

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Malaysia

Food Processing Ingredients

Annual 2019

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Report Highlights:

Malaysia's multi-billion dollar food processing industry is driven by an expanding economy and increased consumer spending. According to the Malaysian Investment Development Authority (MIDA), there are more than 8,000 establishments within the local food processing industry, ranging from small and medium-sized enterprises to major multinational corporation facilities. The main products produced by this sector include beverages, canned seafood, canned fruits, canned vegetables, confectionary, dairy products, noodles and bakery products. Top prospective U.S. food processing ingredient products for the Malaysian market include dairy, frozen potatoes, tree nuts and processed fruits.

Post:

Kuala Lumpur

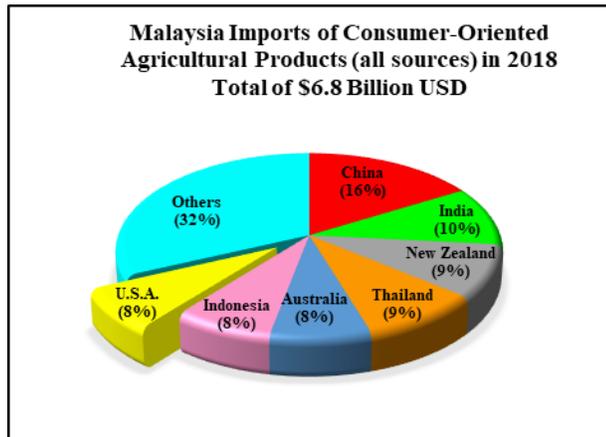
Market Fact Sheet: Malaysia

Executive Summary

Malaysia’s multi-billion dollar food processing industry is driven by an expanding economy and increased consumer spending. 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 ingredient products. Malaysia’s total agricultural product imports in 2018 reached nearly \$18.5 billion, roughly 6 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 for the year. Top U.S. food and beverage products in the market include dairy products, potatoes, processed fruit, beef and tree nuts.



(Source: Global Trade Atlas)

Food Processing

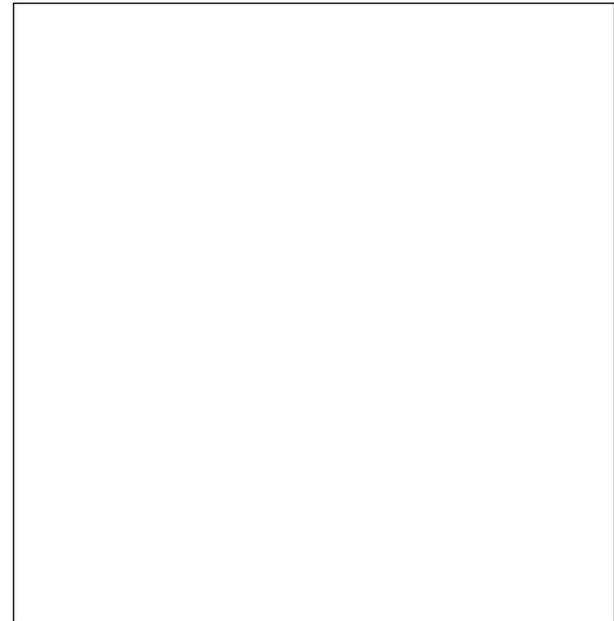
The Malaysian food processing industry accounts for 12 percent of the country’s manufacturing output and is growing at a pace of roughly three percent per year. Several multi-nationals have regional production facilities in and around Kuala Lumpur and the Government of Malaysia has identified the food processing industry as a critical sector for future economic growth.

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.



Opportunities and Challenges for U.S. Exporters	
Opportunities	Challenges
-U.S. food ingredients 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.
-The growing Malaysian Food Processing, HRI, and Retail sectors require a wide range of imported food and ingredient products.	-China and other regional suppliers have gained significant market share in recent years.

