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Report Highlights:

As Malaysia's economy begins to recover from COVID-19 impacts, U.S. exporters can find strong opportunities in the retail food and food processing sectors. While recovery may take longer in the HRI sector, Malaysians' love of dining out and continued development of tourism will contribute to future growth in this area. With a highly urbanized population, growing per capita income, and a positive view of U.S. food products, Malaysia is an attractive market, provided that U.S. suppliers can navigate Malaysia's halal certification requirements and competition with other major food exporting countries.

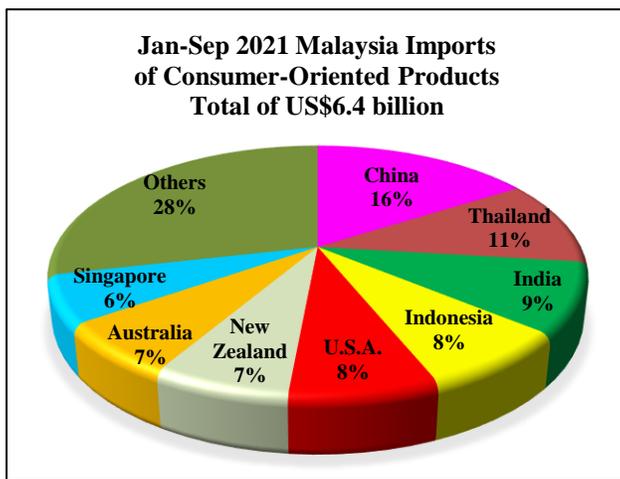
Market Fact Sheet: Malaysia

Executive Summary

Malaysia's multibillion-dollar food industry is driven by an expanding economy, increased consumer spending and a healthy tourism industry. 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 Jan-Sep 2021 reached \$17 billion USD, roughly 6 percent of which was sourced from the United States.

Imports of U.S. Consumer-Oriented Products

In Jan-Sep 2021, the United States was Malaysia's fifth largest supplier of consumer-oriented food and beverage products, with total sales reaching \$487 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

Hotel, Restaurant and Institutional

The Malaysian hotel, restaurant, and institutional (HRI) industry used to be one of the fastest growing sectors in the country prior to COVID, and it is showing signs of strong recovery thanks to economic reopening and high vaccination rates. The HRI sector is expected to recover in 2023 or by the end of 2022 at earliest.

Retail Food

Malaysia's food retail sector has increased, especially in response to 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 throughout 2020 to 2021, including the steady growth of convenience stores.

Food Processing

The Malaysian food processing industry is on a strong recovery momentum in the first nine months of 2021. 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: Expected to reach \$12,500 by the end of 2021, with a growing middle class

Real GDP Growth: -4.5 percent in Q3 2021

(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 Malaysian HRI, Retail and Food Processing 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 food and beverage products.	

SECTION I: MARKET OVERVIEW

Malaysia's population of nearly 33 million is an increasingly urbanized market. Malaysia experienced its worst recession in 2020 due to the impact of the COVID-19 pandemic. Despite headwinds throughout the third quarter of 2021, various key economic sectors reported a strong recovery. The national COVID-19 immunization program gained momentum in the second half of 2021, resulting in vaccination rates over 90 percent by late fall. More states shifted towards Phase 4 of the National Recovery Plan, which resulted in unemployment rate declining to 4.5 percent in September and contributing to an increase of 24.7 percent in exports.

The country's economy is on the track of recovery, with 90 percent of the economic sectors reopening. This contributed to a significant increase in most social activities thanks to high vaccination rates. Although the country's strict 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 product imports through September 2021 reached \$17 billion USD, roughly six percent of which was sourced from the United States.

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 & labeling requirements and importer criteria for entry into the market. Detailed information on Malaysian regulations and requirements can be found by accessing the latest FAS/Malaysia Food and Agricultural Import Regulations & Standards Country Report at the following web portal: <https://gain.fas.usda.gov/>.
- Review the types of U.S. products that can be readily targeted in the 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 retailers, hotels, restaurants, 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 agreements with local importers, conduct product promotions with end-users. This type of marketing event is particularly effective during festivals and peak seasons (Chinese New Year, Ramadan, Christmas, etc.).
- Provide technical assistance (e.g., handling techniques, chef trainings 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 III. 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 and 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](#)

Organization & Address	Contacts	Halal Logo
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	
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: thyatt@isahalal.org islamicervices@isahalal.org Website: www.isahalal.org	

<p>American Halal Foundation (AHF) 10347-C Heritage Isles Golf & 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: mmhussaini@halafoundation.org Website: www.halalfoundation.org</p>	
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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 dairy and other food export requirements in the Malaysia market, please refer to the [USDA Food Safety and Inspection Service Export Library](#).

