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**Report Name:** Food Service - Hotel Restaurant Institutional

**Country:** Malaysia

**Post:** Kuala Lumpur

**Report Category:** Food Service - Hotel Restaurant Institutional

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**Report Highlights:**

The COVID-19 pandemic and ensuing movement control orders have severely impacted the Malaysian hotel, restaurant, and institutional (HRI) industry, with a significant decline of 71.2 percent to \$12.5 billion in tourism receipts in 2020. Despite these headwinds, Malaysian demand for foreign consumer-oriented food and beverage products continues to be robust. In fact, demand for these products have been particularly strong in 2020, with imports increased by 7.4 percent (compared to the previous year) to \$571 million USD. Best prospective U.S. products for the Malaysian HRI market include dairy, fresh fruits, processed fruit, seafood, pork, and beef.

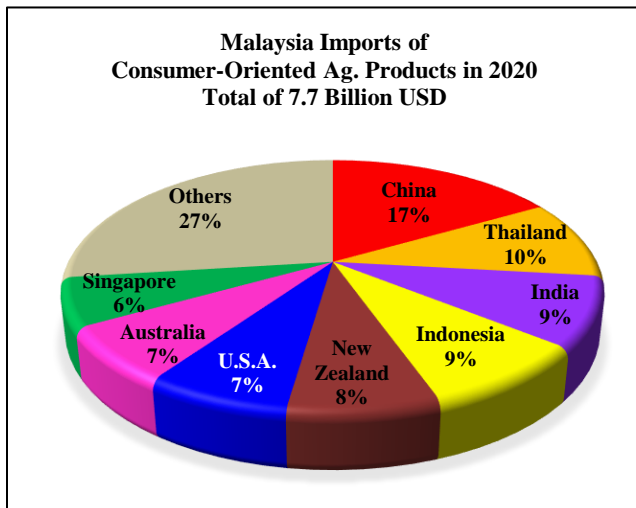
# Market Fact Sheet: Malaysia

## Executive Summary

Prior to the COVID-19 pandemic, Malaysia's hotel, restaurant and institutional (HRI) industry was one of the fastest growing sectors in the country's economy. However, because of the pandemic and the ensuing movement control orders, the HRI sector has experienced a major drop in business, with a decline of 71.2 percent in tourism receipts to \$12.5 billion. Despite these headwinds, Malaysian demand for foreign consumer-oriented food and beverage products continues to be robust with total imports in 2020 at \$7.7 billion USD.

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

Malaysian demand for U.S. consumer-oriented food and beverage products has been particularly strong in 2020 with imports of 7.4 percent at \$571 million USD. The United States is currently Malaysia's sixth largest supplier of these products.



Source: Trade Data Monitor

## Restaurant and Institutional

The Malaysian hotel, restaurant, and institutional (HRI) industry used to be one of the fastest growing sectors in the country has been badly impacted and the rebound in economic activity is subject to numerous uncertainties of the pandemic situation. Recovery in this sector is only expected in 2023.

