

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 4/19/2016

GAIN Report Number: MY5021

Malaysia

Exporter Guide

Annual 2015

Approved By:

Joani Dong

Prepared By:

Loh Lee Pin

Report Highlights:

With per capita income of over \$10,800 and a middle and upper class making up 50 percent of the population, Malaysia shows good potential for growth as a market for high value consumer products. Best U.S. product prospects include fresh fruits and vegetables, pet foods, dried fruits, nuts, frozen potatoes and processed juices.

Post:

Kuala Lumpur

Table of Contents

SECTION I. MARKET OVERVIEW	3
SECTION II. EXPORTER BUSINESS TIPS	3
SECTION III. MARKET SECTOR STRUCTURE AND TRENDS	7
SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS	13
SECTION V. KEY CONTACTS AND FURTHER INFORMATION.....	15
APPENDIX 1. STATISTICS	17

(Note: All photos were taken by FAS Kuala Lumpur)

Executive Summary:

SECTION I. MARKET OVERVIEW

Malaysia is politically and economically stable and open to foreign trade. Transportation, communications, banking and health services are modern and efficient. With a population of 30 million, it is one of the most developed nations in Southeast Asia. About 50 percent of its population falls into the middle to upper income group of consumers; with GDP per capita income of \$10,830. Its economy has a firm foundation that includes strong manufacturing, service and agricultural sectors.

The economy grew by 6 percent in 2014, higher than expectation largely due to strong domestic demand. Moderate growth of 5 percent continued in 2015 despite the uncertainty in the global economic environment, fiscal consolidation and cheaper oil prices. The economy is expected to expand 4 percent in 2016. Inflation remains at a moderate rate between 3 to 4 percent (note that approximately 30% of goods are price-controlled).

The Malaysian food and beverage market is very developed and sophisticated and is supplied by both local and imported products. Urban consumers are relatively brand conscious and prefer to shop in stores, which offer convenience and good product selections. Hypermarkets/large format stores are the dominant format in urban/metropolitan areas in Malaysia with about 50 to 60 percent of urban household shoppers using them as the main outlet for the majority of their packaged groceries. Traditional markets are losing ground, but are still important outlets for fresh fruits and vegetables.

Advantages and Challenges for U.S. Suppliers

Advantages	Challenges
Malaysia's solid economic prospects and growing consumer purchasing power.	Consumers are generally price sensitive, but also seek new products.
Supermarkets and hypermarkets are popular, with new being opened regularly, and are providing greater access for imported foods.	Neighboring competing suppliers have a freight advantage.
Malaysia imports about 70 percent of its food needs, including beef, lamb, dairy products, baking ingredients, pasta, and temperate fruits and vegetables.	Muslims comprise 65 percent of the population so many foods must be certified <i>halal</i> (beef, lamb, poultry and dairy products).
Malaysians are familiar with western foods, with western menus and U.S. food service franchise operations prevalent.	Importers and distributors purchase at the lowest price from any exporter or country.
Local food manufacturers seek to expand exports, using imports as raw materials.	U.S. exporters face competition from locally produced raw food materials that are in sufficient supply (e.g. poultry, and palm oil).

SECTION II. EXPORTER BUSINESS TIPS

Business Customs

Malaysians are accustomed to doing business with foreigners and readily accommodate foreign business manners. Younger businessmen are prepared to start new business relationships with foreign companies without the advantage of a personal meeting. These businessmen also prefer to communicate with foreign suppliers electronically.

Prior to initiating any export sales to Malaysia, it would be advantageous to conduct a market survey with particular reference to the competitive environment. It is common for foreign exporters to appoint a local sales agent/importer to distribute their goods, expedite clearance of goods from ports and draw on existing networks of wholesalers and retailers. Regular visits by U.S. exporters to the market are also critical to enhance business relationships.

