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Malaysia

Food Service - Hotel Restaurant Institutional

2011 Annual

Approved By:

Chris P. Rittgers

Prepared By:

Spire Research &
Consulting

Report Highlights:

With expectations for continued external economic sluggishness, Malaysia's economy is forecast to slow to about 4 percent in 2012, which will keep a lid on expansion of the food service sector. Nonetheless, Malaysia has a dynamic hotel and restaurant industry, and changing lifestyles and growing middle class underpins demand. Key U.S. prospects for the HRI sector include dairy products, frozen potatoes, fresh and dried fruit, nuts, sauces, and juices. Halal certification is essential. Halal and other technical barriers hinder meat and poultry export opportunities.

Post:

Kuala Lumpur

Section I: Market Summary

1.1 Malaysia in Brief

Malaysia has a GDP per-capita of USD 7,000. The multi-ethnic country has progressed from an agricultural and primary commodities based economy to a manufacturing-based, export-driven economy, spurred on by high technology, knowledge-based, and capital-intensive industries.

Energy, palm oil, light manufacturing, and financial services continue to be key economic drivers. In 2010, the Government of Malaysia (GOM) introduced a series of policies known as the Economic Transformation Program (ETP), which are designed to transform Malaysia into a high-income country by the year 2020. The ETP includes 8 Strategic Reforms Initiatives (SRIs), which form the basis of a series of private sector-driven policy reforms.

Strong domestic demand and a recovery in merchandise exports led to a 7.2 rebound in GDP in 2010. This followed a 1.7 percent contraction in 2009, which was linked to the global economic downturn. As the overall economy recovered in 2010, demand from the food service sector did as well, with casual dining full-service restaurants showing positive growth. Despite strong third quarter 2011 GDP growth of 5.8 percent, Malaysia's economic prospects are still clouded by continued concerns over growth rates and demand from Western Europe and the United States. While a boost in both private consumption and investment should lead to overall growth of around 4.8 percent in 2011, expansion is forecast to slow to 4 percent in 2012 due to the sluggish demand from traditional key export markets.

Malaysia's population has a significant pool of active consumers, with evolving eating habits, and growing consumption of imported food and beverages. Malaysia's population is around 28 million and is relatively young, with 32 percent under 15 years old. Over 60 percent of the population is in the middle to high income group with growing purchasing power, and increasingly sophisticated and modern lifestyles. In addition, unemployment remains very low. This is leading to greater consumption of imported food and beverages from western countries. **Consumers are increasingly willing to dine out at the full range of establishments available in Malaysia, including full-service restaurants, fast food restaurants, fine dining or casual dining eateries**

Malaysia HRI Sector in Brief

Currently, 2,085 hotels and resorts are registered with the Ministry of Tourism, with approximately 160,000 rooms available throughout Malaysia. Average occupancy rates have been running at 70 percent or above. To attract local and international Muslims, some hotels have sought Halal certification, and currently about 123 hotels have been approved as Halal by the National Islamic Authority, JAKIM. In addition, an estimated additional 200 hotels have obtained Halal certification through individual State Islamic Departments.

Malaysia has a wide variety of dining establishments, including full service restaurants, fast food restaurants, cafes, food stalls, food courts, eat-in bakeries, and pubs & bars. A majority of the restaurants provide Asian cuisine, with Chinese dominating the mid and high end restaurants. Malay, Indian (various cuisines), Japanese (various cuisines/formats), and Indonesian, and Thai

restaurants also dominate the local restaurant scene.

With rising urbanization, changing lifestyles, and more women in the work place, consumers are expected to continue to seek convenience through dining outside the home. These trends will boost demand in the foodservice sector. To meet this growing demand and to keep abreast of evolving promotional tools, foodservice outlets will continue to seek new ways to use social media tools, launch promotions, and advertising campaigns to expand market share. However, rising operational and raw material costs are likely to be passed down to consumers.

American-style (family-style restaurants, which mainly operate in chains), Italian, and French are the most prominent cuisines in non-Asian restaurants. Turkish, Persian, and Lebanese restaurants are also present.

American franchises dominate Western cuisine, with approximately 18 American franchises operating, including Chilli's Pub & Grill, TGI Fridays, Tony Roma's, and Outback. These major franchise players have more than 30 outlets throughout Malaysia.

American franchises have been leading in the local fast-food sector since the 1970s. A&W was the first American franchise in Malaysia, followed by KFC and McDonald's. There are currently more than 500 fast food outlets throughout Malaysia.

Middle income consumers with families, young working adults, and teenagers are the main patrons of fast food restaurants. They prefer the informal, clean, and comfortable environment to food courts and other traditional food service outlets. The majority of the customers that frequent restaurants are from the middle to upper income families, business persons and the affluent young working adults. Most of the customers are well-travelled, well-informed, sophisticated, prefer to dine in comfort and appreciate the highest culinary standards in Malaysia.