## Retail Food

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

## 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.

### 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

### GDP Growth by Economic Activity in 2020:

Agriculture: -2.2 percent

Mining & Quarrying: -10.6 percent

Manufacturing: -2.6 percent

Construction: -19.4 percent

Services: -5.5 percent

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

## Food Service Industry – Quick Takeaways

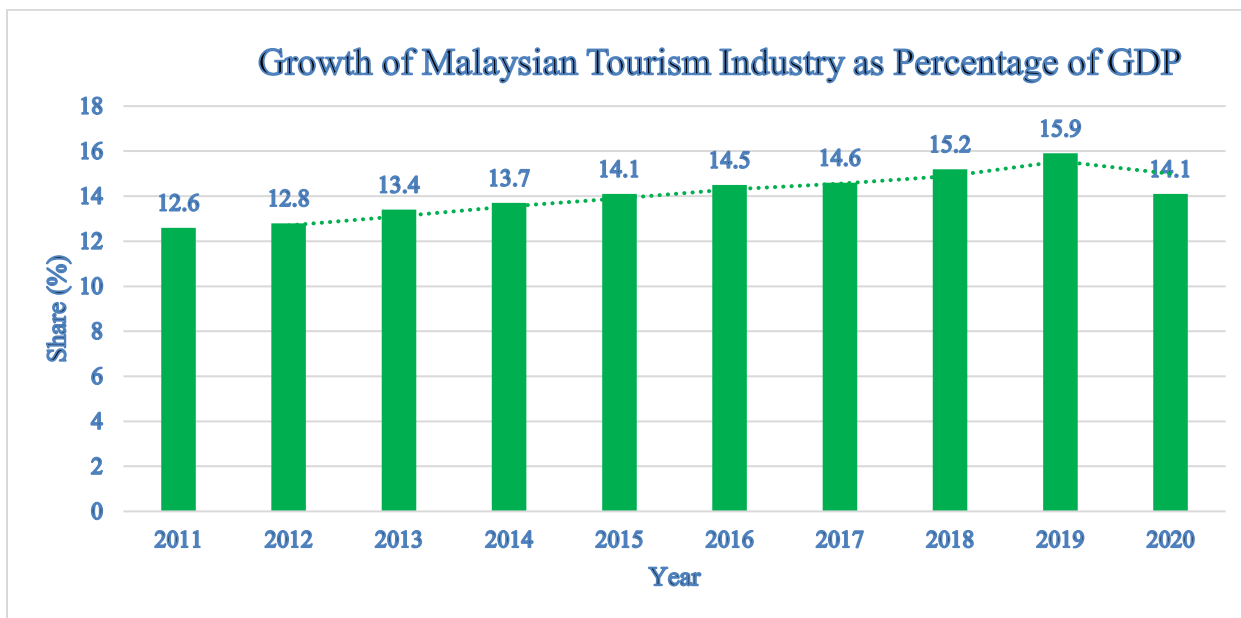
- Malaysia's food service industry is highly diverse with Malay, Indian, Chinese, and Western options all widely available.
- Depending on the imported product, acquiring halal certification can greatly improve marketability in the Malaysian HRI industry, and in many cases is mandatory.

## U.S. Exporter Opportunities and Challenges

Strengths	Weaknesses
-U.S. food and agricultural products are trusted and perceived to be of high quality.	-Many products need to be halal certified in the Malaysian market, which can be a complicated process.
Opportunities	Challenges
-The Malaysian HRI sector requires a wide range of imported food products and ingredients.  -Rising disposable income in Malaysia is driving demand for premium imported food and beverage products.	-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 SUMMARY

Prior to the COVID-19 pandemic, Malaysia’s hotel, restaurant and institutional (HRI) industry was one of the fastest growing sectors in the country’s economy, driven by robust tourism and increased consumer spending. However, due to the pandemic and ensuing movement control orders, the HRI sector experienced a major drop in business. Tourism receipts declined 71.2 percent due to disruptions in demand as a result of travel restrictions and the closure of international borders by most countries. Food and beverage accounted for 18 percent of the \$12.5 billion in tourism receipts. Despite the significant pandemic-induced slowdown, demand for high-quality imported food and beverage products remains strong. This is particularly the case for Malaysian imports of U.S. consumer-oriented food and beverage products, which increased 7.4 percent in 2020 compared to 2019, with a total value of \$549 million USD.



Source: FAS Kuala Lumpur Chart with Malaysia Department of Statistics Data

### Sector Trends

- In 2021, the economy has partially reopened and although the overall industry is struggling, some components of the HRI sector have recovered quickly. With an estimated 90 percent of the adult population inoculated in early October, inter-state travel is expected to resume in mid-October, while GOM is considering reopening the country’s international borders to spur economic recovery and the HRI sector.
- Due to the government-imposed COVID-19 safe-distancing precautionary measures, third-party food delivery services have dramatically increased usage in urban areas.


- Malaysia’s food service industry is one of the most diverse in the world with a broad range of Asian and Western cuisine widely available in dining formats, ranging from food stalls to full-service restaurants.
- A rapidly growing and highly urbanized population is demanding fast and convenient food choices. Additionally, healthy and organic products are becoming very popular.
- Malaysia’s relatively young and educated population traditionally enjoys eating out.
- To attract local and international Muslim tourism, the majority of hotels in the country (including international chains) maintain halal certification (please see the Halal Certification section below).
- American chain restaurants dominate Western cuisine options in Malaysia with at least 18 U.S. franchises in operation.
- Rapid expansion of the HRI industry throughout the country is expected to support steady growth in demand for imported high quality food and beverage products for the next several years.



