 86 rooms, swimming pool

Best Western Berjaya Tioman Beach Resort
 Tioman Island,
 Pahang 88807
 Mersing
 Johor
 Tel: 09-4145445,03-2429611
 Resort hotel, 400 rooms, swimming pool,
 business centre

Hotel Sofitel Palm Resort & Golf
 Jalan Palm Resort,
 Off Jalan Jumbo,
 81250 Senai
 Johor
 Tel:07-5996000
 Resort Hotel, 320 Rooms, Swimming Pool,
 Business Centre

Hotel Grand Continental Johor Bahru
 Jalan Dato' Abdullah Talir & Jalan Tebrau
 Johor Bahru
 Johor
 Tel:07-3344570
 4 Star Hotel, Swimming pool, Business centre

Kukup Golf Resort Cottages
 Pekan Penerok,
 Pontian 82300
 Johor Bahru
 Johor
 Tel:07-6960952-4
 Resort hotel, 60 rooms, swimming pool

Berjaya Tioman Beach Resort
Tioman Island
86807 Mersing
Johor
Tel: 09-4145445, 03-2429611
Resort hotel, 400 rooms, swimming pool

Hotel Selesa
Jalan Bandar 81700
Pasir Gudang,
Johor
Tel:07-2518899
City Hotel, 185 rooms, swimming pool, business
centre

Tanjong Puteri Golf Resort
81707 Pasir Gudang
Pasir Gudang
Johor
Tel:07-2513533
Resort hotel, 158 rooms, swimming pool

Kedah State, including Langkawi Island

Pelangi Beach Resort
Pantai Cenang
07000 Langkawi
Kedah
Tel: 04-9551001
Resort hotel, 350 rooms swimming pool,
business centre

The Datai Langkawi
Jalan Teluk Datai
07000 Langkawi
Kedah
Tel:04-9552500, 032453515
Resort hotel, 108 rooms, swimming pool

Radisson Plaza Suite Resort Langkawi
Tanjung Rhu,
Mukim Ayer Hangat
07000 Langkawi
Kedah
Tel:04-9591033, 9591091
Resort hotel, 125 suites, swimming pool

Sheraton Langkawi Resort
Teluk Nibung,
07000 Langkawi
Kedah
Tel:04-9551901
Resort hotel, 264 rooms, swimming pool

Hotel Grand Continental
Lot 134-141 Jalan Sultan Badlishah
05000 Alor Setar
Kedah
Tel:04-7335917
City hotel, 138 rooms, business centre

Berjaya Langkawi Beach Resort
Bureau Bay,
07000 Langkawi
Kedah
Tel:04-9591888, Toll free 8008098
Resort hotel, 400 rooms, swimming pool

Bureau Bay Resort
Teluk Bureau,
07000 Langkawi
Kedah
Tel: 03-2611263, 2623888 or 04-9551061
Resort hotel, 150 rooms, swimming pool

Sri Lagenda Garden Resort
Jalan Penarak
07000 Kuah
Langkawi
Kedah
Tel:04-9668918, Toll free 8008880
Resort hotel, 125 Apartment, swimming pool,
business centre

Hotel Grand Continental Langkawi
Lot 398 Mk Kuah Kalibang
07000 Kuah
Langkawi
Kedah
Tel:04-9660333
City hotel, 179 rooms, swimming pool, business
centre

Langkawi Holiday Villa Beach Resort
Lot 1698 Pantai Tengah
07000 Langkawi
Kedah
Tel: 03-2622922 or 04-9551701
Resort hotel, 258 rooms, swimming pool

Kelantan State

Hotel Perdana
Jalan Mahmud
15720 Kota Bharu
Kelantan
Tel: 09-7485000, Toll free 8009567
City hotel, 136 rooms, swimming pool, business
centre

Kuala Lumpur City (Includes Service Apartments)

Carcosa Seri Negara
Taman Tasik Perdana
50480 Kuala Lumpur W.P.
Tel:03-2821888
City hotel, 13 suites, swimming pool, business
centre

Duta Vista Executif Suites
1 Persiaran Ledang, Off Jalan Duta,
50480 Kuala Lumpur W.P.
Tel:03-2552020
City & resort hotel, 68 suites, swimming pool,
business centre

Dynasty Hotel Kuala Lumpur
218 Jalan Ipoh,
51200 Kuala Lumpur W.P.
Tel:03-4417777
City hotel, 288 rooms, swimming pool, business
centre

Hotel Istana
73, Jalan Raja Chulan
50200 Kuala Lumpur W.P.
Tel:03-2419988, Toll free 8003380
City hotel, 516 rooms, swimming pool, business
centre

