

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Malaysia

EXPORTER GUIDE ANNUAL

Annual

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Report Highlights:

Malaysia continues to be a net importer of food products with annual imports of more than \$5 billion, including consumer-oriented and fishery product imports of \$3.5 billion. With per capita income of over \$6,000 and a middle and upper class making up 61 percent of the population, Malaysia shows good potential for growth as a market for consumer high value products. According to U.S. Trade data, exports of consumer-oriented products to Malaysia increased from \$159 million in 2001 to \$307 million in 2008. Best product prospects include fresh fruits and vegetables, pet foods, dried fruits, nuts, frozen potatoes and processed juices.

Post:

Kuala Lumpur

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SECTION I: MARKET OVERVIEW

Malaysia, with a population of around 27 million, is one of the most developed nations in Southeast Asia. About 61 percent of its population falls into the middle to upper income group of consumers; with GDP per capita income of over \$6,000. Its economy has a firm foundation that includes strong manufacturing, service and agricultural sectors. GDP for 2009 is forecasted at negative three percent due to the effects of global economic downturn but three percent GDP growth is expected in 2010.

The services sector, value added manufacturing sector, the agriculture and agro based sector are expected to contribute to the sustainable growth in 2009. In addition, the Government of Malaysia is promoting biotechnology, information and communications technology, halal products and Islamic finance as the new sources of economic growth.

Malaysia is politically and economically stable and open to foreign trade. Transportation, communications, banking and health services are modern and efficient.

The inflation rate for 2009 is expected to ease at 3.7 percent from 5.4 percent in 2008. This is due to the stabilizing of oil prices.

The Malaysian food and beverage market is becoming increasingly sophisticated and is supplied by both local and imported products. The strong economic growth in the late 80's and early 90's contributed to major changes in consumer purchases and consumption patterns. Malaysians living in urban areas are relatively brand conscious, and they prefer to shop in stores, which offer them convenience and good product selections. Hypermarkets/large format stores are now the dominant format in urban/metropolitan areas in Malaysia with about 45 to 60 percent of urban household shoppers using them as the main outlet for the majority of their packaged groceries. Traditional markets are losing ground, but are still important outlets for fresh fruits and vegetables.

Advantages and Challenges for U.S. Suppliers

Advantages	Challenges
Malaysia's economy will continue to grow, resulting in an increasing number of consumers in the middle-income group demanding greater	Though consumers are demanding greater variety and quality in the foods consumed, they are generally price sensitive towards purchases. Thus retailers often purchase

<p>variety and quality of foods consumed.</p>	<p>food items that are more affordable to the majority of the consumers.</p>
<p>Shopping for foods at supermarkets and hypermarkets is becoming increasingly popular. Furthermore, new supermarkets and hypermarkets are being established throughout Malaysia where there is a significant population of middle to high-income consumers.</p> <p>Thus supermarkets and hypermarkets are providing greater market access for imported foods including chilled and frozen foods since these retail outlets have cold storage facilities.</p>	<p>Countries that are close to Malaysia have a faster delivery time and lower freight cost to Malaysia compared to US exports. Other countries are able to supply foods at lower prices than imports from the US.</p> <p>For example, imports from China, Thailand, Indonesia, and India are known for their relatively low prices. Australia is able to take advantage of quick delivery times and many Malaysians are familiar with Australian products.</p>
<p>Malaysia does not produce or produces in insufficient quantities certain food items high therefore have to be imported. These include beef, lamb, cheese, butter, pasta, and temperate fruits and vegetables.</p>	<p>Muslims comprise 60 percent of Malaysia's population is Muslims. Thus only <i>halal</i> meats (beef, lamb, and poultry) are allowed to be imported into Malaysia from plants approved by the Malaysian Islamic Development Department (JAKIM) and certified by recognized Islamic institutions in the country of export.</p>
<p>Malaysians are becoming more familiar with western foods from their trips abroad as students, on business, or holiday. The US, Britain, Australia, and New Zealand are major destinations for many Malaysians.</p> <p>Nearly all F&B outlets in 4-5 star hotels and resorts serve western menus and there are many mid to high-end restaurants across Malaysia serving such menus. US food service franchise operations dominate the Malaysian market and include fast food restaurants, cafés, and family restaurants located across Malaysia.</p>	<p>Importers and distributors supplying mid to high-end establishments will purchase at the lowest price from any exporter or country. Those food items are perceived as substitutable or commodities.</p> <p>For example, importers consider broccoli from China and the US as substitutable and will source imports offered at the lowest price. Beef and lamb from Australia, New Zealand, and the US are known for their quality and considered not substitutable with lower price imports.</p>
<p>The government is encouraging local food manufacturers to expand their exports and take opportunity of the US\$560 billion global <i>halal</i> foods market. Malaysia's <i>halal</i> standards are widely recognized in the Muslim world. Domestic agriculture cannot supply sufficient raw materials.</p>	<p>Though Malaysia is dependent on imports for 70 percent of the raw food materials, US exporters face competition from locally produced raw food materials that are in sufficient supply (e.g. poultry) including substitute products (e.g. palm oil vs. soybean oil).</p>