The institutional sector mainly refers to non-profit organizations and establishments, and catering companies. The catering sub-sector plays a significant role in this industry. A notable catering company is LSG Brahim's SkyChef Sdn Bhd, whose main business is catering for airline companies. Other catering companies include Felda' d'Saji, which is popular for wedding ceremonies, and TT Resources which also serves special family occasions. Universities, colleges, and schools that offer culinary classes are key sources of demand for food and beverage services in the institutional sub-sector. Convention centers are another key source of demand, as the Malaysian tourism board has been actively concentrating on the Meetings, Incentives, Conferencing & Exhibition (MICE) sub-sector. Convention centers often have their own food preparation venues. Hospitals and prisons also contribute to this sector. Production and distribution of halal foods is an important element of the HRI sector. A whole industry of products and services related to halal is developed. For HRI food and beverage providers, it is always best to ensure that food supplied is certified halal.

Table 1 – HRI Sector Key Information

Sector	Sub-Sector	Number of Establishments	Value (in USD)	5 Year Growth Rates (2006-2010)
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Hotels	5 Star	80 units 6,240 rooms	6.0billion	5.3%
	4 Star	144 units 11,232 rooms	237 million	6.2%
	3 Star	213 units 16,614 rooms	117million	6%
Restaurants	Mid To High End	2190	3 billion	2.7%
	Western	2670	2.5 billion	2.6%
	Local Western Mid to High End	3128	750 million	2.9%
	Fast-food Restaurants	2975	2.0 billion	37%
	Cafes	5081	1.3 billion	11.3%
Institution	Catering	370	950 million	21%
	Hospitals	334 10,000 Beds	5 billion	4%
	Convention Center	25	2.5 billion	3%
	Airports	17	1.5 billion	12.3%
	Universities & Colleges	145	N/A	N/A
	Public School	9986	N/A	N/A
	Private School	318	N/A	N/A
	Prisons	1000 lockups 20 prisons 15 Detention Centre 9,000 prisoners	\$102.2 million	2%

**Source: Department of Statistics, Malaysia, Trade Associations and Spire analysis*

1.2 Imported Food

Malaysia is a net food importer, with imports accounting for about 30 percent of total food consumption. Demand for U.S. produced food products has been increasing every year, except for the downturn in 2008-2009.

Table 2 - Imports of Food and Beverage Products From United States (2006-2010) (US\$ million)

Food Items		2006	2007	2008	2009	2010	Total	AYGR
Meat & meat preparations	World	269.2	346.7	412.5	430.9	542.2	2,001.5	18%
	USA	2.0	3.3	3.2	3.5	3.0	15.0	10%
Poultry & Poultry Preparations	World	24.5	59.9	67.1	50.8	70.6	272.9	26%
	USA	1.1	1.8	1.9	1.6	1.2	7.6	2%
Fish & fish preparations	World	381.3	415.8	413.5	450.8	493.9	2,155.3	6%
	USA	8.7	15.3	7.1	9.0	4.7	44.8	-15%
Processed Meat	World	5.4	6.0	8.9	11.0	9.7	41.0	15%
	USA	0.5	0.3	0.2	0.0	0.1	1.1	-58%
Processed Fish & Other Ocean Products	World	49.9	56.9	64.4	63.1	64.7	299.0	6%
	USA	0.3	0.5	0.3	0.3	0.1	1.5	-28%
Other Ocean Products	World	171.3	202.7	147.2	195.4	254.0	970.6	10%
	USA	3.6	2.4	1.9	2.9	2.3	13.1	-11%