**Halal Certification**



To ensure full market access to the Malaysian HRI industry, halal certification is strongly recommended for all imported food and beverage products. Furthermore, many products (e.g. beef or poultry) require halal certification in order to enter the country. As roughly 60 percent of the Malaysian population is Muslim, the majority of hotels, restaurants and catering services work to ensure 100% halal certification. As a result, they strive to have all food and beverage products used in their

establishments halal certified (regardless of whether it is actually required for the respective product). Currently, the Department of Islamic Development (JAKIM) is the only authorized entity allowed to issue halal certification for domestic food industry. In the United States, JAKIM has appointed three Islamic institutions to inspect and certify as halal food and beverage products for export to Malaysia; the Islamic Food and Nutrition Council of America (IFANCA), the Islamic Services of America (ISA) and the American Halal Foundation (AHF).

<b><i>Organization &amp; Address</i></b>	<b><i>Contacts</i></b>	<b><i>Halal Logo</i></b>
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  Email: <a href="mailto:contact@ifanca.org">contact@ifanca.org</a>	

	Website: <a href="http://www.ifanca.org">www.ifanca.org</a>	
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: <a href="mailto:thyatt@isahalal.org">thyatt@isahalal.org</a> <a href="mailto:islamicservices@isahalal.org">islamicservices@isahalal.org</a> Website: <a href="http://www.isahalal.org">www.isahalal.org</a>	
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: <a href="mailto:mmhussaini@halafoundation.org">mmhussaini@halafoundation.org</a> Website: <a href="http://www.halalfoundation.org">www.halalfoundation.org</a>	

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

### **Advantages and Challenges for U.S. Exporters**

Advantages	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 complicated process.
The Malaysian HRI sector require a wide range of imported food products and ingredients.	Consumer purchasing power may be hindered by rising inflation.
Most imported food and beverage products have low import and customs duties (except for alcoholic drinks).	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.
A large number of U.S.-style restaurants and cafés operate in major cities, enabling new-to-market U.S. products easier market acceptance.	In addition to Australia and New Zealand, products from China and other ASEAN countries are gaining market share.
The high-end HRI segment maintains high standards of quality and hygiene, which is very positive for U.S. food and beverage prospects.	The majority of Malaysian consumers only dine at high-end restaurants for special occasions.

### **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 HRI 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 products that can be readily targeted in the retail market. Consider the price competitiveness of U.S. products compared to similar products available in Malaysia.
- Contact one of the approved U.S. halal certifying bodies and begin the certification process, if required.
- 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 hotels, restaurants and caterers. 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.

### **Sampling of Major Hotel & Resort Chains in Malaysia**

<b>Name</b>	<b>Website</b>
Doubletree by Hilton Kuala Lumpur	<a href="https://www.hilton.com/en/locations/malaysia/kuala-lumpur/doubletree/">https://www.hilton.com/en/locations/malaysia/kuala-lumpur/doubletree/</a>
EQ Kuala Lumpur	<a href="https://www.eqkualalumpur.com/">https://www.eqkualalumpur.com/</a>
Grand Hyatt Kuala Lumpur	<a href="http://kualalumpur.grand.hyatt.com">kualalumpur.grand.hyatt.com</a>
Grand Millennium Kuala Lumpur	<a href="http://www.millenniumhotels.com">www.millenniumhotels.com</a>
Hotel Maya Kuala Lumpur	<a href="http://www.hotelmaya.com.my">www.hotelmaya.com.my</a>
Intercontinental Kuala Lumpur	<a href="https://kualalumpur.intercontinental.com/">https://kualalumpur.intercontinental.com/</a>
Le Meridien Kuala Lumpur	<a href="http://www.lemeridienkualalumpur.com">www.lemeridienkualalumpur.com</a>
Mandarin Oriental Kuala Lumpur	<a href="http://www.mandarinoriental.com/kualalumpur">www.mandarinoriental.com/kualalumpur</a>
Renaissance Hotels	<a href="https://www.marriott.com/hotels/travel/kulrn-renaissance-kuala-lumpur-hotel/">https://www.marriott.com/hotels/travel/kulrn-renaissance-kuala-lumpur-hotel/</a>
Shangri-La Hotel Kuala Lumpur	<a href="http://www.shangri-la.com/kualalumpur/shangrila/">http://www.shangri-la.com/kualalumpur/shangrila/</a>
Sheraton Imperial Kuala Lumpur	<a href="https://sheraton.marriott.com/">https://sheraton.marriott.com/</a>