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SECTION II: EXPORTER BUSINESS TIPS

Business Customs

Malaysians are accustomed to doing business with foreigners and readily accommodate foreign business manners. Younger businessmen are prepared to start new business relationships with foreign companies without the advantage of a personal meeting. These businessmen also prefer to communicate with foreign suppliers electronically.

Prior to initiating any export sales to Malaysia, it would be advantageous to conduct a market survey with particular reference to the competitive environment. It is common for foreign exporters to appoint a local sales agent / importer to distribute their goods, expedite clearance of goods from ports and draw on existing networks of wholesalers and retailers. Regular visits by U.S. exporters to the market are also critical to enhance business relationships.

General Consumer Tastes and Preferences

Malaysia is a multiracial society consisting of three major races. The Malays account for 60 percent of the population, with Islam as the official religion; slightly more than 20 percent of Malaysians are Chinese who may be Buddhist or Christian. Indians form 7.1 percent of the population and they are largely Hindus. There is also a sizeable expatriate population and Malaysia is a popular tourist destination for Asia, the Middle East and Europe.

Lunch and dinner meals consist mainly of rice together with two or three meats/fish and vegetable dishes that are prepared according to the styles and traditions of various ethnic communities. The Malays and Indians prepare their dishes with hot spices while Chinese prefer to stir-fry. Religious affiliation affects food consumption in Malaysia. Muslims do not eat pork, and only eat meat products that have been certified halal, and many Buddhists and Hindus do not eat beef. Thus, halal chicken meat is popular among all consumers and Malaysia has one of the world's highest per capita consumption rates at 35 kg.

With rising affluence and education levels, consumers' shopping and eating lifestyles have changed drastically over the years. Malaysians, especially in urban and cosmopolitan areas, prefer to shop in modern retail outlets, which offer them one-stop shopping options. However, traditional stores such as provision and grocery shops, which are conveniently located in residential areas and workplaces, are still popular.

Malaysians are adventurous in their eating habits. Eating out is common and is relatively inexpensive. Open air, street-stall food is popular. Fine dining restaurants and foodservice

outlets incorporating international cuisines are found in Klang Valley and other major cities where spending power and population concentration are higher. Most consumers frequent this type of restaurants to dine in style and comfort and to experience the best and most sophisticated culinary standards in the country.

With a Muslim population of 60 percent, the demand for halal foods by Malaysian consumers has increased over the years. The expectation of halal standard in food products have extended from meat and meat products to non meat-based products such snacks, confectionery, dairy, bakery, etc. Halal is fast becoming recognized as a new benchmark for quality, hygiene and safety. Food products and ingredients that have halal certificates have added marketing value in Malaysia. Hence, most retailers, foodservice operators and food manufacturers are inclined to ask for halal certificates for non-meat based food products and ingredients.

Food Standards and Regulations

Malaysian health and food labeling requirements are fairly liberal. The labeling requirements specify that imported and domestically produced processed food items must be labeled in English or Bahasa Malaysia. Labels must contain the following information:

An appropriate description of the product;

A list of ingredients in descending order of proportion by weight;

if the item contains any animal product, a statement as to the presence of such animal products (beef, pork, lard, gelatins, etc.,)

if the item contains any alcohol, a statement as to the presence of alcohol;

the minimum net weight of the product; in the case of a product packed in liquid, the minimum drained weight of the food;

the name and address of the manufacturer;

the name and address of the importer (this can be affixed at the time of import);

a statement of shelf life or expiry dates.