Dairy products, eggs & honey	World	448.9	705.2	755.0	432.8	612.2	2,954.1	8%
	USA	44.1	115.1	102.3	40.1	84.7	386.3	16%
Edible vegetables	World	451.3	467.9	435.3	530.9	719.6	2,605.0	12%
	USA	19.5	12.4	14.5	13.1	15.3	74.8	-6%
Edible fruit & nut	World	144.5	176.8	237.7	252.4	302.9	1,114.3	19%
	USA	27.1	22.5	37.2	35.8	47.9	170.5	14%
Coffee, tea, mate & spices	World	204.6	295.0	275.6	283.7	392.1	1,451.0	16%
	USA	5.8	2.2	2.7	2.5	2.8	16.0	-18%
Wheat, Rice, Corn	World	963.2	1,296.5	1,946.7	1,458.0	1,595.2	7,259.6	13%
	USA	6.9	54.7	25.7	23.7	7.2	118.2	1%
Sugar & sugar preparations	World	454.0	528.4	508.8	690.9	904.4	3,086.5	17%
	USA	9.5	14.4	16.3	10.4	14.7	65.3	11%
Processed cocoa products	World	55.1	75.4	96.1	100.3	171.2	498.1	28%
	USA	4.7	6.9	7.6	11.2	10.5	40.9	20%
Processed cereal products	World	14.4	15.0	18.3	18.9	21.6	88.2	10%
	USA	0.9	1.1	1.3	1.6	2.0	6.9	20%
Processed vegetables, fruits and nuts	World	92.7	140.9	168.4	180.8	219.1	801.9	22%
	USA	17.4	37.8	49.5	43.1	53.8	201.6	28%
Miscellaneous processed foods	World	288.0	333.7	406.1	429.0	589.0	2,045.8	18%
	USA	56.2	50.9	65.9	75.3	90.0	338.3	12%
Beverages	World	185.4	252.4	305.3	296.0	373.7	1,412.8	18%
	USA	5.9	9.2	20.3	5.0	4.5	44.9	-7%
Total	Rest of the World	3,989.5	5,024.4	5,909.0	5,596.5	6,991.4	27,510.9	
	USA	214.2	350.8	357.9	279.2	344.7	1,546.8	12%
Growth Rates	World		28%	17%	-6%	25%		
	USA		64%	2%	-22%	23%		

**Source: Department of Statistics, Malaysia and Spire analysis*

1.3 Other Developments in HRI Sector

Consumers increasingly prefer healthier foods offered by certain restaurants, and organic products are becoming more popular. In 2010, the government Malaysia ran a public campaign to remind the public of the dangers of over-consumption of alcohol, tobacco, salt, and sugar. One example of healthier eating is the rise of street stalls/kiosks selling fruit juice. Vendors such as Juice Works, Juice Bars, and Bobalicious Smoothies offering nutritional smoothies or healthy juice as an alternative to coffee have increased in prominence as consumers aim for healthier habits.

Local companies and brands dominate the food service sector. QSR Brands (KFC), Golden Arches (McDonald's) and Secret Recipe Cakes & Café dominate the consumer foodservice sector in Malaysia. They have consistently marketed their products with a range of promotional marketing campaigns. For instance, the offering of tea-time promotions from 15:00 to 18:00hrs by Secret Recipe Cakes & Café. Continuous innovation in the company's menu enables it to outperform other competitors. Furthermore, Secret Recipe Cakes & Café has expanded aggressively with more new outlets throughout Malaysia, which helped it to gain market share. Kopitiam which means "coffee shop" in the Hokkien dialect of ethnic Chinese in Malaysia, is another local branch also expanding. Kopitiam outlets were originally found in shop houses in villages and towns across the country,

serving up coffee and breakfast. They were popular places to grab a quick drink and cheap street food. However, modern kopitiam have retained the old-fashioned marble-topped tables, wooden chairs and chunky crockery, but now they are to be found major shopping malls, business district and large neighborhood. Currently there is an estimated of 30 modern kopitiam's company with more than 700 outlets throughout Malaysia.

Independent foodservice providers continued to dominate

Independent foodservice providers play a significant role in the sector, particularly due to the large number of kiosks and outdoor outlets. The majority of these providers are managed by independent players. Bars/pubs, full-service restaurants and cafés are also predominantly independent foodservice providers. **Despite the dominance of independent foodservice providers, chains are also prominent.** Most of the fast food chains, such as KFC and McDonald's have enjoyed popularity in Malaysia for years. Other local foodservice chains like Old Town White Coffee and Secret Recipe Cakes & Café have aggressively expanded as well.

Halal Certification

Products destined to the food service industry need to be halal certified. Almost all local hotels, restaurants, catering service, and conventions seek to be 100 percent halal. As such, all food products used as ingredients or which are served in these establishments need to be halal certified. Beginning in 2012, only the Department of Islamic Development, JAKIM, will be authorized to issue Halal certification for domestic food establishments. Heretofore, several local Islamic authorities issued halal certifications. JAKIM-appointed foreign Islamic institutions will continue to inspect and certify imported food products, including those from the U.S. Currently, three U.S. Islamic institutions are authorized to issue Halal certificates for food exports to Malaysia.

1.4 Advantages and challenges for US exporters

The Table below summarizes the advantages and challenges for US products in the Malaysian food service sector.

Table 3 - Advantages and Challenges for US Exporters

Advantages	Challenges
Popularity of American culture carries over to American food.	Australia's and New Zealand's products are often cheaper.
Malaysia's economy is stable and the food service sector continues to evolve.	Consumer purchasing power may be hindered by rising inflation.
Most imported food and beverages have low import duties and Customs Duties (except for alcoholic drinks).	US products need to be <i>halal</i> certified, but obtaining halal certification can be cumbersome.

