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**Report Highlights:**

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 product imports in 2018 reached nearly \$16 billion USD, roughly eight percent of which was sourced from the United States.

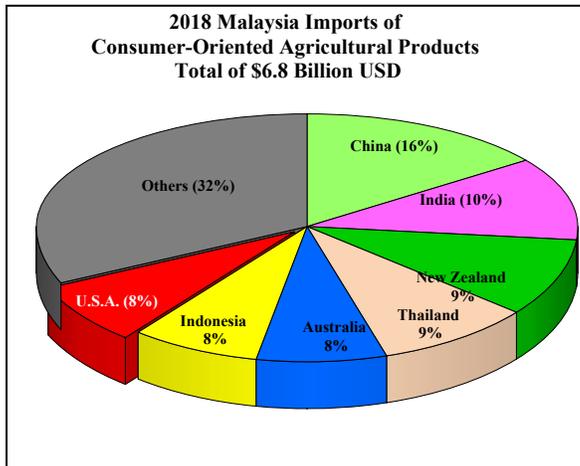
## Market Fact Sheet: Malaysia

### 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 product imports in 2018 reached nearly \$16 billion USD, roughly 8 percent of which was sourced from the United States.

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

In 2018, the United States was Malaysia's seventh largest supplier of consumer-oriented food and beverage products, with total sales reaching \$504 million USD for the year. Top U.S. products in the market include prepared foods, dairy, potatoes, fresh fruit, tree nuts, pet food and poultry.



Source: Trade Data Monitor

### Hotel, Restaurant and Institutional

The Malaysian hotel, restaurant, and institutional (HRI) industry is one of the fastest growing sectors in the country and is largely driven by robust tourism and increased consumer spending. According to Euromonitor data, the Malaysian tourism industry has grown steadily over the past decade and now represents 15 percent of the country's GDP.

### Retail Food

Malaysia's retail sector is also developing rapidly, and high-end/premium grocery stores are increasingly popular. Total sales for the sector in 2018 reached \$26 billion USD.

### Food Processing

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. Several multi-nationals have regional production facilities in and around Kuala Lumpur and the Government of Malaysia has identified the food processing industry as a critical sector for future economic growth.

#### Malaysia Macroeconomics

**Population:** 32.7 million people; rapidly growing (has doubled since 1980) and is increasingly urbanized

**Per Capita Income:** \$10,564 in 2018, with a growing middle class

**Real GDP Growth:** 4.7 percent in 2018

**GDP Composition:**

- Agriculture: 8%
- Industry: 37%
- Services: 55%

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

#### 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 is one of the most developed markets in Southeast Asia. The country is politically and economically stable, and with a population of nearly 33 million, is increasingly urbanized. According to the World Bank, Malaysia's economy is projected to expand at a pace of 4.5 percent in 2020. The Malaysia Department of Statistics reports that the country's main economic drivers are services (55 percent), manufacturing (37 percent), and agriculture (8 percent). 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 in 2018 reached nearly \$16 billion USD, roughly 8 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: <http://www.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 trade 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), the Islamic Services of America (ISA), and American Halal Foundation (AHF).

<i><b>Organization &amp; Address</b></i>	<i><b>Contacts</b></i>	<i><b>Halal Logo</b></i>
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: <a href="mailto:thyatt@isahalal.org">thyatt@isahalal.org</a> <a href="mailto:islamicservices@isahalal.org">islamicservices@isahalal.org</a> Website: <a href="http://www.isahalal.org">www.isahalal.org</a>	

<p>American Halal Foundation (AHF)  10347-C Heritage Isles Golf &amp; 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:  <a href="mailto:mmhussaini@halafoundation.org">mmhussaini@halafoundation.org</a>  Website: <a href="http://www.halalfoundation.org">www.halalfoundation.org</a></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 is one of the fastest growing sectors in the country and is largely driven by robust tourism and increased consumer spending. According to the Malaysian Department of Statistics, the tourism industry has played a significant role in recent economic expansion and now represents nearly 15 percent of the country’s GDP. According to Euromonitor data, the country’s hotel and restaurant industry has performed particularly well during this expansion with real growth of over 54 percent during the past five years. Please refer to the [FAS Malaysia Hotel, Restaurant and Institutional \(HRI\) Annual 2019 GAIN Report](#) for more details on the sector.

Malaysia’s retail food sector is also developing rapidly, and high-end/premium grocery stores are increasingly popular. With the abolishment of the Malaysian Goods & Services Tax in June 2018, consumer spending on retail food products is expected to significantly increase over the next multiple years. Please refer to the [FAS Malaysia Retail Foods Annual 2019 GAIN Report](#) for more details on the sector.