General Consumer Tastes and Preferences

Malaysia is a multiracial society consisting of three major races. The Malays account for 65 percent of the population, with Islam as the official religion; slightly more than 23 percent of Malaysians are Chinese who may be Buddhist or Christian. Indians form 7 percent of the population and they are largely Hindus. There is also a sizeable expatriate population and Malaysia is a popular tourist destination for Asia, the Middle East and Europe.

Lunch and dinner meals consist mainly of rice together with two or three meats/fish and vegetable dishes that are prepared according to the styles and traditions of various ethnic communities. The Malays and Indians prepare their dishes with hot spices while Chinese prefer to stir-fry. Religious affiliation affects food consumption in Malaysia. Muslims do not eat pork, and only eat meat products that have been certified halal, and many Buddhists and Hindus do not eat beef. Thus, halal chicken meat is popular among all consumers and Malaysia has one of the world's highest per capita consumption rates at 40 kg.

With rising affluence and education levels, consumers' shopping and eating lifestyles have changed drastically over the years. Malaysians, especially in urban and cosmopolitan areas, prefer to shop in modern retail outlets, which offer them one-stop shopping options. However, traditional stores such as provision and grocery shops, which are conveniently located in residential areas and workplaces, are still popular.

Malaysians are adventurous in their eating habits. Eating out is common and is relatively inexpensive. Open air, street-stall food is popular. Fine dining restaurants and foodservice outlets incorporating international cuisines are found in Klang Valley and other major cities where spending power and population concentration are higher. Most consumers frequent this type of restaurants to dine in style and comfort and to experience the best and most sophisticated culinary standards in the country.

With a Muslim population of 65 percent, the demand for halal foods by Malaysian consumers has increased over the years. The expectation of halal standard in food products have extended from meat and meat products to non-meat based products such snacks, confectionery, dairy, bakery, etc. Almost all food and ingredients destined for the food service sector must be certified halal. Halal is fast becoming

recognized as a new benchmark for quality, hygiene and safety. Food products and ingredients that have halal certificates have added marketing value in Malaysia. Hence, most retailers, foodservice operators and food manufacturers are inclined to ask for halal certificates for non-meat based food products and ingredients.

Food Standards and Regulations

Malaysian health and food labeling requirements are fairly liberal. The labeling requirements specify that imported and domestically produced processed food items must be labeled in English or Bahasa Malaysia. Labels must contain the following information:

- (a) an appropriate description of the product;
- (b) a list of ingredients in descending order of proportion by weight;
if the item contains any animal product, a statement as to the presence of such animal products (beef, pork, lard, gelatins, etc..)
- (c) if the item contains any alcohol, a statement as to the presence of alcohol;
- (d) the minimum net weight of the product; in the case of a product packed in liquid, the minimum drained weight of the food;
- (e) the name and address of the manufacturer;
- (f) the name and address of the importer (this can be affixed at the time of import);
- (g) a statement of shelf life or expiry dates.

Certain food additives, preservatives, and artificial colorings approved for use in the United States may not be permitted in Malaysia. Codex approved items are generally allowed if there are no provisions or regulations pertaining to the additives and preservatives in the Malaysian Food Regulation. In addition, products with labels that include phrases such as “Contains No Palm Oil” or “Contains No Tropical Oils” will not be allowed for import. (Malaysia is a palm oil producing country and is a strong advocate of this commodity).

In addition to the general labeling requirements above, nutritional labeling is compulsory for the following foods: prepared cereal foods; various types of bread; variety of milk and powdered milk, including sweetened condensed milk, evaporated milk and cultured milk; canned meat; canned fish; canned vegetable, canned fruit and various types of fruit juices, salad dressing and mayonnaise, various types of soft drink including botanical drink, soya bean milk and soya bean drink.

GM labeling

In July 2014, regulations that require mandatory labeling of food and food ingredients obtained through modern biotechnology went into effect. The regulations say that no person shall import, prepare or advertise for sale or sell any food and food ingredients obtained through modern biotechnology without the prior written approval of the Director.