A large number of US-style restaurants and cafés operate in major cities, enabling new-to-market US products easier access.	New products will soon face “copied” products competing on price.
US products are already well-known and well represented in the food service market.	In addition to Australia and New Zealand, products from China and other ASEAN countries are gaining market share.
Cultural trends and gains disposable income are leading to additional interest in dining outside the home, particularly among young Malaysians.	Western food service outlets still continue to be a phenomenon in urban locations, with Malaysian cuisine and outlets still continuing to dominate the local scene.
The high end segment maintains high standards of quality and hygiene, which is positive for US food products.	The majority of consumers only dine at high end restaurants for special occasions.

SECTION II: ROAD MAP FOR MARKET ENTRY

2.1 Entry Strategy

Restaurants, bakeries, caterers, and airline food service providers are the main end-users in this sector, and a select number of importers specialize in providing raw materials and foods to these end-users. As the end-users often prefer to source most of their supplies, ingredients, and food from a small number of importers, US exporters wishing to serve the HRI market should focus on these importers. Equally important, U.S. exporters should ensure that their products are halal certified. The end users’ premises are themselves halal certified, so they will only handle products that are likewise halal certified.

In addition, U.S. exporters should consider the following when planning to enter this service market:

- Review the types of US products that can be readily targeted at the high end food service sector. Consider the price competitiveness of US products compared to local and other imported products.
- Gain a full understanding of the purchasing needs and purchasing criteria of local users in order to closely meet their expectations. Again, Halal certification is essential.
- Be aware of peak purchasing seasons (Chinese New Year, Ramadan, End-of-Year Holidays).
- Develop links with local importers that target key hotels, high end restaurants and major caterers that demand imported food and beverages.
- Improve local users’ and importers’ awareness of, and knowledge about, US food, drinks and cuisine by showcasing to the high end food service sector what the US exporters have to offer in terms of food ingredients and drinks for use in the various high end food service channels.

- Conduct US food and beverage promotions with hotel restaurants and high end restaurants, particularly during festivals and other peak seasons.
- Provide technical assistance (e.g. chef training or product formulation) to end-users.
- Collaborate and communicate with local importer to ensure that all certificates and import permits are obtained.

2.2 Exporting to Malaysia/Government Requirements

For this sector, the most burdensome requirement to overcome is the halal requirement, which, as stated above, JAKIM enforces. Dairy and meat imports require import permits from the Ministry of Agriculture. Import duties are relatively low.

2.3 SUB-SECTOR PROFILES

The following tables as below shows the key players for the HRI sector in Malaysia

Hotel – Key Player Profiles

Table 4 – Major Hotels and Resorts in Malaysia

Name	Sales (US\$ millions)	Outlet Name, Type, & Number of Outlets	Location	Purchasing Agent Type
Mandarin Oriental, Kuala Lumpur	\$27	1. Mandarin Grill 2. Lai Po Heen 3. Mosaic 4. Casbah 5. Cascade restaurants & Bar 6. Wasabi Bistro 7. Sultan Lounge 8. Lounge On The Park 9. MO Bar	Kuala Lumpur	Local importers or suppliers
Ritz Carlton, Kuala Lumpur	\$5	1. Li Yen 2. Lobby Lounge 3. Cesar 4. Carlton Gourmet	Kuala Lumpur	Local importers or suppliers

Shangri-La Tanjung Aru, Kota Kinabalu	\$11 (2010)	<ol style="list-style-type: none"> 1. Café TATU 2. Coco Joe's Bar & Grill 3. Peppino 4. Shang Palace 5. Borneo Lounge & Bar 6. Cool Box Ice Cream Bar 7. Sunset Bar 	Kuala Lumpur	Local importers or suppliers
Shangri-La Kuala Lumpur	\$35 (2010)	<ol style="list-style-type: none"> 1. Lafite 2. Lemon Garden 2Go 3. Lemon Garden Cafe 4. Shang Palace 5. Zipangu 6. Arthur's Bar & Grill 7. Lobby Lounge 8. Poolside Terrace 	Kuala Lumpur	Local importers or suppliers
Hilton	\$37	<ol style="list-style-type: none"> 1. Sudu 2. Senses 3. Chynna 4. The Noodle Room 5. Iketeru 6. Vintage Bank 7. Caffé Cino 8. Cosmo Lobby Lounge 9. Boardwalk Poolside Restaurant 10. Zeta Bar 	Kuala Lumpur	Local importers or suppliers
OneWorld Hotel	\$21.6	<ol style="list-style-type: none"> 1. Cinnamon Coffee House 2. Zuan Yuan Chinese Restaurant 3. Kura Japanese Restaurant 4. The Sphere Lounge 5. Long Bar 6. Havana Club 	Petaling Jaya	Local importers or suppliers
JW Marriott	N/A	<ol style="list-style-type: none"> 1. Shanghai 2. Gonbei 3. Shook! 4. Feast Village 5. Tiffin Bay 6. Sentidos Tapas 7. Al Halabi Lounge 8. Third Floor Restaurant 9. Carlton Gourmet 10. The Lounge 	Kuala Lumpur	Local importers or suppliers