Kuala Lumpur Hilton International
Jalan Sultan Ismail
50250 Kuala Lumpur W.P.
Tel:03-2482322
City hotel, 581 rooms, swimming pool, business
centre

Pacific Regency Hotel Apartment
Menara Sabre, 8 Lorong P Ramlee
50250 Kuala Lumpur W.P
Tel:03-2011592
City hotel, 153 rooms

Shangri-la Kuala Lumpur
11 Jalan Sultan Ismail
50250 Kuala Lumpur W.P.
Tel:03-2322388
City hotel, 720 rooms, swimming pool, business centre

The Crown Princess Kuala Lumpur
City Square Centre,
Jalan Tun Razak,
50400 Kuala Lumpur W.P.
Tel:03-2625522, Toll free 8003886
City hotel, 576 rooms, swimming pool, business centre

The Pan Pacific Hotel Kuala Lumpur
Jalan Putra,
50746 Kuala Lumpur W.P.
Tel:03-4425555, Toll free 8008555
City hotel, 571 rooms, swimming pool, business centre

The Regent Kuala Lumpur
160 Jalan Bukit Bintang
55100 Kuala Lumpur W.P.
Tel:03-2418000, Toll free 8008006
City hotel, 469 rooms, swimming pool, business centre

Concord Hotel Kuala Lumpur
2 Jalan Sultan Ismail
50250 Kuala Lumpur W.P.
Tel:03-2442200 Ext. 2809/2811/2812
City hotel, 610 rooms, swimming pool, business centre

Holiday Inn on The Park
Jalan Pinang,
50732 Kuala Lumpur W.P.
Tel:03-2481066
City hotel, 200 rooms, swimming pool, business centre

Holiday Inn City Centre Kuala Lumpur
Jalan Raja Laut,
50750 Kuala Lumpur W.P.
Tel:03-2939233
City hotel, 250 rooms, swimming pool, business centre

Hotel Equatorial
Jalan Sultan Ismail
50250 Kuala Lumpur W.P.
Tel:03-2617777 Ext. 8000
City hotel, 300 rooms, swimming pool, business centre

Hotel Grand Continental
Jalan Belia/Jalan Raja Laut
50350 Kuala Lumpur W.P.
Tel:03-2939333
City hotel, 309 rooms, swimming pool, business centre

Kuala Lumpur Parkroyal
Jalan Sultan Ismail
50250 Kuala Lumpur W.P.
Tel:03-2425588
City hotel, 339 rooms, swimming pool, business centre

Melia Kuala Lumpur
16 Jalan Imbi,
55100 Kuala Lumpur W.P.
Tel: 03-2428333
City hotel, 302 rooms, swimming pools, business center

Micasa Hotel Apartments
368B, Jalan Tun Razak
50450 Kuala Lumpur W.P.
Tel:03-2618833
City hotel, 240 suits, swimming pool, business centre

Ming Court Hotel
Jalan Ampang,
50450 Kuala Lumpur W.P.
Tel:03-2618888
City hotel, 447 rooms, swimming pool, business centre

Sucasa Hotel Apartments
222 Jalan Ampang
50450 Kuala Lumpur W.P.
Tel:03-4513833
City hotel, 180 rooms, swimming pool, business centre

The Federal
35 Jalan Bukit Bintang
55100 Kuala Lumpur W.P.
Tel:03-2489166, Toll free 8003535
City hotel, 450 rooms, swimming pool, business centre

The Legend Hotel & Apartments
100 Jalan Putra
50300 Kuala Lumpur W.P.
Tel:03-4429888, fax 03-443 0700, Toll free 8003390
City hotel, 609 rooms, swimming pool, business centre

Melaka State

Malacca Renaissance Hotel
Jalan Bendahara,
75100 Malacca
Malacca
Tel: 06-2848888, 03-2446822
City hotel, 300 rooms, swimming pool, business centre

Malacca Village Park Plaza Resort
Air Keroh, 75450
Malacca
Malacca
Tel: 06-2323600
Resort hotel, 405 suites, swimming pool, business centre

Mutiara Malacca Beach Resort
Pantai Kundur,
Tanjung Kling
76400 Malacca
Tel: 06-518518, Toll free 8006333
Resort hotel, 218 suits, swimming pool, business centre

The City Bayview Hotel
Jalan Bendahara,
75100 Malacca
Malacca
Tel: 06-2839888
City hotel, 182 rooms, swimming pool, business centre