Some key elements of the labeling guidelines include the following:

1. If the GE content is not more than three percent, labeling is not required, “provided that this presence is adventitious or technically unavoidable.”
2. For single ingredient foods, the words “genetically modified (name of the ingredient)” must appear in the main display panel.
3. For multi-ingredient foods, the words “produced from genetically modified (name of the ingredient)” should appear in list of ingredients and “contains genetically modified ingredient” must be stated on the main display panel.
4. Highly refined foods, defined as those where processing has removed all novel DNA and protein, are exempt from the labeling requirement. (e.g.: vegetable oils, corn syrup, acidic foods, and salty foods).
5. Meat from animals fed with GE grains do NOT need to be labeled.
6. Only GE crops that have been approved by the National Biosafety Board Malaysia can be used for foods and food ingredients.
7. Labeling of ‘GMO Free’ and ‘Non-GMO’ is not permitted.

More information on Malaysian’s Food Regulations 1985 is available at the Ministry of Health’s website: <http://fsis2.moh.gov.my/fosimv2/HOM/frmHOMFARSec.aspx?id=21>

General Import and Inspection Procedures

All food consignments are subject to random checking and sampling at the 34 entry points around the country to ensure food items imported into the country are safe and comply with the prescribed standards and regulations. All meat, poultry and dairy product shipments must be accompanied by appropriate USDA documentation. International freight forwarders normally handle documentation and other formalities with authorities at entry points. Provided all necessary documents are in order, no problems or delays should occur in clearance of goods.

Halal requirement and certification





All beef and poultry products must be certified halal and the products must originate from slaughterhouses that have been inspected and approved by the Malaysian veterinary and religious authorities. An Islamic Center approved by the Malaysian Islamic Development Department (JAKIM) must supervise the slaughter and processing and issue the halal certificate for meat and poultry. The Islamic Center must be listed by the packing plant on the original JAKIM application form or the application must be appropriately amended to make use of a new Islamic Center.

U.S. exporters should also be aware that importers might request additional certificates, which are not

required by the authority, either to meet the demand of their own customers or for marketing purposes. For further processed food (which contains no meat), there is no known requirements for any certificate, but exporters are encouraged to acquire *halal* certification from approved Islamic Centers (<http://www.halal.gov.my/v4/index.php/en/badan-islam/badan-luar-negara-diiktiraf>) to cater to the Muslim consumer market as Muslims account for more than half of Malaysia's population and Muslims consume foods that are *halal*. The *Halal* Certificate should accompany the shipment and the products should have the approved Islamic Center's *halal* logo on their packaging for information and marketing purposes.

Malaysia Approved Islamic Bodies in the United States

No	Organization & Address	Contacts	Halal Logo
52	Islamic Food and Nutrition Council of America (IFANCA) 5901 N. Cicero Ave, Suite 309 Chicago, Illinois 60646 USA 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	
53	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 islamicservices@isahalal.org Website: www.isahalal.org	

(Sources: JAKIM - The Recognized Foreign Halal Certification Bodies & Authorities, February 15 2016)

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

Malaysia continues to be a net importer of food with annual imports of \$14 billion.



In 2014, Malaysia's total imports of consumer-oriented and edible fishery products were \$7.5 billion. Imports of this category from U.S. were \$561 million, about 7.5 percent of the market share. China is the major supplier with imports at \$1.3 billion, representing 17.5 percent of the market share. New Zealand took the second spot with imports worth of \$751 million (10%), followed by India (10%), Thailand (9%) and Australia (7.5%).



Since the U.S. and China are both in the northern hemisphere with similar seasons, U.S. exporters have to compete aggressively with Chinese exporters who can sell their produce at lower prices. China is the main supplier of vegetables with reported imports at \$222 million in 2014. Turnip, cabbage, carrot, potato and garlic were among the major items. China is also the market leader for mandarin oranges (\$40 million). South Africa is the main supplier of apples with \$32 million worth of imports, with China second at \$19 million. U.S. is the market leader for table grapes (\$12 million) and U.S. Valencia oranges (\$13 million) and apples (\$8 million) are popular in the Malaysian market. Fresh strawberries, raspberries, blueberries and cranberries are niche markets and the U.S. is a major supplier with imports worth over \$1 million annually. Competition is less intense with supplies from Australia and South Africa since they have the opposite seasons.

