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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:

Domestic tourism and consumer spending have helped drive the post-pandemic recovery in Malaysia's hotel, restaurant, and institutional (HRI) industry. Malaysian imports of U.S. consumer-oriented food and beverage had a total value of \$679 million in 2022. The best prospective U.S. products for the Malaysian HRI market include dairy, fresh fruits, processed fruits, seafood, pork, and beef.

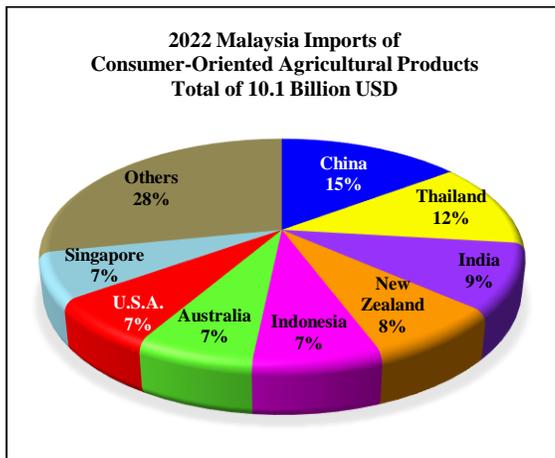
Market Fact Sheet: Malaysia

Executive Summary

The re-opening of tourism and food businesses increased consumer spending in Malaysia's hotel, restaurant, and institutional (HRI) industry. Industry analysts are projecting an 8 percent increase this year in the food and beverage industry's income in GDP after a projected growth of 22 percent to \$7 billion. Total imports in 2022 reached \$10.1 billion USD, indicating Malaysian demand for foreign consumer-oriented food and beverage products continues to grow.

Imports of Consumer-Oriented Products

Malaysian demand for U.S. consumer-oriented food and beverage products is strong. The United States maintains about 7 percent of the market share representing \$679 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's significant growth is predominantly driven by domestic tourism and increased consumer spending.

Food Retail Industry

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

Food Processing

The Malaysian food processing industry growth in 2022 and Malaysian manufacturing sector share comprise of

24.3 percent of the country's economy. Several multinational companies with regional production facilities in and around Kuala Lumpur and the Government of Malaysia have identified the food processing industry as critical for future economic growth.

Malaysian Macroeconomic

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

Per Capita Income: \$11,971 in 2022, with a growing middle class

Real GDP Growth: 8.7 percent in 2022 (+3.1 percent compared to 2021) and 2022 recorded the highest in 22 years.

GDP Growth by Economic Activity in 2021:

Agriculture: 6.4 percent
 Mining & Quarrying: 6.4 percent
 Manufacturing: 24.3 percent
 Construction: 3.5 percent
 Services: 58.1 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 complicated.
Opportunities	Challenges
The Malaysian HRI sector requires a wide range of imported food products and ingredients. -Rising disposable income drives demand for premium 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

Malaysia's consumer spending rate has increased during its' post-pandemic recovery phase in the hotel, restaurants and institutional (HRI) industry. The Department of Statistics Malaysia (DOSM), domestic tourism recorded 54.5 million visitors in the second quarter of 2023 with a 20 percent increase compared to the same quarter last year. This represents a significant jump back to normalcy for the HRI industry and is spurred primarily by domestic tourism and spending. Despite some remaining global supply chain challenges, demand for high-quality imported food and beverage products remains strong. Industry analysts forecast that food and non-alcoholic beverages will be the largest consumer spending category in the hotel industry in the coming years as Malaysia plans for over 1,200 new hotel rooms by 2025. Imports of U.S. consumer-oriented food products total value in 2022 was \$679 million USD, accounting for 7 percent of the Malaysian market share.

Sector Trends

- Food sustainability has been a driving force for many companies and brands seeking to find balance in their brand positioning while prioritizing health and nutrition. Restaurants and establishments are sourcing ingredients locally to reduce food miles and adopting environmentally friendly packaging.
- Plant-based and alternative protein products are experiencing growth in the market and are generally found in specialty stores and menu offerings.
- Sustainable packaging is becoming popular as consumers are more aware of the importance of sustainability.
- Third-party food delivery services have continuously increased usage in urban areas.
- Malaysia's food service industry is incredibly diverse with a broad range of Asian and Western cuisine available in various dining formats, from food stalls to full-service restaurants.
- A rapidly growing and highly urbanized population demands fast and convenient food choices. Additionally, healthy and organic products are popular.
- Malaysia's relatively young and educated population traditionally enjoys eating out.
- To attract local and international Muslim tourism, most 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.
- 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.