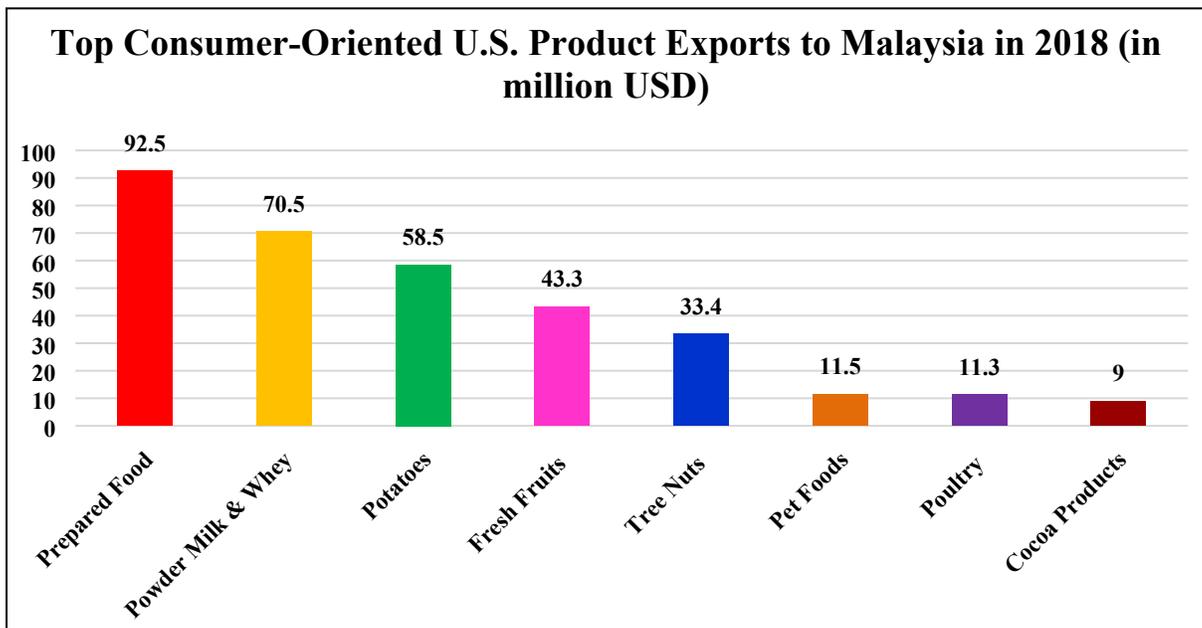
The Malaysian food processing industry represents 12 percent of the country’s manufacturing output and is growing at a pace of roughly three percent per year. Several multi-nationals have regional production facilities in and around Kuala Lumpur and the Government of Malaysia has identified the food processing industry as a critical sector for future economic growth. Please refer to the [FAS Malaysia Food Processing Ingredients Annual 2019 GAIN Report](#) for more details on the sector.

## Trends and Practices

- 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 JAKIM halal certified products in their establishments.
- American chain restaurants dominate Western cuisine options in Malaysia with at least 18 U.S. franchises in operation.
- Expansion of the HRI industry throughout the country is expected to support steady growth in demand for imported, high-quality, food and beverage products for the next several years.

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

According to Trade Data Monitor, the United States was Malaysia’s seventh largest supplier of consumer-oriented food and beverage products in 2018. Total sales for the year reached \$504 million USD. Top U.S. consumer-oriented food and beverage products in the market include prepared foods, dairy, potatoes, fresh fruit, tree nuts and poultry.