Certain food additives, preservatives, and artificial colorings approved for use in the United States may not be permitted in Malaysia. Codex approved items are generally allowed if there are no provisions or regulations pertaining to the additives and preservatives in the Malaysian Food Regulation. In addition, products with labels that include phrases such as "Contains No Palm Oil" or "Contains No Tropical Oils" will not be allowed for import. (Malaysia is a palm oil producing country and is a strong advocate of this commodity).

In addition to the general labeling requirements above, nutritional labeling is compulsory for the following foods: prepared cereal foods; various types of bread; variety of milk and powdered milk, including sweetened condensed milk, evaporated milk and cultured milk;

canned meat; canned fish; canned vegetable, canned fruit and various types of fruit juices, salad dressing and mayonnaise, various types of soft drink including botanical drink, soya bean milk and soya bean drink.

Please see FAIRS Report MY9029 for more detailed information on Malaysian food standard and requirements.

General Import and Inspection Procedures

All food consignments are subject to random checking and sampling at the 34 entry points around the country to ensure food items imported into the country are safe and comply with the prescribed standards and regulations. All meat, poultry and dairy product shipments must be accompanied by appropriate USDA documentation. International freight forwarders normally handle documentation and other formalities with authorities at entry points. Provided all necessary documents are in order, no problems or delays should occur in clearance of goods.

Halal requirement and certification

All beef and poultry products must be certified halal and the products must originate from slaughterhouses that have been inspected and approved by the Malaysian veterinary and religious authorities. An Islamic Center approved by the Malaysian Islamic Development Department (JAKIM) must supervise the slaughter and processing and issue the halal certificate for meat and poultry. The Islamic Center must be listed by the packing plant on the original JAKIM application form or the application must be appropriately amended to make use of a new Islamic Center.

U.S. exporters should also be aware that importers might request for additional certificates, which are not required by the authority, either to meet the demand of their own customers or for marketing purposes. For further processed food (which contains no meat), there is no known requirements for any certificate, but exporters are encouraged to acquire *halal* certification from approved Islamic Centers (<http://www.dvs.gov.my/usa2>) to cater to the Muslim consumer market as Muslims account for more than half of Malaysia's population and Muslims consume foods that are *halal*. The *Halal* Certificate should accompany the shipment and the products should have the approved Islamic Center's *halal* logo on their packaging for information and marketing purposes.

SECTION III: MARKET SECTOR STRUCTURE AND TRENDS

Malaysia continues to be a net importer of food products with annual imports of more than \$5 billion. Food imports have been growing on an average of 20 percent per annum over the last few years and will likely to grow at similar rates over the next five years

In 2008, the total imports of consumer-oriented and edible fishery products to Malaysia were estimated at \$3.5 billion. Total imports from the United States were \$320 million*, representing 10 percent market share. New Zealand beat China to be the major supplier with imports at \$528 million, which is 16 percent of the market share, followed by China (15 percent) and India (11 percent). The hike in imports from New Zealand was primarily for milk powder.

China is the main supplier of vegetables with reported imports at \$170 million in 2008. Turnip, cabbage, carrot, potato and garlic were among the major items. China is the market leader for mandarin oranges (\$26 million), apples (\$18 million) and pears (\$17 million). Since the US and China are both in the northern hemisphere with similar seasons, US exporters have to compete aggressively with Chinese exporters who can sell their produce at lower prices. US Valencia oranges, apples and grapes are popular in the Malaysian market. Imports for 2008 were at \$13 million, \$4 million and \$3.4 million respectively. Competition is less intense with supplies from Australia and South Africa since they have the opposite seasons.

By tradition, New Zealand is the most favored for dairy products followed by Australia. The latter in turn is the preferred source of meat products. In 2008, imports of full cream milk powder, skim milk powder, butter and cheeses from New Zealand were at \$410 million while imports of from Australia were estimated at \$107 million. US whey is finding a growing market, estimated at \$28 million.

India is the leading supplier of red meat market with total imports of \$184 million (77,000 metric tons) in 2008. Indian beef and buffalo meat caters to the mass market. In the foodservice sector, competition for US beef comes from Australia and Uruguay, with total imports amounted to \$26 million and \$11 million respectively in the same year. US beef is considered premium and is found only in high-end foodservice outlets and restaurants serving Japanese, Korean and Western cuisines.

Malaysia is self-sufficient in pork and poultry (broiler/eggs) production. Chicken parts and chicken wings are imported periodically to meet the demand from the local processing industry. In 2008, major suppliers of chicken parts and chicken wings were the China (\$37 million), Denmark (\$14 million) and the Netherlands (\$6 million). US pork exporters have seen a growing market in the past year as shortages crop up in the local market.

