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Report Name: Retail Foods

Country: Malaysia

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Report Highlights:

The Malaysia food retail sector is rapidly developing, and high-end/premium grocery stores are increasingly popular. According to Retail Group Malaysia (RGM), the country's food retailers reached \$26 billion USD in sales in 2018 and are on track to increase sales in 2019 by over four percent. Industry analysts report the sector is dominated by five key players: Dairy Farm Group, Mydin Mohamed Holdings, Trendcell, Village Grocer Holdings, and AEON Group. Top prospective U.S. products for the Malaysian food retail market include prepared foods, processed vegetables, tree nuts, processed fruits, pet food, and beef.

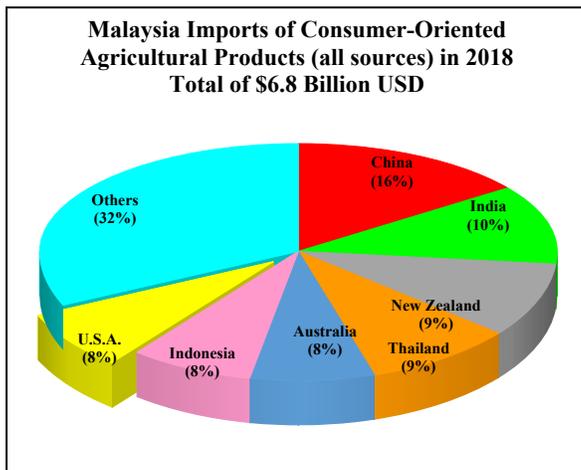
Market Fact Sheet: Malaysia

Executive Summary

Malaysia's food retail 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 imported, consumer-oriented, food & beverage products. Malaysia's total agricultural product imports in 2018 reached nearly \$18.5 billion USD, 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 & beverage products, with total sales reaching \$504 million USD for the year. Top U.S. food and beverage products in the market include dairy products, potatoes, processed fruit, fresh fruit and tree nuts.



Source: Trade Data Monitor

Retail Food

Malaysia's retail sector is rapidly developing, and high-end/premium grocery stores are increasingly popular. Total sales for the sector in 2018 reached \$26 billion USD.

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.

Malaysia's 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%
- Industry: 36%
- Services: 56%

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

Opportunities and Challenges for U.S. Exporters

Opportunities	Challenges
-U.S. food & beverage 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 Retail, Processing, and HRI 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 1. MARKET SUMMARY

The Malaysia food retail industry is comprised of a range of large supermarkets/hypermarkets, convenience stores, “mom and pop” traditional stores, and specialty retailers. According to Retail Group Malaysia (RGM), the country’s food retailers reached \$26 billion USD in sales in 2018 and are on track to increase sales in 2019 by over four percent. Industry analysts report the food retail sector is dominated by the following players: [Dairy Farm Group](#), [Mydin Mohamed Holdings](#), [Trendcell](#), [Village Grocer Holdings](#), and [AEON Group](#).

Major Food Retailers in Malaysia

Dairy Farm Group	<ul style="list-style-type: none">• Malaysia's largest food retailer (supermarkets and hypermarkets)• Retail Format: Giant, Cold Storage, Mercato, Jason's Place and G Ekspres supermarkets/hypermarkets• Procures from consolidators, distributors, local importers, and direct from exporters
Mydin Mohamed Holdings	<ul style="list-style-type: none">• A top retail chain in Malaysia (supermarkets)• Retail Format: Mydin supermarkets• Procures from consolidators, distributors, local importers, and direct from exporters
Trendcell Sdn Bhd	<ul style="list-style-type: none">• Fastest growing premium food retailer in Malaysia• Retail Format: Jaya Grocer supermarkets• Procures from consolidators, distributors, local importers, and direct from exporters
Village Grocer Holdings	<ul style="list-style-type: none">• A top retail chain in Malaysia (supermarkets)• Retail Format: Village Grocer and Ben's Independent Grocer supermarkets• Procures from consolidators, distributors, local importers, and direct from exporters
AEON Group	<ul style="list-style-type: none">• A top retail chain in Malaysia (supermarkets)• Retail Format: AEON, AEON Big, and AEON MaxValu supermarkets/hypermarkets• Procures from distributors, local importers, and direct from exporters

Source: Euromonitor and FAS/Malaysia

Sector Trends

- According to industry analysts, Malaysian consumers are starting to shift preference to smaller convenience stores as opposed to large supermarkets and hypermarkets in order to reduce time spent on grocery shopping.
- Health and wellness trends are increasingly prevalent in 2019.

- A growing e-commerce marketplace has resulted in major supermarkets offering online services as a convenience to their customers.
- Mobile phone payment utilization in the food retail sector is growing.
- Many Malaysian supermarkets are now offering in-store dining facilities where customers have the option to purchase products from the store and have them prepared and served on-site.

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 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 retailers. 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.



U.S. poultry promotional activity with major food retailer in Kuala Lumpur in 2019

Source: FAS Malaysia



U.S. fresh fruit promotion with major retailer in East Malaysia in 2019

Source: FAS Malaysia

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 08/10/2019

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
<p>Beef and Beef Products Net Imports: USD \$539 million</p>	<p>India: 73% Australia: 16% New Zealand: 6% Brazil: 3%</p>	<p>Major foreign suppliers have a significant portion of their beef industry halal certified for export to Malaysia.</p>	<p>Inadequate supply of local beef.</p>

		Beef from India is very cheap and serves the low-end outlets. Australia dominates higher-end market.	
Pork and Pork Products Net Imports: USD \$71 million	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.
Potatoes - Fresh or Chilled Net Imports: USD \$73 million	China: 59% Pakistan: 8% U.S.A.: 8% Bangladesh: 6%	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 \$44 million	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.
Fresh Fruits Net Imports: USD \$532 million	China: 28% South Africa: 22% U.S.A.: 10% Thailand: 8%	Highly competitive market.	Malaysia does not grow non-tropical fruits.
Dried Fruits Net Imports: USD \$36 million	U.S.A.: 27% Thailand: 19% Indonesia: 12% Burma: 9%	U.S. dried fruits are in strong demand for the retail and bakery industries.	Limited local production.
Tree Nuts Net Imports: USD \$173 million	Indonesia: 33% U.S.A.: 21% China: 13% India: 7%	Imported nuts are in strong demand for use in the retail and bakery industries.	Limited local production.

Source: Trade Data Monitor

U.S. Products	2018 Import Value (January - July) (million USD)	2019 Import Value (January - July) (million USD)	Growth
Prepared Food	\$51	\$66.2	31%
Processed Vegetables	\$32	\$33.9	8%
Tree Nuts	\$20	\$22.5	11%
Processed Fruit	\$13	\$14.0	12%
Dog and Cat Food	\$6	\$7.3	20%
Beef and Beef Products	\$0.9	\$0.6	-30%

Source: Trade Data Monitor

Notes: Excellent opportunities for U.S. beef exist in the market provided required Malaysian halal certifications can be obtained.

SECTION IV. 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

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
Kuala Lumpur, Malaysia
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

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