Source: Trade Data Monitor

## Competition Chart

Major Products, Market Shares by Value and Competitor Situations			
Product Category (2018)	Major Supply Sources (2018)	Foreign Supplier Situation	Local Supplier Situation
<b>Beef</b>  <b>Net Value:</b> USD \$ 539 million	India: 73% Australia: 16% New Zealand: 6% Brazil: 3%  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.
<b>Pork – Fresh, Frozen, Chilled</b>  <b>Net Value:</b> USD \$71.1 million	Germany: 38% Spain: 18% China: 11% Belgium: 7% U.S.A.: 1.1%	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.
<b>Potatoes - Fresh or Chilled</b>  <b>Net Value:</b> USD \$72.5 million	China: 59% Pakistan: 8% U.S.A.: 8% Bangladesh: 6%	Chinese potatoes are very price competitive.  High quality potatoes from other sources are for high-end retail and HRI markets.	Little domestic production.
<b>Vegetables - Frozen</b>  <b>Net Value:</b> USD \$44.2 million	U.S.A.: 37% Denmark: 22% China: 17% Netherlands: 9%	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.
<b>Fresh Fruits</b>  <b>Net Value:</b> USD \$531.6 million	China: 28% South Africa: 22% U.S.A.: 10% Thailand: 8%	Highly competitive market.	Malaysia does not grow non-tropical fruits.
<b>Dried Fruits</b>  <b>Net Value:</b> USD \$35.7 million	U.S.A.: 27% Indonesia: 19% Thailand: 12% Burma: 9%	U.S. dried fruits are in strong demand for the growing bakery industry.	Limited local production.
<b>Edible Nuts</b>  <b>Net Value:</b> USD \$ 173.4 million	Indonesia: 33% U.S.A.: 21% China: 13% India.: 7%	Imported nuts are in increasingly strong demand for use in the bakery industry.	Limited local production.

Source: Trade Data Monitor

## Opportunities and Challenges for U.S. Exporters

<b>Opportunities</b>	<b>Challenges</b>
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 are therefore sometimes unable to meet specific requirements and order sizes.

### **Best Prospective U.S. Products for the Malaysian Market**

<b>U.S. Products</b>	<b>2018 Import Value (January - October) (million USD)</b>	<b>2019 Import Value (January - October) (million USD)</b>	<b>Growth</b>
Prepared Food	\$76.3	\$95.1	25%
Dairy	\$84.1	\$86.6	3%
Processed Vegetables	\$45.5	\$52.0	14%
Tree Nuts	\$26.8	\$30.2	13%
Processed Fruit	\$17.6	\$27.3	55%
Beef and Beef Products	\$1.2	\$0.9	-25%

*Source: U.S. Census Bureau Trade Data*

*Note: Excellent opportunities for U.S. beef 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](mailto:AgKualaLumpur@fas.usda.gov)

B) U.S. Dairy Export Council

1 North Bridge Road, #06-10

High Street Centre,

Singapore 179094

Tel: (65) 6334 7030

Fax: (65) 6223 2010

Contacts: Dalilah Ghazalay, Regional Director, SEA Marketing & Operations

Email: [dali@dairyconnect.biz](mailto:dali@dairyconnect.biz)

C) U.S. Grains Council

50 Jalan Dungun Damansara Heights

Kuala Lumpur, Malaysia

Tel: (60) 3 2093 6826

Fax: (60) 3 2273 2052

Contact: Manuel Sanchez, Regional Director—South & Southeast Asia

Email: [usgckl@usgc.com.my](mailto:usgckl@usgc.com.my)

D) U.S. Meat Export Federation

627 A Aljunied Road

#04-04 Biztech Centre

Singapore

Tel: (65) 6733 4255

Fax: (65) 6732 1977

Contact: Sabrina Yin, Regional Director

Email: [singapore@usmef.com.sg](mailto:singapore@usmef.com.sg)

E) USA Poultry and Egg Export Council

541 Orchard Road, #15-04 Liat Towers

Singapore

Tel: (65) 6737 1726

Fax: (65) 6737 1727

Contact: Margaret Say, Regional Director

Email: [usapeec\\_sing@pacific.net.sg](mailto:usapeec_sing@pacific.net.sg)

F) Raisin Administrative Committee, Food Export-Midwest, Food Export-Northeast and the Western United States Agricultural Trade Association

48 Toh Guan Road East

#02-129 Enterprise Hub

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G) U.S. Soybean Export Council

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Fax: (65) 67375849  
Contact: Timothy Loh, Director  
Email: [TLoh@ct.ussec.org](mailto:TLoh@ct.ussec.org)

H) U.S. Wheat Associates

541 Orchard Road, #15-02 Liat Towers  
Singapore  
Tel: (65) 6737 4311  
Fax: (65) 6733 9359  
Contact: Matt Weimar, Regional Vice President for South Asia  
Email: [InfoSingapore@uswheat.org](mailto:InfoSingapore@uswheat.org)

I) Malaysia Government Websites:

Ministry of Health Food Safety and Quality Division: <http://fsq.moh.gov.my/fsq/ms/>  
Ministry of Agriculture Department of Veterinary Services: [www.dvs.gov.my](http://www.dvs.gov.my)  
Ministry of Finance Customs Headquarters: <http://www.customs.gov.my>

**Attachments:**

No Attachments