SECTION I: MARKET SUMMARY

Malaysia's Food Processing Industry

Malaysia's multi-billion dollar food processing industry is driven by an expanding economy and increased consumer spending. According to the Malaysian Investment Development Authority (MIDA), there are more than 8,000 establishments within the local food processing industry, ranging from small and medium-sized enterprises to major multinational corporation facilities. The main products produced by the Malaysian food processing industry include beverages, canned seafood, canned fruits, canned vegetables, confectionary, dairy products, noodles and bakery products.

A broad range of ingredients and raw materials for the Malaysian food processing industry are imported. Australia and New Zealand supply the majority of the ingredient products for the dairy processing plants, while China and Thailand are the top suppliers of poultry and processed fruits. The United States is a major supplier of processed vegetables and tree nuts.

Major Processed Food and Beverage Companies in Malaysia

- [Nestle \(Malaysia\)](#) - Multinational corporation with 7 production locations in Malaysia. Major products include baby food, confectionary, snack foods, bakery products, cereals, dairy products, pasta, beverages, sauces, and soups.
- [Yeo Hiap Seng \(Malaysia\)](#) - Multinational with 4 production locations in Malaysia. Major products include curry, canned fish, jam, condensed milk, instant noodles, sauces, vinegar, and beverages.
- [Dutch Lady \(Malaysia\)](#) - Dairy manufacturer with one production facility in Malaysia. Major products include sweetened condensed milk, milk powder, infant formula, pasteurized & UHT milk, yogurt, and fruit juice.
- [Fraser & Neave \(Malaysia\)](#) - Multinational with 6 production facilities in Malaysia. Major products include soft drinks, including carbonated drinks and juice.
- [Mamee Double-Decker Bhd](#) - Malaysian food processor for the domestic and export market with 7 production facilities throughout the country. Major products include snacks, dairy products, confectionary and beverages.

Sector Trends

- Positive business climate and Government of Malaysia incentives encourage investment in food manufacturing for both the domestic and export markets.
- Rising per capita income and increasing urbanization have strengthened demand for processed convenience foods throughout Malaysia.
- Increasing consumer interest in international food trends provides opportunities for food

manufacturers to develop and introduce new food products.

- Established infrastructure, including cold storage and port facilities allows companies to establish supply chain.
- An increasingly modern retail sector offers venues to easily market processed food and beverage products.

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 [USDA Food Safety and Inspection Service Export Library](#) and the latest [FAS/Malaysia Food and Agricultural Import Regulations & Standards Country Report](#).
- Review the types of U.S. food ingredient products that can be readily targeted in the food processing 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 food and beverage manufacturers 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 market visits, product promotional activities and provide technical assistance (e.g. handling techniques 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 II. 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 or 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 two Islamic institutions to inspect and halal certify food and beverage products for export to Malaysia; the Islamic Food and Nutrition Council of America (IFANCA) and the Islamic Services of America (ISA).

Organization & Address	Contacts	Halal Logo
<p>Islamic Food and Nutrition Council of America (IFANCA) 5901 N. Cicero Ave, Suite 309 Chicago, Illinois 60646</p> <p>IFANCA Halal Research Center 777 Busse Highway Park Ridge, Illinois 60068</p>	<p>Dr. Muhammad Munir Chaudry President Tel: +17732833708 Fax: +17732833973</p> <p>Tel: +1 847 993 0034 EX 203 Fax: +1 847 993 0038 Mobile: +1 773 447 3415</p>	
<p>Islamic Services of America (ISA) P.O Box 521 Cedar Rapids, IOWA 52406 USA</p>	<p>Mr. Timothy Abu Mounir Hyatt Managing Director Tel: (319) 362-0480 Fax: (319) 366-4369</p> <p>Email: thyatt@isahalal.org islamicservices@isahalal.org Website: www.isahalal.org</p>	

Source: JAKIM - The Recognized Foreign Halal Certification Bodies & Authorities, as of 02/08/2018

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.

