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**Report Name:** Food Service - Hotel Restaurant Institutional

**Country:** Malaysia

**Post:** Kuala Lumpur

**Report Category:** Food Service - Hotel Restaurant Institutional

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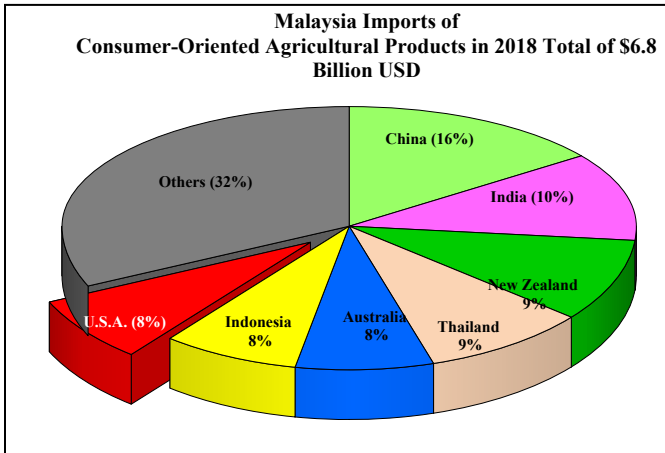
**Approved By:** William Verzani

**Report Highlights:**

Malaysia's hotel, restaurant and institutional (HRI) industry is one of the fastest growing sectors in the country's economy and is largely driven by robust tourism and consumer spending. Top U.S. product prospects for the local HRI industry include processed vegetables, tree nuts, processed fruits, fresh vegetables, and beef. The rapid 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.

## Executive Summary

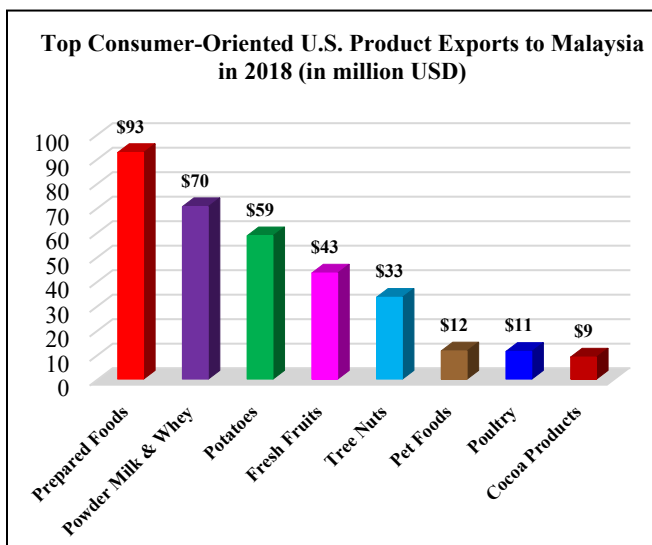
Malaysia's hotel, restaurant and institutional (HRI) industry is one of the fastest growing sectors in the country's economy and is largely driven by robust tourism and consumer spending. In 2018, Malaysian imports of consumer oriented agricultural products (from all sources) reached \$6.8 billion USD, an increase of five percent from compared to the previous year. The rapid 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.



Source: Trade Data Monitor

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

The United States was Malaysia's 7<sup>th</sup> largest supplier of consumer-oriented products in 2018. According to Trade Data Monitor, 2018 U.S. consumer-oriented product exports to Malaysia reached \$504 million USD, up eight percent compared to the previous year.



Source: Trade Data Monitor

## Market Summary

### Malaysia Macroeconomics

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

**Per Capita Income:** \$10,564 in 2018

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

**GDP Composition:**

- Agriculture: 8.4%
- Industry: 36.9%
- Services: 54.7%

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

## Food Service Industry – Quick Takeaways

- Robust tourism and a growing middle class strongly influence the country's HRI industry.
- Malaysia's food service industry is highly diverse with Malay, Indian, Chinese, and Western options all widely available.
- Depending on the imported product, acquiring halal certification can greatly improve marketability in the Malaysian HRI industry, and in many cases is mandatory.

## U.S. Exporter Opportunities and Challenges

Strengths	Weaknesses
-U.S. food and agricultural products are trusted and perceived to be of high quality.	-Many products need to be halal certified in the Malaysian market, which can be a complicated process.
Opportunities	Challenges
-A rapidly growing Malaysian HRI sector requires a wide range of imported food products and ingredients.  -Rising disposable income in Malaysia is driving demand for premium imported food and beverage products.	-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.

