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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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Report Highlights:

Easing of border restrictions and re-opening of food businesses in 2022 have helped to drive post-pandemic recovery in Malaysia's hotel, restaurant, and institutional (HRI) industry. Despite the pandemic and global supply chain impact, the demand for foreign consumer-oriented food and beverage products is strong. Malaysian imports of U.S. consumer-oriented food and beverage increased 7.5 percent over the previous year to \$650 million USD in 2021. The best prospective U.S. products for the Malaysian HRI market include dairy, fresh fruits, processed fruit, seafood, pork, and beef.

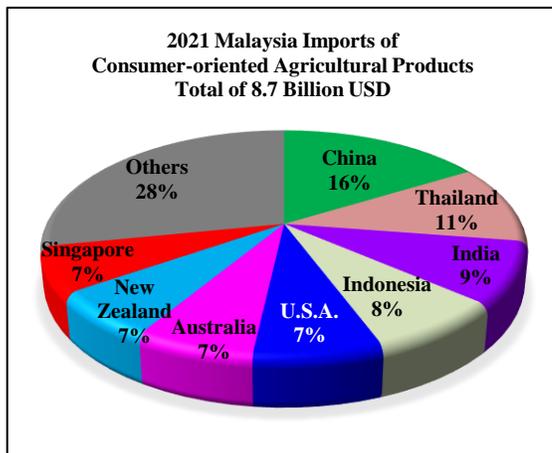
Market Fact Sheet: Malaysia

Executive Summary

Prior to the COVID-19 pandemic, Malaysia's hotel, restaurant and institutional (HRI) industry was one of the fastest growing sectors in the country's economy. In 2021, Malaysia's HRI sector entered a recovery phase and more reopening have spurred economic growth into 2022. Malaysian demands for foreign consumer-oriented food and beverage products continue to be robust with total imports in 2021 at \$8.7 billion USD.

Imports of Consumer-Oriented Products

Malaysian demand for U.S. consumer-oriented food and beverage products is strong with imports of 7 percent at \$650 million USD. The United States is currently Malaysia's fifth largest supplier of these products.



Source: Trade Data Monitor

Restaurant and Institutional

The Malaysian hotel, restaurant, and institutional (HRI) industry is on the rebound. Overall positive economic growth in this sector is a result of the re-opening of the HRI industry and increase in consumer spending on food and beverage.

Food Retail Industry

Malaysia's food retail sector has seen an increase in the number of grocery retailers and convenience stores. Additionally, consumer demand for natural and healthy products is on the rise. E-commerce has seen significant growth and used widely by retail food outlets.

Food Processing

The Malaysian food processing industry was also negatively impacted due to the pandemic. Several multi-

national companies with regional production facilities in and around Kuala Lumpur and the Government of Malaysia have identified the food processing industry as a critical sector for future economic growth.

Malaysian Macroeconomic

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

Per Capita Income: \$11,371 in 2021, with a growing middle class

Real GDP Growth: 3.1 percent in 2021

GDP Growth by Economic Activity in 2021:

Agriculture: -0.2 percent
Mining & Quarrying: 0.3 percent
Manufacturing: 9.5 percent
Construction: -5.2 percent
Services: 1.9 percent

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

Food Service Industry – Quick Takeaways

- 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
The 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.

SECTION I: MARKET SUMMARY

As Malaysia continues its post-COVID recovery, the re-opening of the hotel, restaurant and institutional (HRI) industry has resulted in increased spending by consumers. Overall, the HRI sector benefitted from a 14.3 percent growth rate in the past year. Prior to the pandemic, this was one of the fastest-growing sectors in the country's economy, driven by robust tourism and consumer spending. Despite the impact of global supply chain challenges and rising costs of raw materials in this sector, demand for high-quality imported food and beverages products remains strong. The HRI sector also continues to grow in the home delivery and drive-through services arena for both chain and independent food services. Similarly, the hotel industry expects significant growth with over 1,200 new hotel rooms planned for availability by 2025. Industry analysts forecast that food and non-alcoholic beverages will be the largest consumer spending category, which should bolster the positive trend for Malaysian imports of U.S. consumer-oriented food and beverage products. Imports of U.S. consumer-oriented food products increased 7.5 percent in 2021 compared to 2020, reaching a total value of \$650 million USD.