Palace of the Golden Horses, Kuala Lumpur	N/A	1. Carousel Cafe 2. Grand Salon 3. Polo Lounge 4. Sagar 5. Sidewalk Cafe 6. Cavallini's Italian 7. Kim Ma 8. Kin No Uma		Local importers or suppliers
Renaissance Kuala Lumpur	N/A	1. Dynasty 2. Gazebo 3. Lobby Lounge 4. MED.@Marche 5. Mezzo Bar 6. Sagano 7. TEMPTations 8. Vogue Cafe		Local importers or suppliers
Crowne Plaza Mutiara	N/A	1. Planters Inn 2. Club Bar 3. Glass Lounge 4. Tiffins 5. ISHq		Local importers or suppliers

Restaurants – Key Player Profiles

The Table below provides information on the major businesses involved in the operation of restaurants

Table 5 – Major Restaurants in Malaysia

Name	Sales (US\$ millions)	Outlet Name, Type, & Number of Outlets	Location	Purchasing Agent Type
TT Resources Bhd	\$45 Million (2008)	1. Tai Thong - 19 outlets 2. Putra Jaya Seafood Restaurant – 1 outlet 3. Chopstick Noodle House – 1 outlet 4. San Francisco Steakhouse – 4 outlets 5. Santini@Suria KLCC – 1 outlet 6. Nuovo Café – 2 outlets	High end restaurant areas and high end shopping malls	Local importers or suppliers

KFC Holdings (Malaysia) Bhd	\$ 780 (2010, inc. Singapore, Brunei, & India)	KFC – 515 outlets Rasamas – 26 outlets Kedai Ayamas - 27	Nationwide	Centralised buying
Golden Arches Sdn Bhd	\$ 305 (2010)	McDonald's - 204 outlets	Nationwide	Macfood Services (M) Sdn Bhd is the only supplier of McDonald's chain of restaurants
Nando's Chickenland Malaysia Sdn Bhd	N/A	Nando's – 35 outlets	Melaka, Selangor, Kuala Lumpur, Penang, Johor	Local agents
A&W (M) Sdn Bhd	N/A	A&W – 30 outlets	Nationwide	Centralised buying
Pizza Hut Restaurants Sdn Bhd	\$ 127 million (2010)	Pizza Hut– 220 outlets	Nationwide	Centralised buying
Revenue Valley Sdn Bhd	\$ 22 million (2009)	The Manhattan Fish Market – 21 outlets Tony Roma's – 4 outlets Sushigroove – 2 outlets	High end shopping malls in Kuala Lumpur, Selangor, Johor and Penang	Centralised buying
Secret Recipe Cakes & Café Sdn. Bhd	\$3.3	Secret Recipe – 155 outlets	Nationwide and in high end shopping malls in major cities	Centralised buying
San Francisco Coffee Sdn Bhd	\$2.5	San Francisco Coffee – 31 outlets	High end shopping malls in major cities	Centralised buying
Coffee Bean & Tea Leaf (M) Sdn Bhd	N/A	Coffee Bean & Tea Leaf – 50 outlets	High end shopping malls in major cities nationwide	Centralised buying
Subway Asia Pte Ltd	N/A	Subway Restaurants – 55 Outlets	Shopping malls, petrol stations, major towns and cities	Local importers or suppliers
Tutti Frutti (Naza Tutti Frutti (M) Sdn Bhd)	\$ 3.3 million (2010)	17 Outlets	Shopping malls and neighborhood business centre	Direct Import

TGI Fridays (Bistro Americana (M) Sdn Bhd)	\$11million	13 Outlets	High end shopping malls in major cities	Local importers or suppliers
Chili's Grill & Bar Restaurant (T.A.S Leisure Sdn Bhd)	\$8.3million	7 Outlets	High end shopping malls in major cities	Local importers or suppliers