* This data, obtained from the World Trade Atlas Database based on Malaysia Customs data, reflected a lower import value compared to the statistics published by the US Bureau of the Census Trade Data. US data showed that the total exports of consumer-oriented products and edible fish and seafood products from US were \$307 million in 2008.

Malaysia is a net importer of fish and seafood products with an annual import at \$600 million in 2008. Of this, an estimated \$350 million is for imports of fish, whether live, fresh/chilled or frozen. The supply of fresh and frozen fish comes from Thailand (\$115 million), followed by China (\$110 million) and Indonesia (\$102 million).

An increasing number of middle to high income consumers in Malaysia demand high quality imported exotic fish and seafood, especially live, and the bulk of these will be consumed in middle to high-end Chinese seafood restaurants. Lobsters (Boston, Rock), abalone, oysters, scallops, clams (Razor, Blood, Sea, Jackknife), green mussels, crabs (Snow, King, Blue Swimmer, Dungeness), prawns (Mantis), geoduck, farmed sturgeon, razor fish, turbot, grouper, sea bass, bamboo fish, coral trout and carp are popular.

High-end western restaurants and high-end hotels have a demand for premium fresh, chilled or frozen products, such as salmon, cod, Dover sole, halibut as well as oysters, scallops, clams, lobsters, crabs and alike. Most salmon imports (fresh/chilled, frozen and smoked) are distributed to these types of food service outlets.

Supermarkets and hypermarkets are good for fresh chilled or frozen lobsters, crabs, large prawns, mackerel, cod, salmon (included smoked), Hoki, Dori, mackerel, crab meat, mussels, scallops and clams.

Opportunities exist for US fish and seafood exporters to develop their market presence in Malaysia by supplying to these major businesses.

Distribution for consumer-ready food products

Private companies are the major entities in the food distribution system. Food importers and commissioned agents place orders with foreign suppliers and distribute to supermarkets/grocery stores and hotels in the cities and to sundry shops in the rural areas. Several of the larger supermarket and hypermarket chains are importing directly from overseas.

Most products from the United States enter through the ports of Klang, Penang and Johor. Transshipment of food products through Singapore has declined with improvement in shipping facilities offered by major ports in Malaysia. Westport, situated in Port Klang and the Port of Tanjung Pelepas (in Johor) have further enhanced Malaysia as a shipping hub.

Malaysia has seven international airports, including the newly opened Kuala Lumpur International Airport (KLIA), one of the biggest and most modern airports in the region. Malaysia's modern highway network is the backbone of the country's transport system as 90% of passenger and cargo movements are by roads. Roads link almost every town in Malaysia, and products move efficiently between cities and rural areas. Railway lines which connect the

north, south, west and east coasts of Peninsular Malaysia complements the road system.

Food Retail Sector

Malaysia has a large and growing food retail market that is supplied by local and imported products. The current total retail sales of food and beverages are estimated at US\$11 billion. The forecast for this sector is likely to grow by around 10 percent per annum over the next three to five years.

Malaysian households spend an average 24 percent of their household income on retail purchase of foods. Due to rising affluence and higher education level, Malaysian consumers have become more sophisticated and demand higher quality for the goods that they purchased.

According to Retail Group Malaysia, the bulk of retail food sales are channeled through the traditional stores, such as provision stores, grocery stores, specialty food stores and other sundry shops. This sub-sector commands close to 60 percent of food sales today. Modern stores such as supermarkets, hypermarkets and department stores with supermarkets only have around 39 percent share of the retail food market. Convenience stores have remained insignificant, with only about 1 percent share of the retail food market.

Independent grocery stores and wet markets are found in the residential areas of both urban and rural towns across Malaysia. Most of the food items sold by grocery stores are canned foods, dried foods, snack foods, ice cream, and soft drinks. Fresh produces such as fruits and vegetables are seldom sold and usually do not sell frozen or chilled foods other than ice cream. However, grocery stores known as mini-markets, which are larger and more modern than the traditional grocery stores, would sell these food items. However, they are relatively fewer in numbers compared to the traditional grocery stores.

Wet markets include daily wet markets operating in permanent buildings and weekly morning and night markets operating in non-permanent locations. Food items sold are generally fresh fruits, vegetable, meat and fish. Imports are usually apples, oranges, grapes, carrots, potatoes, onions, cabbages, and broccoli.

