

Required Report: Required - Public Distribution

Date: January 19, 2022

Report Number: MY2021-0021

Report Name: Food Processing Ingredients

Country: Malaysia

Post: Kuala Lumpur

Report Category: Food Processing Ingredients

Prepared By: Rowena Ngumbang

Approved By: Timothy Harrison

Report Highlights:

The Malaysian food processing industry has been identified as a crucial component of future national economic recovery and growth resulting from the significant disruption of COVID-19 pandemic. The Malaysian food processing industry includes several multinational corporation facilities, and the main products produced include beverages, canned seafood, canned fruits, canned vegetables, confectionary, dairy products, noodles, and bakery products. Top prospective U.S. food processing ingredient products for the Malaysia market include dairy, frozen potatoes, tree nuts, and processed fruits.

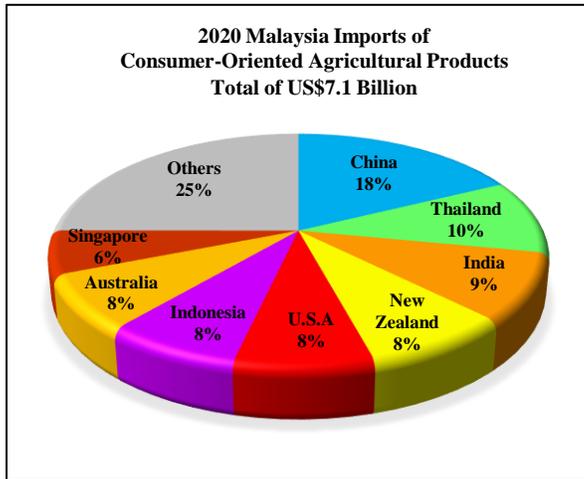
Market Fact Sheet: Malaysia

Executive Summary

Malaysia’s multibillion-dollar food industry is driven by an expanding pre-pandemic economy, increased consumer spending and a healthy tourism industry. 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 imported foods and beverages. Malaysia’s total agricultural related product imports in 2020 reached \$19 billion USD, roughly eight percent of which was sourced from the United States.

Imports of U.S. Consumer-Oriented Products

In 2020, the United States was Malaysia’s sixth largest supplier of consumer-oriented food and beverage products, with total sales reaching \$570 million USD for the year. Top U.S. products in the market include dairy, fresh fruits, pet food and tree nuts.



Source: Trade Data Monitor

Food Processing

The Malaysian food processing industry is negatively impacted due to the pandemic. 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 used to be one of the fastest growing sectors in the country, but it has been badly impacted by the pandemic situation. Recovery in this sector is only expected in late 2022 to 2023 at the earliest.

Retail Food

Malaysia’s food retail sector has seen increase in the number of grocery retailers, especially with consumer demand for natural and healthier products due to the onset of the global pandemic. A significant growth and trend towards e-commerce has proven to be the country’s most dynamic channel in 2020, including the steady growth of convenience stores.

Malaysia Macroeconomics

Population: 32.7 million people; rapidly growing (has doubled since 1980) and is increasingly urbanized

Per Capita Income: \$10,402 in 2020, with a growing middle class

Real GDP Growth: -5.6 percent in 2020

(Sources: Malaysia Department of Statistics, Central Bank of Malaysia and The World Bank)

Opportunities and Challenges for U.S. Exporters

Opportunities	Challenges
-U.S. food and agricultural products are trusted and perceived to be of high quality.	-Many U.S. products need to be halal certified in the Malaysian market, which can be a lengthy process.
-The growing Malaysian HRI, Retail and Food Processing sectors require a wide range of imported food products and ingredients.	-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.
-Rising disposable income in Malaysia is driving demand for high-quality imported food and beverage products.	

SECTION I: MARKET SUMMARY

Malaysia's Food Processing Industry

Malaysia's food processing industry is predominantly Malaysian-owned and dominated by small and medium scale companies to major multinational corporation facilities. The COVID-19 pandemic in 2020 has disrupted the food supply chain, as Malaysia is highly dependent on the imports of food and beverage products; especially raw materials for food processing such as wheat, dairy, and other food ingredients.

Inputs and raw materials for the Malaysian food processing industry are imported from a range of suppliers. Australia and New Zealand supply the majority of the ingredient products for the dairy processing plants, while China and Thailand are the top suppliers of poultry and processed fruits. The United States is a major supplier of processed vegetables and tree nuts.