Institutional – Key Players Profiles

Table 6 – Major Food Service Institutions in Malaysia - Catering

Name	Sales (US\$ millions)	Location	Purchasing Agent Type
LSG Sky Chefs Brahim Sdn Bhd	14.2	Catering kitchens at Sepang KLIA Largest airline caterer, serving up to 45,000 Halal meals a day.	Local agents and directly from overseas suppliers. All suppliers must supply Halal origin ingredients and must have Halal certification.
KL Airport Services Sdn Bhd	\$23	Catering kitchens at Sepang KLIA. Second largest airline caterer.	Local agents and directly from overseas suppliers. Only Halal products accepted.
Master Chef Catering Services	N/A	Selangor. Targets corporate and private customers.	Local agents
TT Resources Bhd	\$45	Selangor. Targets wedding, anniversaries, baby showers, corporate events, theme parties, graduations and private customers.	Local agents
Felda d'Saji	N/A	Kuala Lumpur Targets corporate and private customers.	Local agents
Hajjah Maznah Food Industries Sdn Bhd	N/A	Selangor. Targets corporate, government, hospital, wedding, conventions, and private customers.	Local agents
EDEN Catering Sdn Bhd	9.028	Selangor. Targets high income private customers, western expatriates as well as corporate customers.	Local agents

Table 7 – Major Food Service Institutions in Malaysia - Convention Centre

Name	Sales (US\$ millions)	Location	Purchasing Agent Type
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Putra World Trade Centre (PWTC) Revenue RM 64Mill	\$ 3.7 million	4 Exhibition Halls 4 Function Halls Can accommodate 10000 visitors at one time Kuala Lumpur	PWTC deals directly with supplier for various products. Currently 5 local main suppliers.
Kuala Lumpur Convention Centre	\$ 2.8 million	8 Exhibition Halls 8 Function Halls 4 Theatre Halls Kuala Lumpur City Centre	Deals directly with supplier of various products.
Putrajaya Convention Centre	N/A	8 Exhibition Halls 8 Function Halls 4 Theatre Halls	Local supplier

Table 8 – Major Food Service Institutions in Malaysia - Universities/Culinary Course

Name	Sales (US\$ millions)	Location	Purchasing Agent Type
Cilantro Culinary Academy	N/A	Subang Jaya, Selangor	Local supplier
KDU College: School of Hospitality, Tourism, and Culinary Arts	\$20	Selangor & Penang	Local supplier
Taylor's University College: School of Hospitality and Culinary Arts	\$28	Selangor	Local supplier
Culinary Arts Center	N/A	Penang	Local supplier
International Centre Of Cake Artistry Sdn. Bhd.	N/A	Kota Damansara, Selangor	Local supplier
English Hotbreads	N/A	Cheras, Selangor	Local supplier

Table 9 – Major Food Service Institutions in Malaysia - Private Hospitals

Name	Sales (US\$ millions)	Location	Purchasing Agent Type
KPJ Healthcare	526.8	20 Hospitals Nationwide	Local supplier/ Appointed Caterer
Pantai Hospitals	113 (2005)	11 Hospital nationwide	Local supplier/ Appointed Caterer
Prince Court	25.4	Kuala Lumpur	Local supplier/ Appointed Caterer
Sime Darby Healthcare	154.9	3 Hospitals nationwide	Local supplier/ Appointed Caterer

3. Section III: Competition

Table 10 – Competitive Situation in Malaysia

Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Beef Number of countries imported from: 13 Net Value: USD \$ 296 million (2010) Net Tonnes : 107 million	India – 79.3% Australia – 12.2% Uruguay – 2.5% New Zealand – 3.0% China – 1.1% USA – 0.2%	Beef from India is cheaper (approximately 50%) and serves the low end outlets. Australia dominates higher end niche. Only one U.S. beef plant is halal certified.	Inadequate supply of local fresh beef.
Pork – Fresh, Frozen, Chilled Number of countries imported from: 15 Net Value: USD \$ 22.8 million (2010) Net Tonnes : 10 million	Netherlands – 29% China – 18% Germany – 16% Spain – 9% Australia – 9% USA – 7%	EU prices most competitive, and more EU plants are approved. No U.S. plants approved for export.	Local pork industry is politically concentrated and can exert influence to slow imports.
Chicken Number of countries imported from: 16 Net Value: USD \$68.8 million Net Tonnes: 36 million	China – 72.4% Denmark – 10.5% Thailand 10.4% Netherlands 2.6% USA – 1.7%	Opportunities available for processed food sector and also HRI. Local fresh chicken preferred. Only one U.S. plant halal certified. U.S. leg quarters and MDM very price competitive. Imports restricted through import licensing.	Local consumers still prefer fresh or chilled chicken to frozen chicken. Local costs of production high.
Eggs Number of countries imported from: 16 Net Value: USD \$106,328 Net Tonnes: 127	China – 69.1% India – 12.1% USA – 10.5% Singapore – 7.5%	Malaysians are among the world's largest egg eaters, averaging 320 eggs per capita.	Producers are also able to meet the local in-shell demand, but opportunities exist for processed dry egg products.
Potatoes Number of countries imported from: 24 Net Value: USD \$ 65 million Net Tonnes: 155, 950	China – 59.6% Pakistan – 8.9% USA – 7% India – 5.5% Saudi Arabia – 1.8%	China potatoes are cheaper.	Little domestic production.
Dehydrated Potatoes Number of countries	Germany – 40.17% Argentina - 24.21% China – 20.15%	Germany are the preferred choice.	No domestic production.