By tradition, New Zealand is the most favored for dairy products, followed by U.S. and Australia. In 2014, imports of full cream milk powder, skim milk powder, butter and cheeses from New Zealand were at \$572 million, while imports from U.S. and Australia were estimated at \$163 million and \$160 million respectively. US dairy powder is a growing market.

India is the leading supplier of red meat with total imports of \$424 million (125,887 metric tons) in 2014. Indian beef and buffalo meat caters to the mass market. Beef from Australia and New Zealand caters for foodservice with total imports amounted to \$217 million and \$75 million respectively in the same year. Last year, Malaysia approved importation of halal beef from U.S.



Malaysia is self-sufficient in poultry (broiler/eggs) production. Chicken parts and chicken wings are imported periodically to meet the demand from the local processing industry. In 2014, China was the major supplier for chicken parts and chicken wing at \$74 million. Imports from Thailand, Denmark and Netherlands were at \$25 million, \$6 million and \$5.5 million respectively.

Malaysia is a net importer of fish and seafood products with an annual import at \$1.1 billion in 2014. China is the main supplier with \$374 million, followed by Indonesia (\$184 million) and Thailand (\$132 million).

An increasing number of middle to high income consumers in Malaysia demand high quality imported exotic fish and seafood, especially live, and the bulk of these will be consumed in middle to high-end Chinese seafood restaurants. Lobsters (Boston, Rock), abalone, oysters, scallops, clams (Razor, Blood, Sea, Jackknife), green mussels, crabs (Snow, King, Blue Swimmer, Dungeness), prawns (Mantis), geoduck, farmed sturgeon, razor fish, turbot, grouper, sea bass, bamboo fish, coral trout and carp are popular.

High-end western restaurants and high-end hotels have a demand for premium fresh, chilled or frozen products, such as salmon, cod, Dover sole, halibut as well as oysters, scallops, clams, lobsters, crabs and alike. Most salmon imports (fresh/chilled, frozen and smoked) are distributed to these types of food service outlets.

Supermarkets and hypermarkets are good for fresh chilled or frozen lobsters, crabs, large prawns, mackerel, cod, salmon (included smoked), Hoki, Dori, mackerel, crab meat, mussels, scallops and clams.

Opportunities exist for U.S. fish and seafood exporters to develop their market presence in Malaysia by supplying to these major businesses.

Distribution for consumer-ready food products

Private companies are the major entities in the food distribution system. Food importers and commissioned agents place orders with foreign suppliers and distribute to supermarkets/grocery stores and hotels in the cities and to sundry shops in the rural areas. Several of the larger supermarket and hypermarket chains are importing directly from overseas.

Most products from the United States enter through the ports of Klang, Penang and Johor. Transshipment of food products through Singapore has declined with improvement in shipping facilities offered by major ports in Malaysia. ‘Westport’ situated in Port Klang and the Port of Tanjung Pelepas (in Johor) has further enhanced Malaysia as a shipping hub.

Malaysia has seven international airports, including the Kuala Lumpur International Airport (KLIA), one of the biggest and most modern airports in the region. Malaysia’s modern highway network is the backbone of the country’s transport system as 90% of passenger and cargo movements are by roads. Roads link almost every town in Malaysia, and products move efficiently between cities and rural areas.



Food Retail Sector

Malaysia has a large and growing food retail market that is supplied by local and imported products. The current total retail sales of food and beverages are estimated at US\$16

billion. This sector has been growing at an average rate of 7 percent per annum over the past five years. However, the Retail Group Malaysia is predicting a slowest growth this year at 3.1 percent with consumers cautious in spending, the government increased subsidy rationalization and introduction of a new goods and services tax in April 2015.