The Food and Beverage Industry Key Highlights

- The market's largest segment is confectionery and snacks with a market volume of \$9.2 billion in 2022.
- Alcoholic drink sales reached \$1.7 million in 2022 and the market is expected to grow annually by 14.6 percent according to industry analysts. Beer is the most popular beverage in this category with a market value of \$1 million in 2022.
- Non-alcoholic beverages hit a total revenue of \$8.72 billion in 2022 with carbonated drinks leading in popularity.

Challenges in the Food and Beverage Industry in Malaysia

- Labor shortage is a regular challenge as the food and beverage industry relies heavily on foreign labor. Government policies controlling the number of foreign workers in the country have been a contributing factor.
- Rising costs of food ingredients, rent, and utilities have been increasing over the years. Food and beverage outlets must find ways to keep prices competitive while staying profitable.
- The food and beverage industry in Malaysia is competitive with new restaurants and cafes opening up every day.

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 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).

<i>Organization & Address</i>	<i>Contacts</i>	<i>Halal Logo</i>
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<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 highly quality.	Many U.S. products must be halal certified in the Malaysian market, which can be complicated.
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.
Many 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	Most Malaysian consumers only dine at high-

quality and hygiene standards, which is very positive for U.S. food and beverage prospects.	end restaurants for special occasions.
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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) <https://www.fas.usda.gov/data/malaysia-fairs-annual-country-report-3>.
- 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 end-users technical assistance (e.g., handling techniques and product formulations).
- 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.limeridienkualalumpur.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 (2022)	Major Supply Sources (2022)	Foreign Supplier Situation	Local Supplier Situation
Beef and Beef Products Net Imports: USD \$717 million	India: 73% Australia: 13% Brazil: 8% New Zealand: 3%	<p>Major foreign suppliers have a significant portion of their beef industry halal certified for export to Malaysia.</p> <p>Buffalo meat 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>	Inadequate supply of local beef.
Pork and Pork Products	Spain: 40% Netherlands: 20%	Currently, EU prices are very competitive, and several EU	Domestic demand for pork has grown

Net Imports: USD \$108 million	Denmark: 20% Belgium: 9%	plants are approved for export to Malaysia.	significantly over the past several years and local industry has struggled to keep-up.
Potatoes - Fresh or Chilled Net Imports: USD \$100 million	China: 52% Pakistan: 13% India: 9% Bangladesh: 9% U.S.A.: 8%	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 \$40 million	China: 35% U.S.A.: 18% Denmark: 11% Netherlands: 10%	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 \$691 million	China: 29% South Africa: 23% Thailand: 11% Egypt: 8% Australia: 6% U.S.A.: 6%	Highly competitive market.	Malaysia does not grow non-tropical fruits.
Dried Fruits Net Imports: USD \$40 million	China: 26% U.S.A.: 19% Thailand: 15% India: 12%	U.S. dried fruits are in strong demand for the growing bakery industry.	Limited local production.
Tree Nuts Net Imports: USD \$196 million	Indonesia: 37% U.S.A.: 19% China: 14% Vietnam: 8%	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	2021 Import Value (Jan-Dec) (million USD)	2022 Import Value (Jan-Dec) (million USD)	Growth
Dairy Products	\$162.20	\$232.13	43%
Fresh Fruit	\$46.68	\$38.87	-17%
Processed Fruit	\$25.00	\$24.60	-2%
Fish Products	\$12.26	\$14.38	17%
Pork and Pork Products	\$1.30	\$1.11	-15%
Beef and Beef Products	\$0.47	\$0.72	53%

Source: Trade Data Monitor

Note: Excellent opportunities for U.S. beef, processed fruit and fish products exist in the HRI sector.

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
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: 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