

Required Report: Required - Public Distribution

Date: January 02, 2023

Report Number: MY2022-0018

Report Name: Exporter Guide

Country: Malaysia

Post: Kuala Lumpur

Report Category: Exporter Guide

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Report Highlights:

Malaysia retail food and HRI sector is expected to grow by 7.8 percent in 2023. U.S. exporters will see excellent opportunities in the retail food and food processing sectors as the country's economy rebounds strongly after the COVID-19 pandemic shutdowns.

Market Fact Sheet: Malaysia

Executive Summary

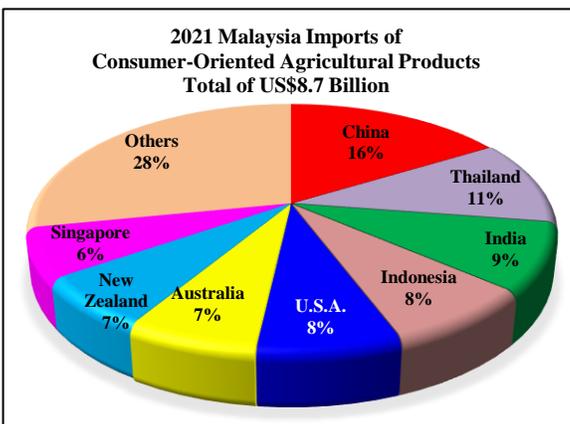
Malaysia's gross imports are expected to increase in 2023 by 0.2 percent driven by an increase in food and beverage consumption and increased spending by consumers.

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 2021 reached \$23 billion USD, roughly 6 percent of which was sourced from the United States.

Imports of Consumer-Oriented Products

In 2021, the United States was Malaysia's fifth largest supplier of consumer-oriented food and beverage products, with total sales reaching \$650 million USD for the year. Top U.S. products in the market include prepared food, dairy, processed vegetables and fruits, fresh fruits, 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-19, and it is showing signs of a strong recovery thanks to economic reopening and high vaccination rates. The HRI sector is expected to fully recover in 2023.

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 2023, including the steady growth of convenience stores.

Food Processing

The Malaysian food processing industry also joins the recovery momentum leading into 2023 for the export and domestic market. 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

GDP Per Capita Income: \$10,781 in 2021, with a growing middle class

Real GDP Growth: 14.2 percent in Q3 2022

(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. -Rising disposable income in Malaysia is driving demand for high-quality 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.

SECTION I: MARKET OVERVIEW

Malaysia's population of nearly 33 million is an increasingly urbanized market with a high demand for imported food and beverages. Despite only moderate economic improvement in 2021, the retail food and HRI sector is expected to grow by 7.8 percent with a significant increase attributed to the implementation of the Tourism Recovery Framework 2.0 launched in June 2022. The country's economy is on the road to recovery, with almost all economic sectors reopening. As locals resume regular social activities and international tourists return, the country expects to see robust demands on the food and beverage industry in 2023.

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 food and beverages. Malaysia's total agricultural product imports in 2021 reached \$23 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 note are Malaysia’s halal certification and dairy facility registration requirements:

HS Code Classification

For composite products other than raw food ingredients it is important to comply with import requirements under Food Act 1983 and its regulations before exporting to Malaysia. Please work with your local importer to ensure that your product is accurately classified with the Royal Malaysian Customs Department to avoid detainment and delay at the port of entry. For further details on food export activities into Malaysia, please refer to Ministry of [Health – Food Safety and Quality Section](#).

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](#)

<i>Organization & Address</i>	<i>Contacts</i>	<i>Halal Logo</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: 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 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 are certified halal. New to market suppliers must undergo a standard review process lasting 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 developing sectors with an estimated share change at 29.5 percent in 2022 and forecasted 7.8 percent growth rate into 2023. This growth will significantly accelerate the economic recovery in the food and beverage industry by increasing demand of imported consumer-oriented products. Please refer to the most recent FAS Malaysia Hotel, Restaurant, and Institutional GAIN report for more details on the sector.

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.

