

Required Report: Required - Public Distribution

Date: April 15,2020

Report Number: MY2020-0003

Report Name: Food Processing Ingredients

Country: Malaysia

Post: Kuala Lumpur

Report Category: Food Processing Ingredients

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Report Highlights:

Although Malaysia's multibillion-dollar food processing industry has been significantly disrupted in the short-term by the COVID-19 pandemic, the sector is fairly robust and has been identified by the Malaysian Government as a crucial component of future national economic growth. The Malaysian food processing industry includes several multinational corporation facilities and the main products produced are beverages, canned seafood, canned fruits, canned vegetables, confectionery, dairy products, noodles and bakery products. Top prospective U.S. food processing ingredient products for the Malaysian market include dairy, frozen potatoes, tree nuts and processed fruits.

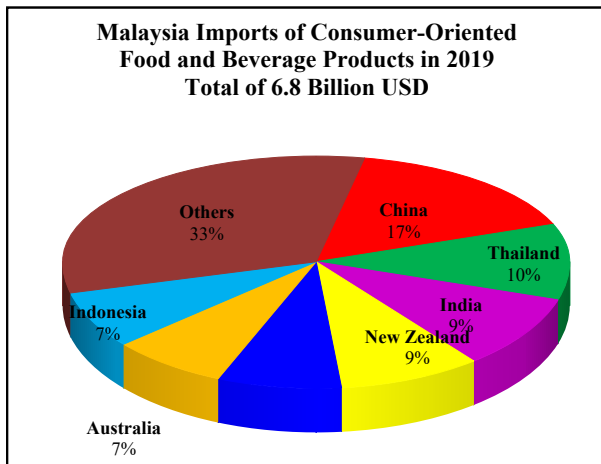
Market Fact Sheet: Malaysia

Executive Summary

Malaysia's multibillion-dollar food processing industry is driven by an expanding economy and increased consumer spending. Although the country's halal requirements complicate trade for certain products, Malaysia's trade and regulatory policies are relatively open and provide opportunities for a broad range of ingredient products. Malaysia's total agricultural product imports in 2019 reached nearly \$18.3 billion, roughly 7 percent of which was sourced from the United States.

Imports of U.S. Consumer-Oriented Products

In 2019, the United States was Malaysia's fifth largest supplier of consumer-oriented food and beverage products, with total sales reaching \$535 million for the year. Top U.S. food and beverage products in the market include dairy products, potatoes, processed fruit, beef and tree nuts.



Source: Trade Data Monitor

Food Processing

The Malaysian food processing industry accounts for 10 percent of the country's manufacturing output and is growing at a pace of roughly three percent per year. Several multi-nationals have regional production facilities in and around Kuala Lumpur and the Government of Malaysia has identified the food processing industry as a critical sector for future economic growth.

Hotel, Restaurant and Institutional

The Malaysian hotel, restaurant, and institutional (HRI) industry is one of the fastest growing sectors in the country and is largely driven by robust tourism and increased consumer spending. According to Euromonitor data, the Malaysian tourism industry grew steadily over the past decade and as of 2019, represented 15 percent of the country's GDP.

Retail

Malaysia's retail sector also continues to develop, and high-end/premium grocery stores are increasingly popular. Total sales for the sector in 2019 reached an estimated \$26 billion USD.

Malaysia Macroeconomics

Population: 32.6 million people in 2019; rapidly growing (has doubled since 1980) and is increasingly urbanized

Per Capita Income: \$11,021 in 2019, with a growing middle class

Real GDP Growth: 4.7 percent in 2019

GDP Composition in 2019:

- Agriculture: 8%
- Industry: 37%
- Services 55%

Source: Malaysia Department of Statistics and the Central Bank of Malaysia

Opportunities and Challenges for U.S. Exporters

Opportunities

-U.S. food and agricultural products are trusted and perceived to be of high quality.

-The growing Malaysian Food Processing, HRI, and Retail sectors require a wide range of imported food and ingredient products.

-Rising disposable income in Malaysia is driving demand for high-quality imported food and beverage products.

Challenges

-Many U.S. products need to be halal certified in the Malaysian market, which can be a lengthy process.

