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**Report Name:** Food Processing Ingredients

**Country:** Malaysia

**Post:** Kuala Lumpur

**Report Category:** Food Processing Ingredients

**Prepared By:** Rowena Ngumbang

**Approved By:** Karen Richards

**Report Highlights:**

The Malaysian food manufacturing and processing industry is an important component of the country's economic growth and has seen significant development and innovation for shelf stable products as consumer demands increase. 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.

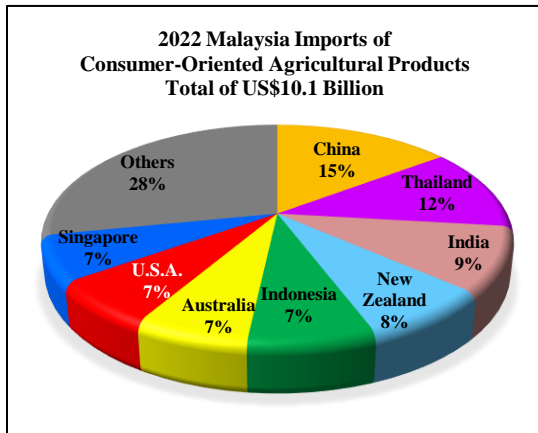
## Market Fact Sheet: Malaysia

### Executive Summary

The Malaysian food manufacturing sector is expanding with a focus on innovation and development of shelf stable products for both the domestic and export market. Regional consumer demand has surged, resulting in the opportunity for Malaysia to take the lead as a production hub. 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 2022 reached \$27 billion USD, roughly five percent of which was sourced from the United States.

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

In 2022, the United States was Malaysia's seventh largest supplier of consumer-oriented food and beverage products, with total sales reaching \$679 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 steady growth in 2023 in an innovation competitive landscape of shelf stable from processed fruits, vegetables, meat, seafood and alternatives. 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 expected to rapidly recover in 2023 with

continuing increase in tourism and domestic restaurant patronage.

### Retail Food

Malaysia's food retail sector sees continuing growth overall and especially in smaller format retail spaces in high-density residential areas. Trends on the rise include health and wellness, organics, convenience foods, and demand for sustainable food and packaging.

#### Malaysian Macroeconomic

**Population:** 33 million people in the fourth quarter 2022; rapidly growing (has doubled since 1980) and is increasingly urbanized

**Per Capita Income:** \$11,434 by end of 2022, with a growing middle class

**Real GDP Growth:** -5.8 percent in 2022 (Sources: Malaysia Department of Statistics, Central Bank of Malaysia and The World Bank)

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

#### U.S. Exporter Opportunities and Challenges

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>-U.S. food and agricultural products are trusted and perceived to be of high quality.</li> <li>-CPTPP opens opportunities for processed and packaged food exports.</li> </ul>	<ul style="list-style-type: none"> <li>-Many U.S. products need to be halal certified in the Malaysian market, which can be a lengthy process.</li> <li>-Manufacturers require technical and marketing support for new product innovation.</li> </ul>
Opportunities	Challenges
<ul style="list-style-type: none"> <li>-The growing Food Processing, HRI, and Retail sectors require a wide range of imported food products and ingredients.</li> <li>-Rising disposable income in Malaysia is driving demand for high-quality imported products.</li> </ul>	<ul style="list-style-type: none"> <li>-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.</li> </ul>

## **SECTION I. MARKET SUMMARY**

### **Malaysia's Food Processing Industry**

The Malaysian food manufacturing sector continues to see steady growth. As the industry expands, emphasis and investment are placed on innovation of shelf stable products to meet growing domestic and regional demand. Malaysia is increasingly becoming a regional hub for processing and exports. Additionally, newly signed agreements like the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and Regional Comprehensive Economic Partnership (RCEP) will broaden Malaysia's access to markets like Canada, Mexico, and Peru. The country is highly dependent on imports for raw materials for food processing such as wheat, dairy, and other food ingredients. As the industry increases output it will likewise need to augment sourcing for raw materials.

Currently, 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 dairy, the largest for whey, and processed vegetables.