imported from: 16 Net Value: USD \$13.9 million Net Tonnes: 22, 000 Tonnes	USA – 1.2%		
Milk Number of countries imported from: 11 Net Value: USD \$6.1 million Net Tonnes: 6, 200 Tonnes	New Zealand – 45.9% Australia – 39.3% U.K – 4.5% Netherlands – 4.4% USA – 1.9 %	New Zealand’s products most price competitive and importers have long established relationship. For fresh liquid milk, Australia is the leading suppliers.	Limited local production,
Vegetables Frozen Number of countries imported from: 30 Net Value: USD \$15 million Net Tonnes: 21,000 Tonnes	Denmark – 25.7% China – 25.3% Belgium – 14.8% USA – 12.5% New Zealand – 8.1%	China is becoming increasingly competitive. U.S. dominates frozen potato sector.	There is a large market for chilled and frozen processed vegetables, particularly potatoes.
Breakfast Cereals Number of countries imported from: 29 Net Value: USD \$21.5 million Net Tonnes: 11, 630 Tonnes	Philippines – 49.9 Thailand – 10.41 USA – 9.44% Indonesia – 5.41 % China 4.9%	Market share for Philippines has been increasing gradually. Multi-nationals have established regional production hubs.	Imported products dominate
Fresh Fruits Number of countries imported from: 29 Net Value: USD \$ 255.5 million Net Tonnes: 466,108 Tonnes	China – 38.8% South Africa – 15.5% USA – 13.8% Thailand – 6.6% Tunisia – 4.1%	China’s market share growing, but very competitive market. U.S. market share varies with fruit and season.	Malaysia does not grow cool weather fruits.
Dried Fruits Number of countries imported from: 30 Net Value: USD \$ 8.8 million Net Tonnes: 14 166 Tonnes	Thailand – 39.7% Indonesia – 24.6% China – 12.4% Myanmar – 9.1% France 2.3% USA – 1.9%	Regional suppliers dominate. U.S. dried fruits in demand for bakery ingredients.	Limited local production.
Edible Nuts Number of countries imported from: 33 Net Value: USD \$ 37.6 million Net Tonnes: 72 412 Tonnes	USA- 28.9% Indonesia- 22.5% India – 16.5 Vietnam – 12.6% Australia- 9.5%	Major exports of edible nuts from USA are almonds, Pistachios, Hazelnut and Walnut.	The demand for edible nuts is constantly rising, with limited local production.

Ice Cream Number of countries imported from: 19 Net Value: USD \$ 26.4 million Net Tonnes: 13,589 Tonnes	Thailand – 49.5% Indonesia – 15% Canada – 11.6 Philippines – 10.5% France – 5.5% USA – 1.36%	Thailand brads very popular.	No local production.
Sauces & Seasoning Number of countries imported from: 37 Net Value: USD \$ 60.3 million Net Tonnes: 33,233 Tonnes	Singapore – 28.6% Thailand – 15.4% USA – 13.7% China – 13.3% Japan 5.9%	Singapore processing plants export to Malaysia.	Local production insufficient, particularly tomato based sauces.
Chocolates & Cocoa Powder Number of countries imported from: 44 Net Value: USD \$ 93.3 million Net Tonnes: 14,981 Tonnes	Singapore 16.1% Italy – 15.5% USA – 8.6% China – 8.3% Australia – 8.1%	Singapore acts both as trans-shipment and processing point.	Local cocoa and chocolate processing sector growing.
Jams Number of countries imported from: 34 Net Value: USD \$ 13.4 million Net Tonnes: 8,914 Tonnes	USA – 11.8% Italy – 10.5% Philippines – 10.3% India – 9.2% France – 9.0%	Jams and spreads from USA are popular.	Local jams are of a different variety and come from tropical fruits.
Fruit Juices Number of countries imported from: 47 Net Value: USD \$ 55 million Net Tonnes: 35,926 Tonnes	USA – 30.7 New Zealand – 11.5% China 10.8% Taiwan – 8.9% Thailand – 8.2%	USA dominates imported fruit juice sector, but product from China growing rapidly.	Insufficient domestic production.
Non Alcoholic Beverages Number of countries imported from: 47 Net Value: USD \$ 39.6 million Net Tonnes: 37,268 Tonnes	Thailand – 71.9% Singapore – 5.3% Phillippines – 4.9% Vietnam – 4.6% Japan – 4.3% USA – 1.4%	Several soft drink companies have manufacturing in Thailand.	Local production is growing.
Beer Number of countries	Singapore – 48.5% China – 14.8% Netherland – 7.7%	Singapore's Tiger Beer's share in the local beer sector has been	The demand for alcoholic beverages is increasing.

imported from: 36 Net Value: USD \$ 34.6 million Net Tonnes: 29,351 Tonnes	United Kingdom – 4.5% USA – 3.2%	increasing.	
Wines Number of countries imported from: 35 Net Value: USD \$ 51 million Net Tonnes: 8,604 Tonnes	Australia – 43.7% France – 19.8% Chile – 8.4% Singapore – 6.7% Spain – 4.1% USA – 2.3%	Australian wines are popular and promote Australian wines extensively.	No domestic production.