-Australia and New Zealand both have free trade agreements with Malaysia and have a strong presence in the country's consumer-oriented food and beverage market.

SECTION I: MARKET OVERVIEW

Malaysia is one of the most developed markets in Southeast Asia. The country is politically and economically stable, and with a population of nearly 33 million, is increasingly urbanized. According to the World Bank, Malaysia's economy is projected to expand at a pace of 4.5 percent in 2020. The Malaysia Department of Statistics reports that the country's main economic drivers are services (55 percent), manufacturing (37 percent), and agriculture (8 percent). Although the country's strict halal requirements complicate trade for certain products, Malaysia's trade and regulatory policies are relatively open and provide opportunities for a broad range of imported food and agricultural products. Malaysia's total agricultural product imports in 2019 reached nearly \$18.3 billion USD, roughly seven percent of which was sourced from the United States.

Although Malaysia's multibillion-dollar food processing industry has been significantly disrupted in the short-term by the COVID-19 pandemic, it is fairly robust and has been identified by the Malaysian Government as a crucial sector for future national economic growth. According to the Malaysian Investment Development Authority (MIDA), there are more than 8,000 establishments within the local food processing industry, ranging from small and medium-sized enterprises to major multinational corporation facilities. The main products produced by the Malaysian food processing industry include beverages, canned seafood, canned fruits, canned vegetables, confectionery, dairy products, noodles and bakery products.

Major Processed Food and Beverage Companies in Malaysia

- [Nestle \(Malaysia\)](#) - Multinational corporation with 7 production locations in Malaysia. Major products include baby food, confectionary, snack foods, bakery products, cereals, dairy products, pasta, beverages, sauces, and soups.
- [Yeo Hiap Seng \(Malaysia\)](#) - Multinational with 4 production locations in Malaysia. Major products include curry, canned fish, jam, condensed milk, instant noodles, sauces, vinegar, and beverages.
- [Dutch Lady \(Malaysia\)](#) - Dairy manufacturer with one production facility in Malaysia. Major products include sweetened condensed milk, milk powder, infant formula, pasteurized & UHT milk, yogurt, and fruit juice.
- [Fraser & Neave \(Malaysia\)](#) - Multinational with 6 production facilities in Malaysia. Major products include soft drinks, including carbonated drinks and juice.
- [Mamee Double-Decker Bhd](#) - Malaysian food processor for the domestic and export market with 7 production facilities throughout the country. Major products include snacks, dairy products, confectionary and beverages.

Sector Trends

- Positive business climate and Government of Malaysia incentives encourage investment in food manufacturing for both the domestic and export markets.

- Rising per capita income and increasing urbanization have strengthened demand for processed convenience foods throughout Malaysia.
- Increasing consumer interest in international food trends provides opportunities for food manufacturers to develop and introduce new food products.
- Established infrastructure, including cold storage and port facilities allows companies to establish supply chain.
- An increasingly modern retail sector offers venues to easily market processed food and beverage products.

SECTION II: ROAD MAP FOR MARKET ENTRY

U.S. exporters of food and agricultural products should consider the following when planning to enter the Malaysian market:

Analyze Malaysian food laws, packaging & labeling requirements and importer criteria for entry into the market. Detailed information on Malaysian regulations and requirements can be found by accessing the latest [FAS/Malaysia Food and Agricultural Import Regulations & Standards Country Report](#).

- Review the types of U.S. food ingredient products that can be readily targeted in the food processing market. Consider the price competitiveness of U.S. products compared to similar products available in Malaysia.
- Participate in regional trade shows and trade missions by tapping into the resources offered by [State and Regional Trade Associations](#).
- Develop links with local importers that target the major food and beverage manufacturers and processors. U.S. exporters are advised to appoint local distributors or at least a local representative to help guide them through the requirements of Malaysian food regulations and local trading practices.
- After establishing links with importers, strive to educate them (in person if possible) on the qualities of your product/s and supply chain.
- After establishing trade agreements with local importers, conduct market visits and provide technical assistance (e.g. handling techniques and product formulations) to end-users.
- Maintain strong communication with your local importer to ensure all certificates and import permits are valid and up to date.