Hotel Grand Continental
No. 20 Jalan Tun Sri Lanang
75100 Malacca
Malacca
Tel: 06-2840088
City hotel, 150 rooms, swimming pool, business center

Pahang State (Including highlands and east coast of peninsula)

Merlin Inn Resort Fraser's Hill
Jalan Guillemard
49000 Fraser's Hill
Bukit Fraser
Pahang
Tel: 09-3622300
Resort hotel, 90 rooms

Merlin Inn Resort Cameron Highlands
39007 Tanah Rata,
Cameron Highlands
Pahang
Tel: 05-4911211/205
Resort hotel, 65 rooms

Strawberry Park Resort
Lot 195& 196, 39000 Tanah Rata
Cameron Highlands
Pahang
Tel: 05-4911166, 03-2626166
Resort hotel, 230 rooms, swimming pool

Genting View Resort
10 Km, Genting Highlands
Genting Highlands
Pahang
Tel: 03-7550333
Resort hotel, 380 Apartments, swimming pool,
business centre

Taman Negara Resort
National Park Malaysia,
Kuala Tahan,
27000 Jerantut
Pahang
Tel: 03-2455585
Resort hotel, 108 rooms, business centre

Impiana Resort Cherating
Kilometer 32,
Jalan Kuantan/Kemaman,
26080 Kemaman
Pahang
Tel: 09-439000, 03-2416233
Resort hotel, 150 rooms, swimming pool,
business centre

Hyatt Kuantan
Teluk Chempedak
25050 Kuantan
Pahang
Tel: 09-5131234, Toll free 800 8181
Resort hotel, 340 rooms, swimming pool,
business centre

Merlin Inn Resort Kuantan
Telok Chempedak
25700 Kuantan
Pahang
Tel: 09-5141388
Resort hotel, 106 rooms swimming pool,
business centre

The Legend Resort Cherating
Lot 1290, Mukim Sg. Karang
26080 Cherating
Kuantan
Pahang
Tel: 09-5819439, Toll free 800 8866 Fax:
09-439400
Resort hotel, 152 rooms, swimming pool,
conference rooms

Club Med Cherating
29th Mile, Jalan Kuantan/Kemaman
Cherating,
26080 Kuantan
Pahang
Tel: 03-2614599, 09-5819133
Resort hotel, 300 rooms, swimming pool

Coral Beach Resort Kuantan
152 Sungai Karang,
26100 Beserah, Kuantan
Pahang
Tel: 09-5447544
Resort hotel, 162 rooms, swimming pool,
business centre

Hotel Grand Continental
Jalan Gambut
25000 Kuantan
Pahang
Tel: 03-2988999
City hotel, 202 rooms, swimming pool, business
centre

Penang State

Hotel Equatorial Penang
1 Jalan Bukit Jambul
11900 Bayan Baru
Penang
Tel:04-6438111
Resort hotel, 413 rooms, swimming pool,
business centre

Penang Mutiara Beach Resort
1 Jalan Telok Bahang
11050 Tanjung Bungah
Penang
Tel:04-8852818/28
Resort hotel, 438 rooms, swimming pool,
business centre

Shangri-la Hotel
Magazine Road,
10300 George Town
Penang
Tel:04-2622622
City hotel, 445 rooms, swimming pool, business
centre

Penang Parkroyal
11100 Batu Ferringhi Tanjung Bungah
Penang
Tel:04-8811133
Resort hotel, 333 rooms, swimming pool,
business centre

Shangri-la's Rasa Sayang Resort
Batu Ferringhi Beach
11100 Tanjung Bungah
Penang
Tel:04-8811811
Resort hotel, 514 rooms, swimming pool,
business centre

The Bayview Beach Resort
Batu Ferringhi Beach,
11100 Tanjung Bungah
Penang
Tel:04-8812123 Toll free 8008218
Resort hotel, 366 rooms, swimming pool

The City Bayview Hotel
25-A Farquhar Street
10200 George Town
Penang
Tel:04-2633161, Toll free 8008854
City hotel, 160 rooms, swimming pool, business
centre

Eastern & Oriental Hotel
10 Farquhar Street,
10200 George Town
Penang
Tel:04-2630630
City hotel, 100 rooms, swimming pool (Currently
being renovated)
Viewed by many as Penang's "Raffles Hotel"

Hotel Grand Continental
68 Brick Kiln Road,
10300 George Town
Penang
Tel:04-2636638
City hotel, 195 rooms, swimming pool, business
centre

Sheraton Penang
3 Jalan Larut,
10050 George Town
Penang
Tel:04-2296166/789
City hotel, 283 rooms, swimming pool

