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**Report Name:** Food Processing Ingredients

**Country:** Malaysia

**Post:** Kuala Lumpur

**Report Category:** Food Processing Ingredients

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**Report Highlights:**

The Malaysian food manufacturing and processing industry is an important component of the country's economic recovery and growth. This sector includes several multinational corporation facilities as well as a range of local company operations. The main products manufactured include beverages, canned seafood, canned fruits, canned vegetables, confectionary, dairy products, noodles, and bakery products. Top prospective U.S. food processing ingredient exports for the Malaysia market include dairy, frozen potatoes, tree nuts, and processed fruits.

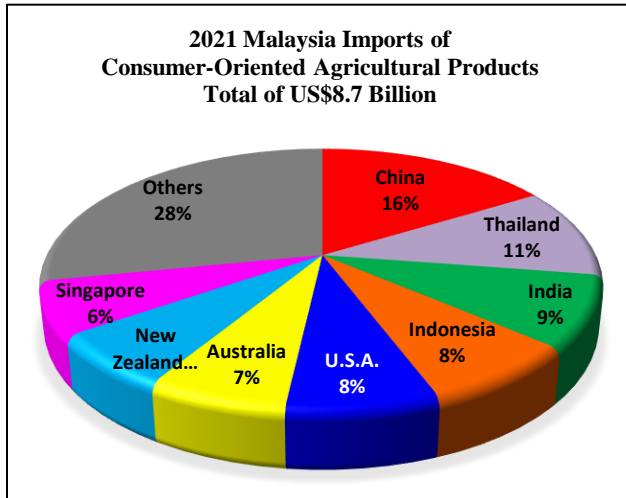
## Market Fact Sheet: Malaysia

### Executive Summary

The Malaysian manufacturing sector is building momentum in the first half of 2022, and is forecast to have positive growth as the country sustains its economic recovery. 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 2021 reached \$23 billion USD, roughly six percent of which was sourced from the United States.

### Imports of U.S. Consumer-Oriented Products

In 2021, the United States was Malaysia's fifth largest supplier of consumer-oriented food and beverage products, with total sales reaching \$650 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 expected to have positive growth in demand as it bounces back from the COVID-19 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 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. Emergence of e-commerce as the country's most dynamic channel, as well as the steady growth of convenience stores, are key trends.

### Malaysia Macroeconomics

**Population:** 32.7 million people; rapidly growing (has doubled since 1980) and is increasingly urbanized with 0.2 percent annual growth rate

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

**Real GDP Growth:** 3.1 percent in 2021 compared to a decline of 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 Food Processing, HRI, and Retail 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 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, though major multinational corporations also have a strong presence. Malaysia is highly dependent on imports of food and beverage products, especially raw materials for food processing such as wheat, dairy, and other food ingredients.

According to the country's Ministry of Finance [2022 Economic Outlook report](#), the food manufacturing sector grew by 5.5 percent in 2020 and 8.9 percent in 2021. Beverage manufacturing sector activity declined in 2020 but recovered 9.4 percent in 2021.

Industry analysts have projected that the soft drinks and juice market alone in Malaysia is worth \$2.1 billion and is set to grow by over five percent through the next three years, while the food market was estimated to grow to nearly \$44 billion in sales by the end of last year.

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.

### **Sector Trends**

- The COVID-19 pandemic has accelerated growth of e-commerce as a major platform for distribution and have created new opportunities for businesses to prosper.
- 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.
- Positive growth is expected in the sector due to 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 and 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](#)

<b>Organization &amp; Address</b>	<b>Contacts</b>	<b>Halal Logo</b>
<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 &amp; 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: <a href="mailto:mmhussaini@halafoundation.org">mmhussaini@halafoundation.org</a> Website: <a href="http://www.halalfoundation.org">www.halalfoundation.org</a></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 meat and poultry export requirements in the Malaysia market, please refer to the [USDA Food Safety and Inspection Service Export Library](#).

### SECTION III: COMPETITION

<b>Product Category (2021)</b>	<b>Major Supply Sources (2021)</b>	<b>Foreign Supplier Situation</b>	<b>Local Supplier Situation</b>
<b>Dairy Products</b>  <b>Net Imports: USD \$1.7 billion</b>	New Zealand: 28% Thailand: 11% 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.
<b>Vegetable Oil</b>  <b>Net Imports: USD \$1.8 billion</b>	Indonesia: 41% Thailand: 8% Philippines: 7% China: 6% Ukraine: 5% U.S.A.: 2%	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.
<b>Beef</b>  <b>Net Imports: USD \$581 million</b>	India: 76% Australia: 14% Brazil: 5% Japan: 2% 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.

<b>Wheat and Wheat Flour</b>  <b>Net Imports: USD \$471 million</b>	Australia: 61% U.S.A.: 11% Canada: 10% Singapore: 4%	Australia is a traditional supplier.	Malaysia does not produce wheat.
<b>Processed Fruits</b>  <b>Net Imports: USD \$252 million</b>	China: 29% Thailand: 11% U.S.A.: 10% Tunisia: 7%	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.
<b>Tree Nuts</b>  <b>Net Imports: USD \$204 Million</b>	Indonesia: 36% U.S.A.: 18% China: 12% Vietnam: 9% India: 7%	Along with cashews from neighboring countries, U.S. nuts are very popular.	Limited local production.

Data Source: Trade Data Monitor (Updated: Feb 17, 2022)

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

U.S. Products	2020 U.S. Export Value (January - December) (million USD)	2021 U.S. Export Value (January - December) (million USD)	Growth
Prepared Food	\$109.40	\$171.10	56%
Dairy	\$156.90	\$161.20	3%
Processed Vegetables	\$52.20	\$61.10	17%
Tree Nuts	\$37.50	\$35.40	-6%
Processed Fruit	\$24.50	\$27.00	10%
Beef and Beef Products	\$0.60	\$1.00	67%

Source: U.S. Census Bureau Trade Data (Updated: Feb 17, 2022)

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](mailto: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](mailto:dali@dairyconnect.biz)

C) U.S. Grains Council

50 Jalan Dungun Damansara Heights  
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Contact: Caleb Wurth, Regional Director—South & Southeast  
Asia Email: [usgckl@usgc.com.my](mailto:usgckl@usgc.com.my)

D) U.S. Meat Export Federation

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Contact: Sabrina Yin, Regional  
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Email: [singapore@usmef.com.sg](mailto: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](mailto: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



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G) U.S. Soybean Export Council

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Fax: (65) 67375849  
Contact: Timothy Loh, Director  
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H) U.S. Wheat Associates

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#15-02 Liat Towers Singapore  
Tel: (65) 6737 4311  
Fax: (65) 6733 9359  
Contact: Joseph Sowers, Regional Vice President for  
South Asia Email: [InfoSingapore@uswheat.org](mailto: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](http://www.dvs.gov.my) Ministry of Finance Customs Headquarters:  
<http://www.customs.gov.my>

**Attachments:**

No Attachments