SECTION III. NATIONAL FOOD STANDARDS & TRADE REGULATIONS/PROCEDURES

[Malaysia's Food Act 1983](#) and the [Food Regulations of 1985](#) govern food import and export regulations/procedures. The Food Safety and Quality Division (FSQD) of the Malaysian Ministry of Health (MOH) along with several other government agencies are charged with implementing and enforcing the law under these statutes, including routine compliance, sampling, inspection, import control and regulation. Among the many regulations and required procedures related to shipping food and agricultural products to the country, of particular note are Malaysia's halal certification and dairy facility registration requirements:

Halal Certification

Many food products (e.g. beef and poultry) require halal certification in order to enter the country. Currently, the Islamic Development Foundation of Malaysia (JAKIM) is the only authorized entity allowed to issue halal certification. In the United States, JAKIM has appointed three Islamic institutions to inspect and halal certify food and beverage products for export to Malaysia: the Islamic Food and Nutrition Council of America (IFANCA), the Islamic Services of America (ISA), and American Halal Foundation (AHF).

<i>Organization & Address</i>	<i>Contacts</i>	<i>Halal Logo</i>
<p>Islamic Food and Nutrition Council of America (IFANCA) 5901 N. Cicero Ave, Suite 309 Chicago, Illinois 60646</p> <p>IFANCA Halal Research Center 777 Busse Highway Park Ridge, Illinois 60068</p>	<p>Dr. Muhammad Munir Chaudry President Tel: +17732833708 Fax: +17732833973</p> <p>Tel: +1 847 993 0034 EX 203 Fax: +1 847 993 0038 Mobile: +1 773 447 3415</p>	
<p>Islamic Services of America (ISA) P.O Box 521 Cedar Rapids, IOWA 52406 USA</p>	<p>Mr. Timothy Abu Mounir Hyatt Managing Director Tel: (319) 362-0480 Fax: (319) 366-4369</p> <p>Email: thyatt@isahalal.org islamicservices@isahalal.org Website: www.isahalal.org</p>	
<p>American Halal Foundation (AHF) 10347-C Heritage Isles Golf & Country Club Plantation Bay Dr Tampa, Florida-33647 USA</p>	<p>Mr. Mohammad Mazhar Hussaini (President) Tel: (+630) 759-4981 Fax:(+603) 310-8532</p> <p>Email: mmhussaini@halafoundation.org Website: www.halalfoundation.org</p>	

Source: JAKIM - The Recognized Foreign Halal Certification Bodies & Authorities

Dairy Facility Registration

In March 2018, Malaysia implemented a measure that requires foreign producers and exporters of dairy products to apply for registration with the Malaysian Government. According to trade contacts, the Malaysian Government implemented this facility registration measure to improve the traceability of imported dairy products and to ensure imported dairy products were certified halal. Applications from dairy facilities with a history of exporting to Malaysia were given expedited review upon implementation of this statute while new to market suppliers were given standard reviews lasting a reported three to six months.

For further details on dairy and other food export requirements in the Malaysia market, please refer to the [USDA Food Safety and Inspection Service Export Library](#).

SECTION IV: COMPETITION

Product Category (2019)	Major Supply Sources (2019)	Foreign Supplier Situation	Local Supplier Situation
Dairy Products Net Imports: USD \$1.3 billion	New Zealand: 36% Australia: 9% U.S.A.: 9% Thailand: 6%	Australia & New Zealand are traditional suppliers and enjoy Free Trade Agreements with Malaysia. The United States is a top supplier of whey.	Local/regional dairy companies have strong brand name recognition amongst consumers.
Vegetable Oil Net Imports: USD \$801 million	Indonesia: 30% China: 15% Philippines: 6% Australia: 6% U.S.A.: 4%	Indonesia is a major supplier of coconut oil. The United States is a significant supplier of sunflower oil.	Malaysia is a major producer of palm oil.
Beef Net Imports: USD \$485 million	India: 73% Australia: 16% New Zealand: 5% Brazil: 4%	Almost all imported beef into Malaysia comes from India, Australia and New Zealand. Beef from India is very cheap and serves the low-end outlets. Australia dominates the high-end HRI market.	Inadequate supply of local beef and increasing demand makes Malaysia highly dependent on imports.