SECTION IV. MARKET DYNAMICS AND TRENDS

Food Industry Breakdown

The Malaysian hotel, restaurant, and institutional (HRI) industry had been one of the fastest growing sectors, representing 15 percent of the country's GDP, but it has been significantly impacted with closures of hotels and restaurants. With the Movement Control Order (MCO) enforced by the government of Malaysia and an international border crossing ban due to the impact of the global pandemic situation, the HRI sector is only expected to make a significant recovery in 2023. Please refer to the most recent FAS Malaysia Hotel, Restaurant, and Institutional GAIN report for more details on the sector.

The Malaysian food processing industry represents 12 percent of the country's manufacturing output and is growing at a pace of roughly three percent per year prior 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 and recovery. Please refer to the most recent FAS Malaysia Food Processing Ingredients annual report for more details on the sector.

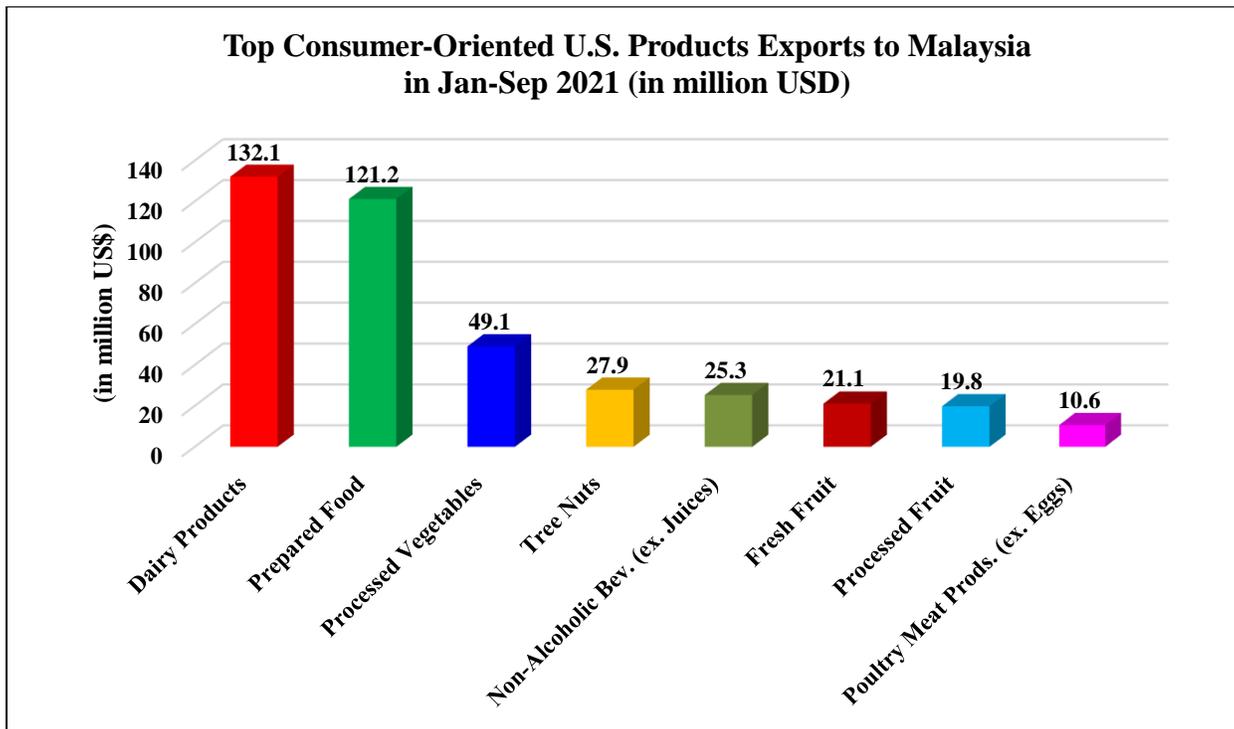
Trends and Practices

- The e-commerce channel has seen significant growth due to the pandemic, and will continue to see growth as businesses are not able to rely on bricks and mortar shop to survive.
- Convenience stores in Malaysia will continue to see market share growth in food retail.