SECTION III: COMPETITION

Product Category (2018)	Major Supply Sources (2018)	Foreign Supplier Situation	Local Supplier Situation
Dairy Products Net Imports: USD \$1.2 billion	New Zealand: 38% Australia: 10% U.S.A.: 8% Thailand: 7%	Australia & New Zealand are traditional suppliers and enjoy Free Trade Agreements with Malaysia. The United States is a top supplier of whey.	Local/regional dairy companies have strong brand name recognition amongst consumers.
Vegetable Oil Net Imports: USD \$831 million	Indonesia: 41% China: 10% Ukraine: 5% Canada: 5% U.S.A.: 3%	Indonesia is a major supplier of coconut oil. The United States is a significant supplier of sunflower oil.	Malaysia is a major producer of palm oil.
Beef Net Imports: USD \$539 million	India: 73% Australia: 16% New Zealand: 6% Brazil: 3% U.S.A.: 0.1%	Almost all imported beef into Malaysia comes from India, Australia and New Zealand. Beef from India is very cheap and serves the low-end outlets. Australia dominates the higher-end HRI market.	Inadequate supply of local beef and increasing demand makes Malaysia highly dependent on imports.
Wheat and Wheat Flour Net Imports: USD \$340 million	Australia: 37% Canada: 16% Russia: 15% U.S.A.: 9%	Australia is a traditional supplier.	Malaysia does not produce wheat.
Processed Fruits Net Imports: USD \$227 million	China: 28% Thailand: 13% U.S.A.: 10% Tunisia: 7%	Processed fruits from China and Thailand are price competitive. The United States is a top supplier of raisins.	Malaysia is not a major producer of processed fruits for the food processing industry.
Tree Nuts Net Imports:	Indonesia: 33% U.S.A.: 21%	Along with cashews from neighboring countries, U.S. nuts are very popular. Some	Limited local production.

USD \$173 million	China: 13% India: 7%	U.S. nuts are repacked and sold under local brands.	
Poultry Meat Net Imports: USD \$159 million	Thailand: 57% China: 30% Brazil: 11% Netherlands: 0.6% U.S.A.: 0.3%	Poultry meat from Thailand and China are used in processed products for re-export.	Although Malaysia is a significant poultry producer, local supply does not match Malaysian consumer demand.
Processed Vegetables Net Imports: USD \$315 million	China: 40% U.S.A.: 25% Netherlands: 8%	High-quality imported potatoes are in demand for the chipping industry. U.S. frozen potatoes are in strong demand in the retail and HRI sectors.	Limited domestic production.
Pork (fresh, frozen and chilled) Net Imports: USD \$71 million	Germany: 38% Spain: 18% China: 12% Belgium: 7% U.S.A.: 1%	European prices in 2018 were price competitive.	Domestic demand for pork has grown significantly over the past several years while domestic supply remains limited.

Data Source: Global Trade Atlas

Best Prospective U.S. Food Processing Ingredient Products for the Malaysian Market

U.S. Product	2013 Import Value (million USD)	2018 Import Value (million USD)	Growth
Dairy Products	\$83	\$101	21 percent
Frozen Potatoes	\$42	\$54	29 percent
Tree Nuts	\$24	\$36	50 percent
Processed Fruits	\$17	\$23	36 percent

Data Source: Global Trade Atlas

SECTION IV. KEY CONTACTS AND FURTHER INFORMATION

A) USDA Foreign Agricultural Service Malaysia

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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;

C) U.S. Grains Council

50 Jalan Dungun Damansara Heights
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Tel: (60) 3 2093 6826
Fax: (60) 3 2273 2052
Contact: Manuel Sanchez, Regional Director—South & Southeast Asia
Email: usgckl@usgc.com.my

D) U.S. Meat Export Federation

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Fax: (65) 6732 1977
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E) USA Poultry and Egg Export Council

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

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G) U.S. Soybean Export Council

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H) U.S. Wheat Associates

541 Orchard Road, #15-02 Liat Towers
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Fax: (65) 6733 9359
Contact: Matt Weimar, Regional Vice President for South Asia
Email: 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

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