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. The Malaysian economy has enjoyed strong growth in recent years with 2018 real GDP expanding by 4.7 percent. According to the Malaysian Department of Statistics, the tourism industry has played a significant role in this economic expansion and now represents 15.2 percent of the country’s GDP (please see chart below). According to Euromonitor data, the country’s hotel and restaurant industry has performed particularly well during this expansion with real growth of over 50 percent during the past five years.



Source: FAS Kuala Lumpur Chart with Malaysia Department of Statistics Data

Sector Trends

Malaysia’s HRI sector is largely driven by tourism and increased consumer spending but the following dynamics are also important:

- 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) maintain halal certification (please see the Halal Certification section below).
- American chain restaurants dominate Western cuisine options in Malaysia with at least 18 U.S. franchises in operation.
- Rapid 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.

## Halal Certification



To ensure full market access to the Malaysian HRI industry, halal certification is strongly recommended for all imported food and beverage products. Furthermore, many products (e.g. beef or poultry) require halal certification in order to enter the country. As roughly 60 percent of the Malaysian population is Muslim, the majority of hotels, restaurants and catering services work to ensure 100% halal certification. As a result, they strive to have all food and beverage products used in their establishments halal certified (regardless of whether or not it is actually required for the respective product). Currently, the Department of Islamic Development (JAKIM) is the only authorized entity allowed to issue halal certification for domestic food industry. 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 the American Halal Foundation (AHF).

<b>Organization &amp; Address</b>	<b>Contacts</b>	<b>Halal Logo</b>
<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: <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>	
<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>	

Source: JAKIM - The Recognized Foreign Halal Certification Bodies & Authorities  
Advantages and Challenges for U.S. Exporters

Advantages	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 complicated process.
An expanding Malaysian economy and rapidly growing HRI sector require a wide range of imported food products and ingredients.	Consumer purchasing power may be hindered by rising inflation.
Most imported food and beverage products have low import and customs duties (except for alcoholic drinks).	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.
A large number of U.S.-style restaurants and cafés operate in major cities, enabling new-to-market U.S. products easier market acceptance.	In addition to Australia and New Zealand, products from China and other ASEAN countries are gaining market share.
The high-end HRI segment maintains high standards of quality and hygiene, which is very positive for U.S. food and beverage prospects.	The majority of Malaysian consumers only dine at high-end restaurants for special occasions.

### Road Map for Market Entry

U.S. exporters of food and agricultural products should consider the following when planning to enter the Malaysian HRI 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 products that can be readily targeted in the retail 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 hotels, restaurants and caterers. 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.

### Major Hotel & Resort Chains in Malaysia

Name	Website
Doubletree by Hilton Kuala Lumpur	<a href="http://doubletree3.hilton.com">doubletree3.hilton.com</a>
EQ Kuala Lumpur	<a href="https://www.eqkualalumpur.com/">https://www.eqkualalumpur.com/</a>
Grand Hyatt Kuala Lumpur	<a href="http://kualalumpur.grand.hyatt.com">kualalumpur.grand.hyatt.com</a>
Grand Millennium Kuala Lumpur	<a href="http://www.millenniumhotels.com">www.millenniumhotels.com</a>
Hotel Istana	<a href="http://www.hotelistana.com.my">www.hotelistana.com.my</a>
Hotel Maya Kuala Lumpur	<a href="http://www.hotelmaya.com.my">www.hotelmaya.com.my</a>
Intercontinental Kuala Lumpur	<a href="https://kualalumpur.intercontinental.com/">https://kualalumpur.intercontinental.com/</a>
Le Meridien Kuala Lumpur	<a href="http://www.lemeridienkualalumpur.com">www.lemeridienkualalumpur.com</a>
Mandarin Oriental Kuala Lumpur	<a href="http://www.mandarinoriental.com/kualalumpur">www.mandarinoriental.com/kualalumpur</a>
Renaissance Hotels	<a href="https://www.marriott.com/hotels/travel/kulrn-renaissance-kuala-lumpur-hotel/">https://www.marriott.com/hotels/travel/kulrn-renaissance-kuala-lumpur-hotel/</a>
Shangri-La Hotel Kuala Lumpur	<a href="http://www.shangri-la.com/kualalumpur/shangrila/">http://www.shangri-la.com/kualalumpur/shangrila/</a>
Sheraton Imperial Kuala Lumpur	<a href="https://sheraton.marriott.com/">https://sheraton.marriott.com/</a>
The St. Regis Kuala Lumpur	<a href="http://www.marriott.com/hotels/travel/kulxr-the-st-regis-kuala-lumpur/">www.marriott.com/hotels/travel/kulxr-the-st-regis-kuala-lumpur/</a>
The Four Seasons Kuala Lumpur	<a href="http://www.fourseasons.com/kualalumpur/">www.fourseasons.com/kualalumpur/</a>
The Majestic Hotel Kuala Lumpur	<a href="http://www.majestickl.com">www.majestickl.com</a>
The Ritz-Carlton Kuala Lumpur	<a href="http://www.ritzcarlton.com">www.ritzcarlton.com</a>
The Royale Chulan Kuala Lumpur	<a href="https://www.royalechulan-kualalumpur.com/">https://www.royalechulan-kualalumpur.com/</a>
The Westin Kuala Lumpur	<a href="https://www.marriott.com/hotels/travel/kulwi-the-westin-kuala-lumpur/">https://www.marriott.com/hotels/travel/kulwi-the-westin-kuala-lumpur/</a>
Traders Hotel Kuala Lumpur	<a href="http://www.shangri-la.com/kualalumpur/traders">www.shangri-la.com/kualalumpur/traders</a>