The food processing industry is predominantly Malaysian-owned and made up of small and medium scale companies. However, major multinational corporations also have a strong presence. Among the top food and beverage manufacturers in the country are Nestle, F&N, Dutch Lady Milk Industries, Carlsberg Malaysia, Coca-Cola Bottlers (Malaysia) Sdn Bhd, and Yeo Hiap Seng (Malaysia) Bhd. Some of the wide variety of products produced include carbonated drinks, bottled water, beers, snack food, confectionary, and other packaged foods.

Industry analysts have projected the food and beverage industry's income in GDP is expected to increase another 8 percent in 2023 after an estimated growth rate of 22 percent the previous year to a total of USD \$8 billion. The following sub-sectors are the most important in the overall food processing industry. (1) fish processing and canning (2) processed meats (3) confectionary (4) canned fruits and vegetables (5) dairy products (6) noodles, bread, and other bakery products.

### **Malaysia's Total Exports for Agriculture**

<b>Sub-sectors</b>	<b>Value USD million</b>		
	<b>Jan-Jan 2021-2022</b>	<b>Jan-Jan 2022-2023</b>	<b>Share (%) of Total Exports 2022-2023</b>
Processed Food	489	441	2.1
Seafood, fresh, chilled, or frozen	42	38	2.4
Palm Oil and Palm-Based Products	1,554	1194	75.5
Other Vegetable Oil	60.5	68.6	4.3
Beverages and Tobacco	47.6	53.7	0.3

*(Source: Malaysia Department of Statistics)*

## Sector Trends

- Food labels increasing include terminology such as “GMO-Free”, “Preservative-Free”, “MSG-Free” and “Trans Fat-Free”.
- Online shopping and e-commerce are now an established part of the economic eco-system. These platforms for distribution 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 sparked new development and innovation in the food processing industry.
- Plant based alternatives are trending and slowly penetrating the market with high-end retailers offering various brands for meatless plant-based products.
- 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.
- Modern retail sector offers pathways to complete supply chain and venues to display and market processed dry goods, and chilled and frozen goods, perishables.

Malaysia’s top growth areas for food ingredients are:

<b>Type of Food Groups</b>	<b>Malaysia’s Food Processing Ingredients Use/Applications</b>
<b><i>Dairy Products</i></b>	Malaysia is one of the world’s leading sweetened condensed milk producers and demand is growing for milk drinks, ice cream, yogurt, infant formula, and milk powder for other processing sectors. Almost all dairy ingredients are imported.
<b><i>Bakery Products</i></b>	Consumption of bread and pastries is growing steadily, and all wheat and many key bakery ingredients (dried fruits and nuts) are imported.
<b><i>Seafood Products</i></b>	Canned fish included mackerel in tomato sauce and tuna in oil or brine. Pollock is used to make surimi and a variety of breaded fish products.
<b><i>Confectionaries</i></b>	Cocoa, sweeteners, dairy powders, and colorings are needed for this sector.
<b><i>Snack Foods</i></b>	Potato chips, corn chips, puff balls, and extruded snacks are produced with primarily imported raw materials. Popular flavors include cheese, corn, tomato, BBQ, spicy and onion. Nuts used in snack foods are peanuts, almonds, macadamia, and several others including dried fruits are also popular, particularly raisins and prunes.

<b><i>Soft Drinks</i></b>	Popular non-carbonated soft drinks include soymilk, fruit juices, chocolate, coffee, tea and herbal tea. Popular fruit juices include orange, mango, guava and pineapple.
<b><i>Sauces</i></b>	Soy and oyster sauce are important part of Malaysian cooking and nearly all Malaysian homes have a bottle of soy sauce. All soy is imported. A bottle of chili sauce and ketchup is also common in many Malaysian homes and often dipped in dumplings, meat and seafood. Salad dressings such as mayonnaise and Thousand Island are also becoming popular.
<b><i>Oil and Fats</i></b>	Margarines and cooking oils produced in Malaysia are mainly palm oil based since Malaysia is the world's second largest producer of palm oil. However, manufacturers also produce margarines and cooking oils processed from soybean, canola and sunflower.
<b><i>Canned Fruit &amp; Vegetables</i></b>	The local industry for processed fruits and vegetables is limited since Malaysians prefer fresh rather than processed fruits and vegetables. Locally processed fruits and vegetables are mostly canned pineapples, baked beans, and peas and destined for export markets. Beans and peas imported.