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

- COVID-19 pandemic has accelerated growth of e-commerce as a major platform for distribution.
- Shift in consumer behavior toward organic, functional, and healthy foods, including low calorie and sugar-free options, has spurred new development and innovation in the food processing industry.
- Improved business climate compared to 2019 resulting from the Government of Malaysia incentives that 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 develop supply chains.
- An increasingly modern retail sector offers venues to easily market processed food and beverage products.

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 [USDA Food Safety and Inspection Service Export Library](#) and 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, product promotional activities, 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 II. 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 or 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), Islamic Services of America (ISA), and the American Halal Foundation (AHF).

For further details on halal requirements in Malaysia market, please refer to [Malaysia: Halal Country Report](#)

<i>Organization & Address</i>	<i>Contacts</i>	<i>Halal Logo</i>
Islamic Food and Nutrition Council of America (IFANCA) 5901 N. Cicero Ave, Suite 309 Chicago, Illinois 60646 IFANCA Halal Research Center 777 Busse Highway Park Ridge, Illinois 60068	Dr. Muhammad Munir Chaudry President Tel: +17732833708 Fax: +17732833973 Tel: +1 847 993 0034 EX 203 Fax: +1 847 993 0038 Mobile: +1 773 447 3415	
Islamic Services of America (ISA) P.O Box 521 Cedar Rapids, IOWA 52406 USA	Mr. Timothy Abu Mounir Hyatt Managing Director Tel: (319) 362-0480 Fax: (319) 366-4369 Email: thyatt@isahalal.org islamicservices@isahalal.org Website: www.isahalal.org	

American Halal Foundation (AHF) 10347-C Heritage Isles Golf & Country Club Plantation Bay Dr Tampa, Florida-33647 USA	Mr. Mohammad Mazhar Hussaini (President) Tel: (+630) 759-4981 Fax:(+603) 310-8532 Email: mmhussaini@halafoundation.org Website: www.halalfoundation.org	
-----------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------

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 III: COMPETITION

Product Category (2020)	Major Supply Sources (2020)	Foreign Supplier Situation	Local Supplier Situation
Dairy Products Net Imports: USD \$1.6 billion	New Zealand: 29% Thailand: 12% U.S.A.: 10% Australia: 9%	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 \$1.1 billion	Indonesia: 32% China: 20% Philippines: 8% Ukraine: 6% Canada: 4% U.S.A.: 1.3%	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 \$529 million	India: 75% Australia: 14% New Zealand: 5% Brazil: 4% U.S.A.: 0.1%	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 higher- end HRI market.	Inadequate supply of local beef and increasing demand makes Malaysia highly dependent on imports.
Wheat and Wheat Flour Net Imports: USD \$417.6 million	Australia: 28% Ukraine: 22% U.S.A.: 19% Canada: 12%	Australia is a traditional supplier.	Malaysia does not produce wheat.
Processed Fruits Net Imports: USD \$231 million	China: 29% U.S.A.: 12% Thailand: 11% Tunisia: 9%	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 \$182.7 Million	Indonesia: 39% U.S.A.: 19% China: 13% India: 7%	Along with cashews from neighboring countries, U.S. nuts are very popular.	Limited local production.

Data Source: Trade Data Monitor

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

U.S. Products	2019 U.S. Export Value (January - December) (million USD)	2020 U.S. Export Value (January - December) (million USD)	Growth
Dairy	\$108.60	\$156.90	44%
Prepared Food	\$107.10	\$109.40	2%
Processed Vegetables	\$70.70	\$52.20	-26%
Tree Nuts	\$36.70	\$37.50	2%

Processed Fruit	\$35.80	\$24.50	-32%
Beef and Beef Products	\$1.10	\$0.60	-45%

Source: U.S. Census Bureau Trade Data

Note: Excellent opportunities for U.S. beef and processed food/fruits/vegetables exist in the market provided required Malaysian halal certifications can be obtained.

SECTION IV. 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@fas.usda.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://fsq.moh.gov.my/fsq/ms/> Ministry of Agriculture Department of Veterinary Services: www.dvs.gov.my Ministry of Finance Customs Headquarters:
<http://www.customs.gov.my>

Attachments:

No Attachments