Sector Trends

- Third-party food delivery services have continuously increased usage in urban areas.
- 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 traditionally 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, poultry, and dairy) require halal certification in order to enter the country. As roughly 60 percent of the Malaysian population is Muslim, most hotels, restaurants, and catering services obtain halal certification for their operations. As a result, they often require that all food and beverage products used in their

establishments also be halal certified (regardless of the regulatory requirements for the 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 certify as halal 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).

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>Email: contact@ifanca.org Website: www.ifanca.org</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>	
<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</p> <p>Email: mmhussaini@halafoundation.org Website: www.halalfoundation.org</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.
The Malaysian HRI sector requires 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.

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 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 (FAIRS) [Country Report](#).
- Review the types of U.S. food products that can be readily targeted in the HRI market. Consider the price competitiveness of U.S. products compared to similar products available in Malaysia.
- Contact one of the approved U.S. halal certifying bodies and begin the certification process, if required.
- 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 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.

Sampling of Major Hotel & Resort Chains in Malaysia

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

SECTION III: COMPETITION

Product Category (2021)	Major Supply Sources (2021)	Foreign Supplier Situation	Local Supplier Situation
Beef and Beef Products Net Imports: USD \$581 million	India: 76% Australia: 14% Brazil: 4% Japan: 2%	Major foreign suppliers have a significant portion of their beef industry halal certified for export to Malaysia. Buffalo meat from India is very cheap and serves the low-end outlets. Australia dominates the higher-end HRI market. Currently, only one U.S. beef plant is halal approved by JAKIM (which severely restricts U.S. access to the local HRI market).	Inadequate supply of local beef.
Pork and Pork Products Net Imports: USD \$63 million	Belgium: 28% Spain: 20% Netherlands: 18% Denmark: 15%	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 Imports: USD \$82 million	China: 55% Bangladesh: 11% Pakistan: 9% India: 9% 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 Imports: USD \$35 million	China: 24% U.S.A.: 23% Netherlands: 14% Denmark: 13%	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.
Fresh Fruits Net Imports: 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	China: 23% U.S.A.: 18%	U.S. dried fruits are in strong demand for the growing	Limited local production.

Net Imports: USD \$39 million	Thailand: 17% India: 10%	bakery industry.	
Tree Nuts Net Imports: USD \$204 million	Indonesia: 36% U.S.A.: 18% China: 12% Vietnam: 9%	Imported nuts are in strong demand for use in the bakery industry.	Limited local production.

Source: Trade Data Monitor

SECTION IV: BEST PRODUCT PROSPECTS CATEGORIES

U.S. Products	2020 Import Value (Jan-Dec) (million USD)	2021 Import Value (Jan-Dec) (million USD)	Growth
Dairy Products	\$159.24	\$162.21	2%
Fresh Fruit	\$47.68	\$46.68	-2%
Processed Fruit	\$27.02	\$25.00	-8%
Fish Products	\$14.98	\$12.26	-18%
Pork and Pork Products	\$1.34	\$1.30	-3%
Beef and Beef Products	\$0.60	\$0.47	-22%

Source: Trade Data Monitor

Note: Excellent opportunities for U.S. beef exist in the HRI sector provided the required Malaysian halal certifications can be obtained, including for processed fruit and fish products that will expand a wider potential market.

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
E-mail: AgKualaLumpur@state.gov

B) U.S. Dairy Export Council

U.S. Center for Dairy Excellence
20 Martin Road
Seng Kee Building, #08-01
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

Suite 14-1, Level 14
Wisma UOA Damansara II,
No. 6, Changkat Semantan, Damansara Heights
50490 Kuala Lumpur, Malaysia
Tel: (60) 3 2789 3288
Fax: (60) 3 2273 2052
Contact: Caleb Wurth, Regional Director, South & 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
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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: 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/v6/xs/index.php>
Ministry of Agriculture Department of Veterinary Services: www.dvs.gov.my
Ministry of Finance Customs Headquarters: <http://www.customs.gov.my>

Attachments:

No Attachments