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Malaysia

Dairy and Products

Annual

2003

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Report Highlights:

Malaysia relies heavily on dairy imports for its dairy products industry. New Zealand and Australia are the major suppliers in Malaysia. Limited opportunities exist for U.S. to supply full cream milk powder, skim powder and whey powder.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Kuala Lumpur [MY1]
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Executive Summary

Malaysia relies heavily on imports for its dairy needs. The local dairy industry does not produce sufficient quantities of fresh fluid milk to satisfy Malaysia's fresh milk needs. Fresh fluid milk is substituted with reconstituted fluid milk and other milk products. Ingredients such as skimmed milk powder, whole milk powder and whey needed to produce condensed milk and other milk products are imported mainly from Australia and New Zealand.

Production

In recent years, despite the various attempts by the GOM, as well as the private sector, to expand the dairy industry, it has remained small. Major factors limiting its development include low lactation and reproduction performance, the hostile tropical weather condition, high cost for quality feed and lack of trained personnel for farm management. Investment in the dairy industry is still considered to be a risky business and the prospect for future growth is not bright at all. Milk production is expected to show insignificant growth in the near future.

Competition

Malaysia remains heavily dependent on dairy imports, such as powdered milk for its dairy product industry and finished products such as cheese and butter. In 2002, Malaysia imported about 53,315 metric tons of nonfat dry milk. In this category, New Zealand led with 23,813 tons, followed by Australia with 22,681 tons. Imports from US of nonfat dry milk and increased more than 100% in terms of quantity. However, the volume is still insignificant compared to imports from New Zealand and Australia in the same period. Imports of whole milk powder amounted to 70,899 tons, of which about 39,088 tons supplied were by New Zealand, followed by Australia with 18,416 tons.

The major dairy items produced in Malaysia are powdered milk (full cream, skimmed and infant formula), sweetened condensed milk, evaporated milk, liquid milk and milk drinks (fresh, ultrahigh temperature, pasteurized and homogenized), yogurt and ice cream. The milk products are locally produced by reconstituting and blending of imported milk powder (skim and whole), whey and other ingredients. Most infant formula is imported and packed locally except for a local brand, Nestle's Lactogen, which is manufactured in Malaysia.

The industry is willing to import dairy ingredients from any source as long as the price is competitive and the quality is good.

The market for finished dairy products for consumers is relatively small and is very brand-loyal. There are few prospects for imports and sales of U.S. branded milk products directly to consumers. It is also very costly to build the name of a new brand, particularly with the established competition. U.S. products are likely to be significantly more expensive due to freight costs.

Policy

No duty is imposed on imports of nonfat dry milk, whole milk powder and dried whey. Butter attracts 2% duty and sales tax of 5%. Duties incurred for cheese (grated cheese, processed cheese and blue-veined) are between 5-10% with sales tax of 5%. An import license issued by the Department of Veterinary Services and Ministry of International Trade and Industry is also necessary for consignments of dairy products entering into Malaysia.

Dairy, Dry Whole Milk Powder: PSD

PSD Table						
Country	Malaysia					
Commodity	Dairy, Dry Whole Milk Powder				(1000 MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2002		01/2003		01/2004
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	82	71	84	75	0	78
TOTAL Imports	82	71	84	75	0	78
TOTAL SUPPLY	82	71	84	75	0	78
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	82	71	84	75	0	78
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	82	71	84	75	0	78
TOTAL Use	82	71	84	75	0	78
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	82	71	84	75	0	78
Calendar Yr. Imp. from U.S.	0	1	0	1	0	1
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Dairy, Dry Whole Milk Powder: Import Trade Matrix

Import Trade Matrix			
Country	Malaysia		
Commodity	Dairy, Dry Whole Milk Powder		
Time Period	Jan-Dec	Units:	Metric Ton
Imports for:	2001		2002
U.S.	1338	U.S.	602
Others		Others	
New Zealand	43159	New Zealand	39088
Australia	20496	Australia	18416
Netherlands	6302	Netherlands	7880
Germany	3218	Denmark	1325
Ireland	1364	Ireland	592
Denmark	1331	Germany	540
Switzerland	622	Indonesia	519
Spain	413	Spain	452
Philippines	376	Argentina	450
France	291	France	358
Total for Others	77572		69620
Others not Listed	1340		677
Grand Total	80250		70899

Dairy, Milk, Non-Fat Dry: PSD

PSD Table							
Country	Malaysia						
Commodity	Dairy, Milk, Nonfat Dry					(1000 MT)	
	2002	Revised	2003	Estimate	2004	Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	
Beginning Stocks	0	0	0	0	0	0	
Production	0	0	0	0	0	0	
Intra EC Imports	0	0	0	0	0	0	
Other Imports	59	53	61	56	0	58	
TOTAL Imports	59	53	61	56	0	58	
TOTAL SUPPLY	59	53	61	56	0	58	
Intra EC Exports	0	0	0	0	0	0	
Other Exports	0	0	0	0	0	0	
TOTAL Exports	0	0	0	0	0	0	
Human Dom. Consumption	59	53	61	56	0	58	
Other Use, Losses	0	0	0	0	0	0	
Total Dom. Consumption	59	53	61	56	0	58	
TOTAL Use	59	53	61	56	0	58	
Ending Stocks	0	0	0	0	0	0	
TOTAL DISTRIBUTION	59	53	61	56	0	58	
Calendar Yr. Imp. from U.S.	6	2	6	4	0	4	
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	

Dairy, Milk, Non-Fat Dry: Import Trade Matrix

Import Trade Matrix			
Country	Malaysia		
Commodity	Dairy, Milk, Nonfat Dry		
Time Period	Jan -Dec	Units:	Metric Ton
Imports for:	2001		2002
U.S.	5982	U.S.	2162
Others		Others	
New Zealand	21982	New Zealand	23813
Australia	14637	Australia	22681
Germany	3452	Netherlands	2410
Netherlands	1655	Germany	849
France	1030	France	488
Belgium	629	Argentina	300
Iran	200	Belgium	213
Ireland	147	Poland	125
Ukraine	130	Singapore	75
Sweden	125	Czech Rep.	75
Total for Others	43987		51029
Others not Listed	6667		124
Grand Total	56636		53315