Malaysian households spend an average 24 percent of their household income on retail purchase of foods. Due to rising affluence and higher education level, Malaysian consumers have become more sophisticated and demand higher quality for the goods that they purchased.

According to Retail Group Malaysia, the bulk of retail food sales are channeled through the traditional stores, such as provision stores, grocery stores, specialty food stores and other sundry shops. This sub-sector commands close to 56 percent of food sales today. Modern stores such as supermarkets, hypermarkets and department stores with supermarkets only have around 43 percent share of the retail food market. Convenience stores have remained insignificant, with only about 1 percent share of the retail food market.

Independent grocery stores and wet markets are found in the residential areas of both urban and rural towns across Malaysia. Most of the food items sold by grocery stores are canned foods, dried foods, snack foods, ice cream, and soft drinks. Fresh produces such as fruits and vegetables are seldom sold and usually do not sell frozen or chilled foods other than ice cream. Grocery stores known as mini-markets, which are larger and more modern than the traditional grocery stores, would sell these food items. However, they are relatively fewer in numbers compared to the traditional grocery stores.

Wet markets include daily wet markets operating in permanent buildings and weekly morning and night markets operating in non-permanent locations. Food items sold are generally fresh fruits, vegetable, meat and fish. Imports are usually apples, oranges, grapes, carrots, potatoes, onions, cabbages, and broccoli.



Supermarkets and hypermarkets are continuing to grow in numbers and expanding to second tier cities. The demand for premium groceries is also growing in the Klang Valley, and premium supermarkets have an increasing presence with more players and outlets in recent years. Foreign-owned retailers operating locally include Tesco, Dairy Farms International (owns Giant, Cold Storage, Jason and Mercato), and Aeon. United Arab Emirates-

based supermarket chain Lulu Group plans to open 10 halal-only hypermarkets across Malaysia, investing \$200 million for the first five hypermarkets to be in operation in 2016. Supermarkets and hypermarkets will continue to see the fastest growth over the next three years. These retail stores provide good venues for imported products and access to the middle

and high-income sophisticated consumers.

Competition among the retailers, especially hypermarkets, is intense with large international retailers like Tesco, Giant and Aeon Big frequently engaging in price wars to establish their presence as major players in the market. Meanwhile, Giant, the largest hypermarket operator in Malaysia, is the low-price leader status. Other popular Malaysian owned premium supermarkets which carry a very wide variety of imported food products are Jaya Grocer (the fastest growing local chain) & Hock Choon, Village

Grocer, Ampang Grocers, BIG (Bens Independent Grocer) and the latest addition, Sam's Groceria. These outlets target the middle to high income shoppers and more than 50% of their products are imported.

Malaysians are shopping more at convenience stores and petrol marts. Increasing competition has resulted in a need for convenience stores to become more professional. Customers are now expecting more sophisticated offers like a wider range of better quality ready-to-eat snacks and hot-and-chilled beverages.

Key Entry Strategies for US Exporters

1. Market, distribute, and promote through the supermarkets and hypermarkets.
2. Promote food products to create consumer awareness and loyalty.
3. Appoint importers or agents that best meets the needs of the exporter.
4. Ensure that processed foods are acceptable to local taste and have appropriate packaging.
5. Acquire *halal* certification from recognized Islamic institution in the United States.

Food Processing Sector

The Malaysian government has identified the food processing industry as a priority sector for industrial development and increase exports. There are nearly 5,731 manufacturers involved in the food manufacturing industry in Malaysia and the industry accounts for nearly 10 percent of Malaysia's manufacturing output. Raw materials such as cereals and dairy products continue to be imported for further processing. Malaysia exported food products worth RM20 billion (USD5.5 billion) to more than 200 countries, of which, processed food contributed about RM13 billion (USD3.6 billion). The industry is involved in the manufacture of alcoholic and non-alcoholic beverages, dairy products, cooking oil, coffee and tea, cereal-based foods, spices and spice mixes, sauces and condiments, processed fish and meat products, chocolate and snacks, baked products and other cooked food preparations, including frozen foods. Food manufacturers operating in Malaysia include both Malaysian and multinational companies such as Nestle, Unilever, Cerebos, and Campbell Soup. Major exported countries were Singapore, Indonesia, U.S., Thailand and China.



