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Market Brief - Sector

Malaysia : Stone Fruit Report (SR)

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Kuala Lumpur [MY1], MY

TABLE OF CONTENTS

GENERAL OVERVIEW	Page 1 of 5
MARKET SITUATION	Page 1 of 5
TARIFF	Page 2 of 5
TABLES - IMPORTS OF STONE FRUITS, 1995 - 1998	Page 3 of 5
APPENDIX - FRUIT IMPORTERS IN MALAYSIA	Page 4 of 5

GENERAL OVERVIEW

Malaysia's population of more than 22 million people consists of three major ethnic groups - Malays (60%), Chinese (30%) and Indians and Others (10%). Malaysia's economy had an average growth rate of about 8 percent during the past ten years. However, influenced by Southeast Asia's financial turmoil, Malaysia's economy has exhibited a dramatic slowdown with 1998's real GDP reported at minus 4.8 percent. The GDP forecast for 1999 is more positive with growth rate estimated at 1 percent.

Taste and price are key considerations in consumers' fruit purchasing decisions. Malaysians have a strong liking for sweet and juicy fruits. In the past few years, the variety of fruits available in the market has increased substantially as Malaysians are changing their eating habits where emphasis is given to health, taste and exotic nature of fruits. Stone fruit, especially plums are popular among the Malays as these fruits are looked upon as a form of a status symbol. Chinese consumers, who are more conscious of price are less inclined to purchase stone fruit.

MARKET SITUATION

There is no stone fruit production in Malaysia. As of September 1998, total Malaysian imports of stone fruit were estimated at USD740, 000 (RM2.9 million) with Australia taking the lead with exports worth USD408, 000 (RM1.6 million). For the same period under review, exports of U.S. stone fruit to Malaysia were 479 metric tons with a value of USD306, 000 (RM1.2 million), most of which consisted of plums.

In 1997, U.S. captured more than 55% of the total Malaysian stone fruit market estimated at USD2.2 million (RM6.3 million) of which the bulk were mainly plums (1,667 metric tons). While total imports from Australia were valued at USD782, 000 (RM2.2 million), Australia exported more than 100 metric tons of peaches and nectarines with a cif value of USD94, 000 (RM265, 000).

The current country's economic downturn coupled with the steep differential of the exchange rate of the Malaysian dollar vis-a-vis the U.S. dollar is the main deterrent in increasing sales of U.S. fresh plums and peaches in the Malaysian market. Competitive pricing and lower freight costs are the major reasons behind the competitiveness of the Australian stone fruit. South African peaches and Chilean plums are also making inroads into the Malaysian stone fruit market. Although trade figures may not reflect their significance in the market, trade sources believe that these countries will be a force to be reckoned in the near future.

U.S. stone fruit faces intense competition with local fruits in the market. Tropical fruits are the mainstays of fruit consumption in Malaysia. Bananas, watermelons and durians are popular among consumers. The attractive incentives provided by the Malaysian government to increase food production have also attracted investors toward fruit production.

Imported apples, oranges and grapes are also popular with Malaysian consumers since they are available the whole year round and they are cheaper as compared to the exotic stone fruits. The promotional activities carried out by the various trade boards such as Washington Apple

Commission, Sunkist Growers, California Table Grape Commission, the Australian Horticultural Council and Sopexa (France Food and Beverage Marketing and Promotion Board) have also detracted sales of the more expensive stone fruits in the Malaysian market. The highly perishable and expensive nature of the stone fruits are among the major constraints in increasing sales in the Malaysian market. Nevertheless, the trade believes that with continuous promotional and educational efforts by the California Tree Fruit Agreement, sales of these exotic fruits, especially the U.S. plums, will increase proportionately.

TARIFF

There is a 10 percent ad valorem duty plus 5% sales tax on fresh fruit imports including plums, nectarines and peaches. A phytosanitary certificate issued by the country of origin is required to accompany shipment of fresh stone fruits into Malaysia.

TABLES - IMPORTS OF STONE FRUITS, 1995 - 1998**PEACHES / NECTARINES (METRIC TONS AND RM THOUSAND)**

	1995		1996		1997		1998 (Jan-Sept)	
	QTY.	VALUE	QTY.	VALUE	QTY.	VALUE	QTY.	VALUE
TOTAL	125	341	168	435	141	333	91	236
Australia	104	280	125	348	100	265	64	183
USA	17	49	15	38	21	44	11	24
Chile	0	1	15	35	N/A	N/A	N/A	N/A
South Africa	0	1	1	1	1	2	0	0

PLUMS (IN METRIC TONS AND RM THOUSAND)

	1995		1996		1997		1998 (Jan-Sept)	
	QTY.	VALUE	QTY.	VALUE	QTY.	VALUE	QTY.	VALUE
TOTAL	1628	3400	3052	5760	2914	5975	1157	2656
USA	549	1146	1380	2612	1667	3455	468	1189
Australia	810	1642	1065	1885	967	1947	639	1393
Chile	210	459	442	847	260	517	25	36
South Africa	4	57	1	1	2	2	3	5

Exchange Rate :

M\$2.50 for 1995; M\$2.51 for 1996; M\$2.81 for 1997; M\$3.92 for 1998

SOURCE : DEPARTMENT OF STATISTICS, MALAYSIA.

APPENDIX : FRUIT IMPORTERS IN MALAYSIA

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