Sunway Hotel Penang
33 New Lane,
10400 George Town
Penang
Tel:04-2299988 Ext 8019, 8020
City hotel, 262 rooms, swimming pool, business
centre

Copthorne Penang (Formerly the Novotel
Penang)
Tanjung Bungah,
11200 Tanjung Bungah
Penang
Tel:04-8903333, Toll free 8008229
City hotel, 318 rooms, swimming pool

Casuarina Beach Hotel
Batu Ferringhi,
11100 Tanjung Bungah
Penang
Tel:04-8811711, Toll free 8008255
Resort hotel, 180 rooms, swimming pool

Crown Prince Hotel
Tanjung Bungah,
11200 Tanjung Bungah
Penang
Tel:04-8904111, Toll free 8008292
Resort hotel, 295 rooms, swimming pool,
business centre

Holiday Inn Resort Penang
72 Batu Ferringhi,
11100 Tanjung Bungah
Penang
Tel:04-8811601
Resort hotel, 350 rooms, swimming pool

Mar Vista Resort
1 Batu Ferringhi,
11200 Tanjung Bungah
Penang
Tel:04-8903388
Resort hotel, 294 rooms, swimming pool,
business centre

Shangri-la's Golden Sands Resort
Batu Ferringhi Beach,
11100 Tanjung Bungah
Penang
Tel:04-8811911, Toll free 8008220
Resort hotel, 395 rooms, swimming pool

The Ferringhi Beach Hotel
Jalan Low Yat,
Batu Ferringhi
11100 Tanjung Bungah
Penang
Tel:04-8905999
Resort hotel, 350 rooms, swimming pool

Hotel Continental
5 Penang Road,
10000 George Town
Penang
Tel:04-2636388
City hotel, 116 rooms

Perak State

Sri Bayu Beach Resort
Pantai Pasir Bogak
32300 Pangkor Island
Perak
Tel:05-6851929, 6851951
Resort hotel, 65 rooms, swimming pool, business centre

The Casuarina Hotel
18 Jalan Gopeng,
30250 Ipoh
Perak
Tel:05-2555555
City hotel, 200 rooms, swimming pool, business centre

The Syuen - The Premier Hotel
88 Jalan Sultan Abdul Jalil
30300 Ipoh
Perak
Tel:05-2538889
City hotel, 290 rooms, swimming pool, business centre

The Orient Star Lumut
Lot 203 & 366 Jalan Iskandar Shah
32200 Lumut
Perak
Tel:05-6834199, 03-2634150/2
Resort hotel, 150 rooms, swimming pool

The Pan Pacific Resort,
Pangkor Teluk Belanga (Golden Sands)
32300 Pangkor Island
Perak
Tel:05-6851091/561, 03-4413757/82
Resort hotel, 165 rooms, swimming pool

Sabah State

Hyatt Kinabalu
Jalan Datuk Salleh Sulong
88994 Kota Kinabalu
Sabah
Tel:088-221234
City hotel, 315 rooms, swimming pool, business centre

Shangri-la's Tanjung Aru Resort
20 Jalan Aru
88100 Kota Kinabalu
Sabah
Tel:088-225800/241800
Resort hotel, 500 rooms, swimming pool, business centre

Sheraton Labuan Hotel
462 Jalan Merdeka,
87029 Labuan F.T
East Malaysia
Tel:6-087-422000 Fax:6-087-422222
5 Star Hotel

The Jesselton Hotel
69 Jalan Gaya
88000 Kota Kinabalu
Sabah
Tel:088-223333
City hotel, 32 rooms

Manikar Beach Resort
Jalan Batu Manikar,
87009 Labuan F.T.
East Malaysia
Tel:087-418700
Resort hotel, 250 rooms, swimming pool,
business centre

Tiara Labuan Hotel
Jalan Tanjung Batu
Labuan F.T.
East Malaysia
Tel:089-414300
City hotel, 30 suites, swimming pool, business
centre

Sandakan Renaissance Hotel
Jln Utara,
90007 Sandakan
Sabah
Tel:089-213299
City hotel, 116 rooms, swimming pool, business
centre

Belmont Marco Polo Hotel
Jalan Clinic,
91008 Tawau
Sabah
Tel:089-777988, Fax 089-763739, Telex MA
83257
City hotel, 150 rooms, business centre

Sarawak State

Holiday Inn Damai Beach
Teluk Bandung,
Santubong
Kuching
Sarawak
Tel:082-411777
Resort hotel, 302 rooms, swimming pool

Kuching Hilton
Jalan Tunku Abdul Rahman
93100 Kuching
Sarawak
Tel:082-248200 Ext 4034-6
City hotel, 322 rooms, swimming pool, business
centre