- **Key Entry Strategies for US Exporters**

1. Ensure quality of the raw food materials to instill manufacturers' confidence.
2. Acquire *halal* certification to cater to the Muslim consumer market.
3. Emphasize on the competitive advantage of the exporter's products to the food manufacturers.
4. Market and promote to increase awareness among food manufacturers.

5. Establish an efficient distribution network to maximize market penetration.

Food Service Sector

Malaysia has a sizeable and rapidly growing food service market today. 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.

Malaysia's tourism industry has also fueled growth of the food service industry. Currently, it is the second largest foreign exchange earner after manufacturing. The Malaysia Tourism Transformation Plan is to attract 36 million tourists to Malaysia and generate \$42 billion for the country by the year 2020. The development of hotel and tourism projects is encouraged in line with the promotion of Malaysia as an attractive tourist destination and as a regional center for trade and commerce. A total of 169.3 million domestic visitors were registered in 2014 of which 60.7 million were tourists. With the current government's effort to promote Malaysia as a medical tourism hub, tourists' arrivals are expected to grow in the coming years. It is also the only Muslim nation made it to the World's top 10 in ease of doing business. The growth in tourism is expected to fuel the growth of restaurants offering international cuisines such as Middle Eastern and Latin American food.

High tariffs and excise taxes in alcoholic beverages are deterring the consumption of wine in the foodservice sector. Coupled with the high mark-ups on the wine by hotel and restaurant operators, the selling price of the wines is exorbitant and this prohibits further consumption in foodservice outlets.

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

- Review the types of U.S. products that can be readily targeted at the high end food service sector. Consider the price competitiveness of U.S. 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, U.S. food, drinks and cuisine by showcasing to the high end food service sector what the U.S. exporters have to offer in terms of food ingredients and drinks for use in the various high end food service channels.
- Conduct U.S. 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.

Key Entry Strategies for US Exporters

1. Conduct promotional activities to create awareness among importers and the food service establishments.
2. Appoint local importers specialized in the food service industry to import and market the exporter's food products to the food service establishments.
3. Target the mid to high-end food service establishments.
4. Acquire *halal* certification from recognized Islamic institutions in the US.
5. Maintain a product positioning strategy for the food products.

SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS

Product Category	2014 Imports	5 Yr. Avg. Annual Import Growth	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness For USA
Infant food, including dairy products	396,400 tons (\$1.4 billion)	22% growth	No import duties are levied on infant milk/food.	Food cultural barriers exist. Malaysian mothers appear to prefer cereal based infant foods. Locally prepared and packed dairy products of Nestlé, Danone Dumex and Dutch Baby have a strong hold on the market.	The USA is already the major supplier for bottled infant food and the market is upgrading on the back of higher disposable incomes.
Fruit juices	40,021 tons (\$68 million)	10% growth	20% except for pineapple juice which incurs 30%.	The retail market for fruit juices is growing, the market is upgrading from cordials on the back of higher disposable incomes.	This market is likely to become more dynamic in future as Malaysians start to understand these products. Opportunities will exist for development by the U.S. pure juice