The St. Regis Kuala Lumpur	<a href="http://www.marriott.com/hotels/travel/kulxr-the-st-regis-kuala-lumpur/">www.marriott.com/hotels/travel/kulxr-the-st-regis-kuala-lumpur/</a>
The Four Seasons Kuala Lumpur	<a href="http://www.fourseasons.com/kualalumpur/">www.fourseasons.com/kualalumpur/</a>
The Majestic Hotel Kuala Lumpur	<a href="http://www.majestickl.com">www.majestickl.com</a>
The Ritz-Carlton Kuala Lumpur	<a href="http://www.ritzcarlton.com">www.ritzcarlton.com</a>
The Royale Chulan Kuala Lumpur	<a href="https://www.royalechulan.com/KualaLumpur/Home.aspx">https://www.royalechulan.com/KualaLumpur/Home.aspx</a>
The Westin Kuala Lumpur	<a href="https://www.marriott.com/hotels/travel/kulwi-the-westin-kuala-lumpur/">https://www.marriott.com/hotels/travel/kulwi-the-westin-kuala-lumpur/</a>
Traders Hotel Kuala Lumpur	<a href="http://www.shangri-la.com/kualalumpur/traders">www.shangri-la.com/kualalumpur/traders</a>
W Kuala Lumpur	<a href="https://www.marriott.com/hotels/travel/kulwh-w-kuala-lumpur">https://www.marriott.com/hotels/travel/kulwh-w-kuala-lumpur</a>

### **SECTION III: COMPETITION**

<b>Product Category (2020)</b>	<b>Major Supply Sources (2020)</b>	<b>Foreign Supplier Situation</b>	<b>Local Supplier Situation</b>
Beef and Beef Products Net Imports: USD \$529 million	India: 75% Australia: 14% New Zealand: 5% Brazil: 4%	Major foreign suppliers have a significant portion of their beef industry halal certified for export to Malaysia.  Beef from India is very cheap and serves the low-end outlets.  Australia dominates the higher-end HRI market.  Currently, only one U.S. beef plant is halal approved by JAKIM (which severely restricts U.S. access to the local HRI market).	Inadequate supply of local beef.
Pork and Pork Products Net Imports: USD \$58 million	Germany: 43% Spain: 16% Singapore: 15% Netherlands: 12%	Currently, EU prices are very competitive, and several EU plants are approved for export to Malaysia.	Domestic demand for pork has grown significantly over the past several years and local industry has struggled to keep-up.
Potatoes - Fresh or Chilled Net Imports:	China: 52% Pakistan: 11% Bangladesh: 11% U.S.A.: 8%	Chinese potatoes are very price competitive.  High quality potatoes from	Little domestic production.

USD \$86 million		other sources are for high-end retail and HRI markets.	
Vegetables - Frozen Net Imports: USD \$34 million	U.S.A.: 21% China: 19% Netherlands: 15% Denmark: 14%	U.S. frozen potatoes are in strong demand for the retail and HRI sectors.	There is a large market for chilled and frozen processed vegetables, particularly potatoes.
Fresh Fruits Net Imports: USD \$555 million	China: 26% South Africa: 19% Thailand: 9% U.S.A.: 9%	Highly competitive market.	Malaysia does not grow non-tropical fruits.
Dried Fruits Net Imports: USD \$36 million	China: 21% Indonesia: 20% U.S.A.: 18% Thailand: 16%	U.S. dried fruits are in strong demand for the growing bakery industry.	Limited local production.
Tree Nuts Net Imports: USD \$183 million	Indonesia: 39% U.S.A.: 19% China: 13% India: 7%	Imported nuts are in strong demand for use in the bakery industry.	Limited local production.

Source: Trade Data Monitor

#### **SECTION IV: BEST PRODUCT PROSPECTS CATEGORIES**

U.S. Products	2019 Import Value (Jan-Dec) (million USD)	2020 Import Value (Jan-Dec) (million USD)	Growth
Dairy Products	\$108.60	\$156.90	44%
Fresh Fruit	\$33.30	\$34.50	4%
Processed Fruit	\$35.80	\$24.50	-32%
Fish Products	\$12.50	\$12.30	-2%
Pork and Pork Products	\$1.40	\$1.80	29%
Beef and Beef Products	\$1.10	\$0.60	-45%

Source: Trade Data Monitor

Note: Excellent opportunities for U.S. beef exist in the HRI sector provided the required Malaysian halal certifications can be obtained, including for processed fruit and fish products that will expand a wider potential market.

#### **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

20 Martin Road  
Seng Kee Building, #08-01  
Singapore 239070  
Tel: (65) 6230 8550  
Fax: (65) 6235 5142  
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  
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](mailto: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](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: Matt Weimar, 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/v6/xs/index.php>  
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