Riverside Majestic
Jalan Tunku Abdul Rahman
93756 Kuching
Sarawak
Tel:082-247777, Toll free 8009288
City hotel, 250 rooms, swimming pool, business
centre

Holiday Inn Kuching
Jalan Tunku Abdul Rahman
93100 Kuching
Sarawak
Tel:082-423111
City hotel, 305 rooms, swimming pool, business
centre

Santubong (Kuching) Resort
Santubong
93050 Kuching
Sarawak
Tel:082-238888
Resort hotel, 380 rooms, swimming pool

Holiday Inn Miri
Jalan Temenggong Datuk Oyong Lawai,
98008 Miri
Sarawak
Tel:085-418888
City hotel, 168 rooms, swimming pool, business centre

Selangor State (Adjacent to Malaysia's capital Kuala Lumpur)

The Pan Pacific Glenmarie Resort
Jalan Glenmarie,
Subang
46788 Petaling Jaya
Selangor
Tel:03-7031000,Toll free 8008555
Golf resort hotel, 291 rooms, swimming pool, business centre

Petaling Jaya Hilton
2 Jalan Barat
46200 Petaling Jaya
Selangor
Tel:03-7559122, 7553533
City hotel, 564 rooms, swimming pool, business centre

Holiday Inn Shah Alam
Plaza Perangsang Persiaran Perbandaran Shah Alam
40000 Shah Alam
Selangor
Tel:03-5503696
City hotel, 154 rooms, swimming pool, business centre

Hyatt Regency Saujana
2 Km Off Subang International Highway,
47200 Subang
Selangor
Tel:03-7461234, Toll free 8001085
Resort hotel, 386 rooms, swimming pool, business centre

Country Villas, Country Heights GFG
1 Jalan Cinta Tennis,
Country Heights,
43000 Kajang
Selangor
Tel:03-8372888, 8371168
Resort hotel, 24 apartments, swimming pool

Holiday Villa, Subang Jaya, Malaysia
9 Jalan SS 12/1 Subang Jaya
47500 Petaling Jaya
Selangor
Tel:03-7338788
City hotel, 376 rooms, swimming pool, business centre

Merlin Subang
Jalan SS 12/1,
Subang Jaya
47500 Petaling Jaya
Selangor
Tel:03-7335211, 7335766
City hotel, 140 rooms, swimming pool

Negri Sembilan State

Regency Hotel & Resort Port Dickson
5th Mile Jalan Pantai,
71007 Port Dickson
Negri Sembilan
Tel: 06-6474090, 03-2912364, 2985548
Resort hotel, 217 rooms, swimming pool, business centre

Tanjung Tuan Beach Resort
5th Mile, Jalan Pantai,
71050 Port Dickson
Negri Sembilan
Tel: 06-6473013, 6475166,6475340
Resort hotel, 90 rooms, swimming pool

Bayu Beach Resort
4 1/2 Miles, Jalan Pantai,
71050 Port Dickson
Negri Sembilan
Tel: 06-6473703, Toll free 8008434
Resort hotel, 170 rooms, swimming pool

Allson Klana Resort Seremban
P.T. 4388, Jalan Penghulu Cantik
70100 Seremban
Negri Sembilan
Tel: 06-7629600, Toll Free 8003789
Resort hotel, 224 rooms, swimming pool,
business centre

Ming Court Beach Hotel
Port Dickson Coast Road,
Teluk Kemang,
71050 Port Dickson
Negri Sembilan
Tel: 06-6625244,03-2618193/194/195
Resort Hotel, 154 rooms, swimming pool

Terengganu State

Sutra Beach Resort
Merang Setiu,
21010 Merang Setiu
Terengganu
Tel:09-6231111, 03-2455131
Resort hotel, 120 rooms, swimming pool,
business centre

Tanjong Jara Beach Resort
8th Mile, Off Dungun
23009 Dungun
Terengganu
Tel:09-8441801, 03-6510188
Resort hotel, 100 rooms

Primula Beach Resort
Jalan Persinggahan,
20904 Kuala Terengganu
Terengganu
Tel:09-6222100, 6233722
Resort hotel, 264 rooms, swimming pool,
business centre

Berjaya Redang Golf & Country Resort
Pulau Redang
Redang Island
Terengganu
Tel:03-2429611
Resort hotel, 100 rooms, swimming pool

Perhentian Island Resort
Pulau Perhentian Besar
Besut
Terengganu
Tel:03-2448531, 011-345562
Resort hotel, 106 rooms, swimming pool