- 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 frequently enjoys eating out.
- To attract local and international Muslim tourism, the majority of hotels in the country (including international chains) strive to use only halal certified products in their establishments.
- American chain restaurants dominate Western cuisine options in Malaysia with at least 18 U.S. franchises in operation.
- The economic recovery 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.

U.S. Food and Beverage Products in the Malaysian Market

According to Trade Data Monitor, the United States was Malaysia’s fifth largest supplier of consumer-oriented food and beverage products in Jan-Sep 2021. Total sales reached \$487 million USD. Top U.S. consumer-oriented food and beverage products in the market include, dairy, prepared foods, fresh fruit, tree nuts, processed fruits, and vegetables.



Source: U.S. Census Bureau Trade Data (Updated Nov 18, 2021)

Competition Chart

Major Products, Market Shares by Value and Competitor Situations			
Product Category (Jan-Sep 2021)	Major Supply Sources (Jan-Sep 2021)	Foreign Supplier Situation	Local Supplier Situation
Beef Net Value: USD \$423 million	India: 77% Australia: 13% Brazil: 5% New Zealand: 2% U.S.A.: 0.1%	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 higher-end HRI market.	Inadequate supply of local beef.
Pork – Fresh, Frozen, Chilled Net Value: USD \$50 million	Germany: 28% Netherlands: 19% Spain: 19% Denmark: 13% U.S.A.: 2%	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 Value: USD \$61 million	China: 49% Bangladesh: 14% India: 10% Pakistan: 9% U.S.A.: 7%	Chinese potatoes are very price competitive. High quality potatoes from other sources are for high-end retail and HRI markets.	Little domestic production.
Vegetables - Frozen Net Value: USD \$28 million	U.S.A.: 24% China: 23% Netherlands: 14% Denmark: 14%	U.S. frozen potatoes are in strong demand for retail and HRI sectors.	There is a large market for chilled and frozen processed vegetables, particularly potatoes.
Fresh Fruits Net Value: USD \$489 million	China: 26% South Africa: 21% Thailand: 12% Egypt: 9% U.S.A.: 7%	Highly competitive market.	Malaysia does not grow non-tropical fruits.
Dried Fruits	U.S.A.: 22%	U.S. dried fruits are	Limited local production.

Net Value: USD \$26 million	China: 20% Thailand: 18% Iran: 11% India: 7%	in strong demand for the growing bakery industry.	
Edible Nuts Net Value: USD \$146 million	Indonesia: 36% U.S.A.: 20% China: 11% Vietnam: 9%	Imported nuts are in increasingly strong demand for use in the bakery industry.	Limited local production.

Source: Trade Data Monitor (Updated Nov 19, 2021)

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 Malaysian HRI, Retail and Food Processing 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 food and beverage products.	In addition to strong competition from Australia and New Zealand, products from China and other ASEAN countries are gaining market share.
A large number of U.S.-style restaurants and cafés operate in major cities, enabling new-to-market U.S. products easier market acceptance.	Many U.S. exporters are unfamiliar with the market and therefore face an uphill battle to understand and meet specific requirements and order sizes. Competitors often have more experience with these requirements.

Best Prospective U.S. Products for the Malaysian Market

U.S. Products	2020 U.S. Export Value (January - September) (million USD)	2021 U.S. Export Value (January - September) (million USD)	Growth
Dairy	\$127.10	\$132.10	4%
Prepared Food	\$79.30	\$121.20	53%
Processed Vegetables	\$37.60	\$49.10	31%
Tree Nuts	\$25.90	\$27.90	8%
Processed Fruit	\$20.00	\$19.80	-1%
Beef and Beef Products	\$0.40	\$0.50	25%

Source: U.S. Census Bureau Trade Data (Updated Nov 19, 2021)

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 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

B) U.S. Dairy Export Council

20 Martin Road
Seng Kee Building #08-00
Singapore 239070
Tel: (65) 6230 8550
Fax: (65) 6235 5142
Contacts: Dalilah Ghazalay, Regional Director, SEA Marketing & Operations
Email: dali@dairyconnect.biz

C) U.S. Grains Council

Wisma UOA Damansara II, Suite 14-1, Level 14
No. 6, Changkat Semantan
Damansara Heights
Kuala Lumpur, Malaysia

Tel: (60) 3 2789 3288
Contact: Manuel Sanchez, Regional Director—Southeast Asia
Email: grains@grainssea.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

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

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; 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

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

D) 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

Ministry of Finance Customs Headquarters: <http://www.customs.gov.my>

Attachments:

No Attachments