4 Section IV: Best Product Prospects

Product	2006 Imports (\$) & Volume	2010 Imports (\$) & Volume	5-Yr. Avg. Annual Import Growth	Import Tariff Rate
Frozen Potatoes	\$2.6 million 3,217 tonnes	\$22.2 million 19,000 tonnes	53.7% (Value)	Nil
Powdered Milk	\$25 Million 12,000 tonnes	\$51 million 18,000 Tonnes	17.1% (Value)	5% (HS 2002-040291000)
Whey	\$8.7 Million 8,100 tonnes	\$22 million 20,000 tonnes	23.7% (Value) 22.7% (Volume)	Nil
Sauces	\$2.6 million 1,693 tonnes	\$7.5 million 4,000 tonnes	26.5% (Value)	Nil
citrus fruits	\$87,300 88 tonnes	\$3.1 million 2,948 tonnes	89.4% (Value)	Nil
Almond	\$6.3 Million 1,273 tonnes	\$8 Million 2,000 Tonnes	5.79%	Nil
Cheese	\$1.3 Million 316 tonnes	\$5.9 million 1,666 tonnes	37.62% (Value) 41.6% (Volume)	Nil
Mixed Juice	\$1.9 million 290 tonnes	\$10 million 1,600 tonnes	40.7% (Value)	Nil
Chocolates	\$4.6 million 895 tonnes	\$7.9 million 1,110 tones	13.5% (Value)	Import Rate: 15%
Chicken Cut Frozen	\$579,573 667 Tonnes	\$1.2 million 1,000 Tonnes	18.21% (Value)	TRQ Rate: 20% Above TRQ: 40%
Breads, pastry & Cakes	\$0.57 million 280 tonnes	\$2.2 million 921 tonnes	33.4% (Value)	6% for unsweetened biscuits.
Apple Juice	\$23,525 29 tonnes	\$348,000 754 tonnes	67.4% (Value)	Nil
Prepared or preserved Cherries	\$0.73 million 173 tonnes	\$1.4 million 522 tonnes	16.8% (Value)	Nil

Pistachios	\$878,000 194 Tonnes	\$2.4 Million 513 Tonnes	25.7% (Value)	Nil
Grape Juice	\$18,834 0.9 tonnes	\$485,000 229 tonnes	81.23% (Value)	Nil
Sweet Biscuits	\$0.5 million 138 tonnes	\$0.87 million 161 tonnes	13.4% (Value)	Import Rate: 6%
Orange Juice	\$82,000 32 tonnes	\$0.1 million 24 tonnes	13.7% (Value)	Nil
Wine, Specialty	\$1.7 Million 521 Tonnes	\$910,000 227 Tonnes	-15.46% (Value)	Import Traiff: RM7/ Litre
Scallops	\$615,000 43 Tonnes	\$935,000 96 Tonnes	10.5% (Value) 19.9% (Volume)	Nil
Buttermilk	\$203,000 105 Tonnes	\$1.7 Million 684 Tonnes	52.5% (Value) 46.8% (Volume)	Nil
Butter	\$36,798 13 tonnes	\$170,000 76 tonnes	38.3% (Value) 42.6% (Volume)	Nil
Processed Cheese	\$68,700 16 Tonnes	\$668,700 148 tonnes	56.9% (Value) 55% (Volume)	Nil

5. Section V: Important Factors Affecting U.S. Trade

i. Regulatory Barriers

Generally, all products destined to the food service sector must be certified halal.

All meat, processed meat products, poultry, eggs and egg products must originate from plants inspected and approved by Ministry of Agriculture's Department of Veterinary Service (DVS).

Beef, pork, poultry, and dairy products require import permits from DVS.

Some product ingredients and/or additives require prior approval from Ministry of Health.

i. Competition

Many multinationals have established regional production and distribution hubs, with factories in ASEAN countries. These compete directly with U.S. origin products, sometimes of the same brand. In addition to a freight advantage, Australia and New Zealand possess many long-term trade ties with Malaysia, which sometimes can detract from U.S. competitiveness. New Zealand and Australia are also willing to provide federal and official oversight on halal issues.

END OF REPORT

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