<b>Advantages</b>	<b>Challenges</b>
Many key inputs for food manufacturing must be imported, including wheat, soybeans, sugar, dairy products, nuts, dried fruits and flavorings	Strong competition from China, Thailand, Australia, and New Zealand in certain key sectors
Relatively free and open market, with low duties and no quantitative restrictions for most products	Many foods must be certified halal (beef, lamb, poultry and dairy products)
Rising incomes are creating demand for processed foods	Importers generally purchase based on price, and consumers are price sensitive
Very dynamic food manufacturing sector with new food products creating demand for new raw materials	Interested suppliers must spend time to become familiar with market and key players
Food and beverage manufacturing sector comprised both of multinational and local companies, in need of a diverse blend of food inputs	Key regional suppliers have a freight advantage and logistic cost can be a disadvantage
Malaysia is a growing regional hub for food manufacturing	U.S. exporters' products must meet specifications for third-country markets and provide technical support for to have better understanding in applications and formulations
The government is encouraging investment in the sector	Labor and other production costs are rising

## **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 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.

### **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 importance 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 (2022)</b>	<b>Major Supply Sources (2022)</b>	<b>Foreign Supplier Situation</b>	<b>Local Supplier Situation</b>
<b>Dairy Products</b>  <b>Net Imports:</b> <b>USD \$2 billion</b>	New Zealand: 31% U.S.A.: 12% Thailand: 10% Australia: 8%	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:</b> <b>USD \$2 billion</b>	Indonesia: 40% Philippines: 9% China: 7% U.A.E.: 5%  U.S.A.:1%	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:</b> <b>USD \$767 million</b>	India: 73% Australia: 13% Brazil: 8% 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:</b> <b>USD \$643 million</b>	Australia: 62% Canada: 15% U.S.A.: 9% India: 5%	Australia is the traditional supplier.	Malaysia does not produce wheat.



<b>Processed Fruits</b>  <b>Net Imports:</b> <b>USD \$276 million</b>	China: 32% Thailand: 12% U.S.A.: 9% 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:</b> <b>USD \$196 million</b>	Indonesia: 37% U.S.A.: 19% China: 14% Vietnam: 8% India: 5%	Along with cashews from neighboring countries, U.S. nuts are very popular.	Limited local production.

Data Source: Trade Data Monitor

**SECTION IV. BEST PRODUCTS PROSPECTS CATEGORIES**

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

U.S. Products	2021 U.S. Export Value (January - December) (million USD)	2022 U.S. Export Value (January - December) (million USD)	Growth
Dairy Products	\$158.80	\$219.70	38%
Prepared Food	\$171.80	\$120.00	-30%
Processed Vegetables	\$61.10	\$74.80	22%
Tree Nuts	\$35.40	\$32.30	-9%
Processed Fruit	\$26.60	\$20.20	-24%
Beef and Beef Products	\$1.00	\$1.90	90%

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 are 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@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

Suite 14-1, Level 14  
Wisma UOA Damansara II  
No. 6, Changkat Semantan, Damansara Heights  
50490 Kuala Lumpur, Malaysia  
Tel: (60) 3 2789 3288  
Contact: Caleb Wurth, Regional Director—South & Southeast Asia  
Email: [sea-oceania@grains.org](mailto:sea-oceania@grains.org)

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](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  
Tel: (65) 6515 6113  
Fax: (65) 6278 4372  
Contact: Richard Lieu and Chuah Siew Keat  
Emails: [richardlieu@lieumktg.com.sg](mailto:richardlieu@lieumktg.com.sg); [siewkeat@lieumktg.com.sg](mailto: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](mailto: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: 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