### Competition Chart

Product Category (2018)	Major Supply Sources (2018)	Foreign Supplier Situation	Local Supplier Situation
<b>Beef and Beef Products</b>  <b>Net Imports: USD \$539 million</b>	India: 73% Australia: 16% New Zealand: 6% Brazil: 3%	Major foreign suppliers have a significant portion of their beef industry halal certified for export to Malaysia.	Inadequate supply of local beef.

		<p>Beef from India is very cheap and serves the low-end outlets.</p> <p>Australia dominates the higher-end HRI market.</p> <p>Currently, only one U.S. beef plant is halal approved by JAKIM (which severely restricts U.S. access to the local HRI market).</p>	
<b>Pork and Pork Products</b>  <b>Net Imports:</b> <b>USD \$71 million</b>	Germany: 38% Spain: 18% China: 13% Belgium: 7%	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 Imports:</b> <b>USD \$73 million</b>	China: 59% Pakistan: 8% U.S.A.: 8% Bangladesh: 6%	<p>Chinese potatoes are very price competitive.</p> <p>High quality potatoes from other sources are for high-end retail and HRI markets.</p>	Little domestic production.
<b>Vegetables - Frozen</b>  <b>Net Imports:</b> <b>USD \$44 million</b>	U.S.A.: 37% Denmark: 22% China: 17% Netherlands: 9%	U.S. frozen potatoes are in strong demand for the retail and HRI sectors.	There is a large market for chilled and frozen processed vegetables, particularly potatoes.
<b>Fresh Fruits</b>  <b>Net Imports:</b> <b>USD \$532 million</b>	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 Imports:</b> <b>USD \$36 million</b>	U.S.A.: 27% Thailand: 19% Indonesia: 12% Burma: 9%	U.S. dried fruits are in strong demand for the growing bakery industry.	Limited local production.
<b>Tree Nuts</b>  <b>Net Imports:</b> <b>USD \$173 million</b>	Indonesia: 33% U.S.A.: 21% China: 13% India: 7%	Imported nuts are in strong demand for use in the bakery industry.	Limited local production.

Source: Trade Data Monitor

## Best Prospective Products for the HRI Industry

<b>U.S. Products</b>	<b>2018 Import Value (January - September) (million USD)</b>	<b>2019 Import Value (January - September) (million USD)</b>	<b>Growth</b>
Processed Vegetables	\$39.5	\$44.3	12%
Tree Nuts	\$23.2	\$25.6	10%
Processed Fruit	\$14.8	\$21.8	48%
Fresh Vegetables	\$3.9	\$5.6	42%
Beef and Beef Products	\$0.9	\$0.6	-30%

Source: U.S. Census Bureau Trade Data

Note: Excellent opportunities for U.S. beef exist in the HRI sector provided required Malaysian halal certifications can be obtained.

### Key Contacts

#### A) USDA Foreign Agricultural Service Malaysia

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#### B) U.S. Dairy Export Council

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#06-10 High Street Centre  
Singapore 179094  
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Fax: (65) 6223 2010  
Contacts: Dalilah Ghazalay, Regional Director, SEA Marketing & Operations  
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#### C) U.S. Grains Council

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Fax: (60) 3 2273 2052  
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Email: [usgckl@usgc.com.my](mailto:usgckl@usgc.com.my)



D) U.S. Meat Export Federation

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Fax: (65) 6732 1977  
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Email: [singapore@usmef.com.sg](mailto:singapore@usmef.com.sg)

E) USA Poultry and Egg Export Council

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Singapore  
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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

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G) U.S. Soybean Export Council

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H) U.S. Wheat Associates

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#15-02 Liat Towers

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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/v6/xs/index.php>

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