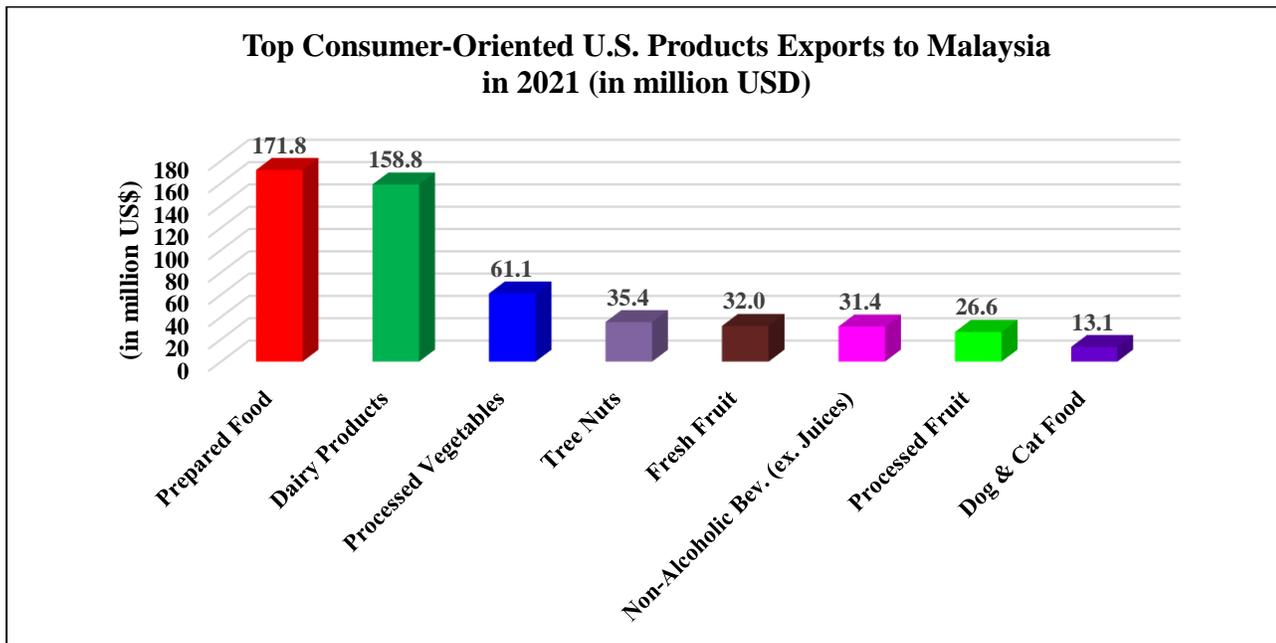
Trends and Practices

- The e-commerce channel has seen significant development due to the pandemic and will continue as businesses are not able to rely on bricks and mortar shop to survive.
- Convenience stores' popularity continues in the food retail sector.
- 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, most hotels in the country (including international chains) often 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 the Trade Data Monitor, the United States was Malaysia’s fifth largest supplier of consumer-oriented food and beverage products in 2021. Total sales reached \$650 million. Top U.S. consumer-oriented food and beverage products in the market include, prepared foods, dairy products, processed vegetables, tree nuts, fresh fruit, and processed fruits.



Source: U.S. Census Bureau Trade Data

Competition Chart

Major Products, Market Shares by Value and Competitor Situations			
Product Category (Jan-Dec 2021)	Major Supply Sources (Jan-Dec 2021)	Foreign Supplier Situation	Local Supplier Situation
Beef	India: 76% Australia: 14% Brazil: 5% Japan: 2%	Major foreign suppliers have a significant portion of their beef industry	Inadequate supply of local beef.
Net Value: USD \$581 million			

	U.S.A.: 0.1%	halal certified for export to Malaysia. Beef from India is very cheap and serves the low-end outlets. Australia dominates higher-end HRI market.	
Pork – Fresh, Frozen, Chilled Net Value: USD \$63 million	Belgium: 28% Spain: 20% Netherlands: 18% Denmark: 15% 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 \$82 million	China: 55% Bangladesh: 10% Pakistan: 9% India: 8% 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 \$35 million	China: 24% U.S.A.: 23% Netherlands: 14% Denmark: 13%	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 \$663 million	China: 29% South Africa: 21% Thailand: 12% Egypt: 8% U.S.A.: 7%	Highly competitive market.	Malaysia does not grow non-tropical fruits.
Dried Fruits Net Value: USD \$39 million	China: 23% U.S.A.: 18% Thailand: 17% India: 10%	U.S. dried fruits are in strong demand for the growing bakery industry.	Limited local production.
Edible Nuts Net Value: USD \$204 million	Indonesia: 36% U.S.A.: 18% China: 12% Vietnam: 9%	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

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.

SECTION V. Agricultural and Food Imports

U.S. Exports to Malaysia (thousand USD)

Product	2017	2018	2019	2020	2021	2021/2020
	Value	Value	Value	Value	Value	Period/Period % Change
Intermediate Total	369,542	347,549	384,071	320,642	404,424	26
Consumer Oriented Total	487,466	526,269	549,023	570,696	649,506	14
Bulk Total	239,464	254,542	338,155	294,888	315,186	7
Agricultural Related Products	52,627	49,870	43,174	39,646	38,409	-3
Grand Total	1,149,099	1,178,230	1,314,423	1,225,872	1,407,525	15

Source: Trade Data Monitor

Best Prospective U.S. Products for the Malaysian Market

U.S. Products	2020 U.S. Export Value (January - December) (million USD)	2021 U.S. Export Value (January - December) (million USD)	Growth
Prepared Food	\$109.40	\$171.80	57%
Dairy	\$156.90	\$158.80	1%
Processed Vegetables	\$52.00	\$61.10	18%
Tree Nuts	\$37.50	\$35.40	-6%
Processed Fruit	\$24.50	\$26.60	9%
Beef and Beef Products	\$0.60	\$1.00	67%

Source: U.S. Census Bureau Trade Data

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 VI. 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
50490 Kuala Lumpur, Malaysia
Tel: (60) 3 2789 3288
Contact: Caleb Wurth, Regional Director—Southeast Asia

Email: sea@grains.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: Joe Sowers, 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