					suppliers.	
Temperate Fresh Vegetables	583,765 tons (\$352 million)	11% growth	No import duty is charged	<p>Competition from key established suppliers from Australia, Indonesia and China.</p> <p>Competition also comes in the form of products from Malaysia's own highlands and some Asian countries.</p>	<p>Demand for temperate vegetables will continue to rise on the back of rising disposable incomes. This will provide opportunities for U.S. suppliers able to compete with Australia, Indonesia and China.</p>	
Frozen vegetables	30,640 tons (\$26 million)	12% growth	Nil except sweet corn which incurs 5% and frozen potatoes at 7%.	Demand is not very varied and revolves around potatoes, peas, sweet corn and mixed vegetables.	<p>Frozen vegetables, especially potatoes from US are in demand from Malaysian consumers.</p> <p>Note: Food service demand is also important.</p>	
Temperate fresh fruits	319,478 tons (\$274 million)	12% growth	5% for strawberry, raspberry and gooseberry and 10% for other fruits except kiwi fruit which incur 30% import duty.	Few barriers exist for popular products such as apples, pears, oranges and grapes.	This is one of the most attractive market segments for the USA to develop. Demand for temperate fruits will rise on the back of rising disposable incomes.	
Dried fruits	29,826 tons (\$32 million)	25% growth	10% except for dates, which incur no import duty.	Mature traditional demand exists except for dates which are growing rapidly on the back of rising disposable incomes.	Attractive to U.S. suppliers with market driven approach to business with Malaysia.	

Edible nuts	120,686 tons (\$119.4 million)	19% growth	Nil, except for roasted groundnuts which incurs 20% import duty.	Major demand growth is from the food industry.	This market should not be ignored. The USA is already the major supplier and the market is upgrading on the back of higher disposable incomes.
Dog and cat food for retail sale	62,192 tons (\$104 million)	15% growth	No import duties are levied on dog or cat food.	Few constraints/barriers exist under conditions where disposable incomes are growing.	Attractive for committed suppliers wishing to actively develop markets on a long-term basis.

Source: Global Trade Atlas

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

If you have any questions or comments regarding this report or need assistance exporting high value products to Malaysia, please contact the Office of Agricultural Affairs at the U.S. Embassy in Kuala Lumpur at the following address:

Office of the Agricultural Affairs
376 Jalan Tun Razak
50400 Kuala Lumpur, Malaysia
Tel : (011-60-3) 2168-5082
Fax : (011-60-3) 2168-5023
E-mail: AgKualaLumpur@fas.usda.gov

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service homepage: <http://www.fas.usda.gov>.

Malaysian Regulatory Agencies / Other Trade Contacts

Director
Food Safety and Quality Division
Ministry of Health Malaysia
Level 3, Block E7, Parcel E
Federal Government Administration Center
Putrajaya 62518
Tel: +6-03-8883-3888
Fax: +6-03-8889-4971
<http://fsq.moh.gov.my/v4/>

Director General of Customs
Royal Customs and Excise Headquarters Malaysia
Ministry of Finance Complex
Precinct 2, Federal Government Administration Center
62596 Putrajaya.
Tel : +(6-03) 8882 2100
Fax : +(6-03) 8889 5899
<http://www.customs.gov.my>

Director
Veterinary Public Health
Department of Veterinary Services,
Wisma Tani, Podium Block,
Lot 4G1, Precinct 4, Putrajaya.
Tel: +60-3 8870 2000
Fax: +60-3 8888 6051
Website: www.dvs.gov.my

APPENDIX 1. STATISTICS

KEY TRADE & DEMOGRAPHIC INFORMATION

Agricultural Imports From All Countries (US\$Mil) / U.S. Market Share (%)	17,261/6%
Consumer Food Imports From All Countries (US\$Mil) / U.S. Market Share (%)	6,023/9%
Edible Fishery Imports From All Countries (US\$Mil) / U.S. Market Share (%)	996/3%
Total Population (Millions) / Annual Growth Rate (%)	29.71/1.8%
Urban Population (Millions) / Annual Growth Rate (%)	20.8/ 2.5%
Number of Major Metropolitan Areas	11
Size of Middle Class (Millions) / Growth Rate (%) (estimate)	17 / 2.5%
Per Capita Gross Domestic Product (US Dollars)	\$10,830
Unemployment Rate (%)	3.1%
Per Capita Food Expenditures (U.S. Dollars)	\$1,500
Percent of Female Population Employed	52.4%
Exchange rate (US\$1 = X.X local currency) (Apr 28, 2014)	US\$ = 3.271 RM