Wheat and Wheat Flour Net Imports: USD \$424 million	Australia: 33% U.S.A.: 25% Ukraine: 12% Canada: 12%	Australia is a traditional supplier.	Malaysia does not produce wheat.
Processed Fruits Net Imports: USD \$226 million	China: 27% U.S.A.: 16% Thailand: 11% Tunisia: 8%	Processed fruits from China and Thailand are price competitive. The United States is a top supplier of raisins.	Malaysia is not a major producer of processed fruits for the food processing industry.
Tree Nuts Net Imports: USD \$176 Million	Indonesia: 30% U.S.A.: 26% China: 12% India: 9%	Along with cashews from neighboring countries, U.S. nuts are very popular. Some U.S. nuts are repacked and sold under local brands.	Limited local production.

Source: Trade Data Monitor

Best Prospective U.S. Food Processing Ingredient Products for the Malaysian Market

U.S. Products	2018 Import Value (million USD)	2019 Import Value (million USD)	Growth
Dairy	\$101.3	\$109.0	8%
Processed Vegetables	\$56.3	\$68.1	21%
Tree Nuts	\$35.0	\$37.0	6%
Processed Fruit	\$22.1	\$35.7	62%
Beef and Beef Products	\$1.4	\$1.1	-21%

Source: U.S. Census Bureau Trade Data

Note: Excellent opportunities for U.S. beef exist in the market provided required Malaysian halal certifications can be obtained.

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

A) USDA Foreign Agricultural Service Malaysia

Office of the Agricultural Affairs
Embassy of the United States of America
376, Jalan Tun Razak
Kuala Lumpur, Malaysia 50400

Tel: (011-60-3) 2168-5082
Fax: (011-60-3) 2168-5023
E-mail: AgKualaLumpur@state.gov

B) U.S. Dairy Export Council

1 North Bridge Road, #06-10
High Street Centre,
Singapore 179094
Tel: (65) 6334 7030
Fax: (65) 6223 2010
Contacts: Dalilah Ghazalay, Regional Director, SEA Marketing & Operations
Email: dali@dairyconnect.biz

C) U.S. Grains Council

50 Jalan Dungun Damansara Heights
Kuala Lumpur, Malaysia
Tel: (60) 3 2093 6826
Fax: (60) 3 2273 2052
Contact: Manuel Sanchez, Regional Director—South & Southeast Asia
Email: usgckl@usgc.com.my

D) U.S. Meat Export Federation

627 A Aljunied Road
#04-04 Biztech Centre
Singapore
Tel: (65) 6733 4255
Fax: (65) 6732 1977
Contact: Sabrina Yin, Regional Director
Email: singapore@usmef.com.sg

E) USA Poultry and Egg Export Council

541 Orchard Road, #15-04 Liat Towers
Singapore
Tel: (65) 6737 1726
Fax: (65) 6737 1727
Contact: Margaret Say, Regional Director
Email: usapeec_sing@pacific.net.sg

F) Raisin Administrative Committee, Food Export-Midwest, Food Export-Northeast, and the Western United States Agricultural Trade Association

48 Toh Guan Road East

#02-129 Enterprise Hub
Singapore
Tel: (65) 6515 6113
Fax: (65) 6278 4372
Contact: Richard Lieu and Chuah Siew Keat
Emails: richardlieu@lieumktg.com.sg; siewkeat@lieumktg.com.sg

G) U.S. Soybean Export Council

541 Orchard Road, #11-03 Liat Towers
Singapore
Tel: (65) 6737 6233
Fax: (65) 67375849
Contact: Timothy Loh, Director
Email: TLoh@ct.ussec.org

H) U.S. Wheat Associates

541 Orchard Road, #15-02 Liat Towers
Singapore
Tel: (65) 6737 4311
Fax: (65) 6733 9359
Contact: Matt Weimar, Regional Vice President for South Asia
Email: InfoSingapore@uswheat.org

I) Malaysia Government Websites:

Ministry of Health Food Safety and Quality Division:
<http://fsis2.moh.gov.my/fosimv2/HOM/frmHOMPage.aspx>
Ministry of Agriculture Department of Veterinary Services: www.dvs.gov.my
Ministry of Finance Customs Headquarters: <http://www.customs.gov.my>

Attachments:

No Attachments