TABLE B. Consumer Food & Edible Fishery Products

Malaysia Imports (In Millions of Dollars)	Imports from the World			Imports from the U.S.			U.S Market Share		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
CONSUMER-ORIENTED AGRICULTURAL TOTAL	5333	6023	6415	470	534	549	9	9	9
Snack Foods (Excl. Nuts)	229	243	271	13	13	13	6	5	5
Breakfast Cereals & Pancake Mix	28	23	24	3	3	2	11	13	9
Red Meats, Fresh/Chilled/Frozen	603	693	774	1	0	0	0	0	0
Red Meats, Prepared/Preserved	13	17	20	0	0	0	0	0	0
Poultry Meat	109	110	113	1	0	0	1	0	0
Dairy Products (Excl. Cheese)	816	985	1158	104	137	162	13	14	14
Cheese	77	83	95	6	4	5	8	5	5
Eggs & Products	4	4	6	0	0	0	0	0	0
Fresh Fruit	326	410	418	40	51	39	12	12	9
Fresh Vegetables	554	654	582	16	14	14	3	2	2
Processed Fruit & Vegetables	348	398	411	71	80	74	20	20	18
Fruit & Vegetable Juices	76	68	68	28	18	21	37	26	31
Tree Nuts	61	63	72	17	20	22	28	32	31
Wine & Beer	151	165	158	3	5	4	2	3	3
Nursery Products & Cut Flowers	13	13	13	0	0	0	0	0	0
Pet Foods (Dog & Cat Food)	84	95	104	12	12	16	14	13	15
Other Consumer-Oriented Products	1841	1999	2127	156	177	174	8	9	8
FISH & SEAFOOD PRODUCTS	1000	996	1062	14	30	27	1	3	3
Salmon	25	38	37	0	0	0	0	0	0
Surimi	0	0	0	0	0	0	0	0	0
Crustaceans	291	244	338	1	2	0	0	1	1
Groundfish & Flatfish	113	104	102	0	0	2	0	0	0
Molluscs	63	79	86	3	3	2	5	4	2
Other Fishery Products	508	530	498	9	24	22	2	5	4
AGRICULTURAL PRODUCTS TOTAL	1858	1726	1741	944	950	947	5	6	5
AGRICULTURAL, FISH & FORESTRY TOTAL	2017	1882	1910	996	1022	1017	5	5	5

Source: Global Trade Atlas

**TABLE C: Top 6 Suppliers of Consumers Food and
Top 10 Suppliers of Fish & Seafood Products**

CONSUMER-ORIENTED AGRICULTURAL TOTAL – (USD1,000)

RANK	IMPORT MARKET	2012	2013	2014
1	CHINA	797,796	909,833	936,713
2	NEW ZEALAND	607,613	695,588	743,621
3	INDIA	613,579	694,310	699,282
4	AUSTRALIA	469,867	510,357	553,307
5	UNITED STATES	469,513	533,754	548,706
6	THAILAND	438,039	525,531	537,191
	OTHERS	1,936,916	2,154,042	2,396,377
	TOTAL	5,333,325	6,023,414	6,415,196

FISH & SEAFOOD PRODUCTS TOTAL – (USD1,000)

RANK	IMPORT MARKET	2012	2013	2014
1	CHINA	304,948	279,203	373,564
2	INDONESIA	184,202	187,328	184,481
3	THAILAND	165,883	142,934	132,544
4	VIETNAM	55,084	67,761	70,183
5	INDIA	34,879	50,652	46,161
6	MYANMAR	38,694	38,404	35,502
7	NORWAY	21,570	30,095	31,749
8	UNITED STATES	13,838	29,673	27,198
9	JAPAN	23,048	24,387	21,998
10	PAKISTAN	22,753	18,368	18,724
	OTHERS	135,392	126,963	120,127
	TOTAL	1,000,291	995,768	1,062,229

Source: Global Trade Atlas.

END OF REPORT