Supermarkets and hypermarkets are mainly located in the major urban centers and are continuing to grow in numbers. Foreign-owned retailers operating locally include Tesco, Carrefour, Makro, Dairy Farms International (owns Giant), and Jaya Jusco. Supermarkets and hypermarkets will continue to see the fastest growth over the next three years. These retail stores provide good venues for imported products and access to the middle and high-income

sophisticated consumers.

Competition among the retailers, especially hypermarkets, is intense with large international retailers like Carrefour, Tesco and Giant frequently engaging in price wars to establish their presence as major players in the market. Carrefour has successfully launched the price cuts strategy for about 1,200 products in their stores. Meanwhile, Giant, the largest hypermarket operator in Malaysia, is reported to sacrifice profits in order to maintain the low-price leader status. Pressure is mounting for local retailers such as The Store to maintain competitive prices and carry a good variety of products in order to keep up with the international players.

A recent study conducted by a retail consultant in Malaysia showed that Malaysians are shopping more at convenience stores and petrol marts. Increasing competition has resulted in a need for convenience stores to become more professional. Customers are now expecting more sophisticated offers like a wider range of better quality ready-to-eat snacks and hot-and-chilled beverages.

Key Entry Strategies for US Exporters

- Market, distribute, and promote through the supermarkets and hypermarkets.
- Promote food products to create consumer awareness and loyalty.
- Appoint importers or agents that best meets the needs of the exporter.
- Ensure that processed foods are acceptable to local taste and have appropriate packaging.
- Acquire *halal* certification from recognized Islamic institution in the US.

Food Processing Sector

There are nearly 3,200 manufacturers involved in the food manufacturing industry in Malaysia and the industry accounts for nearly 10 percent of Malaysia's manufacturing output. Processed foods are exported to 80 countries, with an annual export value of more than \$2.6 billion. Food manufacturers operating in Malaysia include both Malaysian and multinational companies such as Nestle, Unilever, Cerebos, and Campbell Soup.

The Malaysian government has identified the food processing industry as a priority sector for industrial development and increase exports. Malaysia's Ministry of International Trade and Industries (MITI) estimates the global market for *halal* foods (foods suitable for Muslim consumption) at US\$560 billion annually. Recognizing the potential of the halal food industry, the Malaysian Government aims to become the Global Halal Hub by becoming a major producer of halal food and to be in the forefront of marketing, certification and reference for

halal food products.

With the emphasis given by the Government to promote Malaysia as an international halal hub, the prospects for the halal food industry are promising. Malaysia also works closely with the Organization of Islamic Conference (OIC) countries to promote the Malaysian Halal Standard (MS1500:2004) as the benchmark for international standard for halal products. This is expected to further contribute to the acceptance of Malaysia's halal food products globally.

Big corporations such as Nestle and Tesco are known to work hand-in-hand with the government to achieve the halal hub goal. With more than 30 percent of Nestle Malaysia's exports are for Middle East, and a large portion going to markets with substantial Muslims population such as Indonesia, Singapore and Philippines, Nestle has picked Malaysia as their global halal food production center and currently export over \$100 million annually. Meanwhile, Tesco Malaysia has announced its plan to export \$2.7 million worth of halal products from Malaysia to Britain by 2011.

Changes in consumer lifestyle and government emphasis encouraging exports of processed foods from Malaysia are the market drivers of the country's food processing industry.

■ Malaysia's rising per capita income and increasing urban population has encouraged consumers to lead a more modern but busy lifestyle. Thus there is a trend towards meals that are convenient to prepare or ready to eat. Consumers are also demanding more variety in their foods, becoming accustomed to international cuisines including western foods, and also healthier foods, providing new opportunities for food manufacturers.

■ An important trend affecting the local food processing industry is the establishment of new supermarkets and hypermarkets throughout Malaysia. Shopping at these retail outlets is becoming increasingly popular among consumers. These supermarkets and hypermarkets have cold storage facilities to stock and display chilled and frozen foods. This provides opportunities for food manufacturers to develop and market frozen and chilled processed foods.

Key Entry Strategies for US Exporters

- 1) Ensure quality of the raw food materials to instill manufacturers' confidence.
- 2) Acquire *halal* certification to cater to the Muslim consumer market.
- 3) Emphasize on the competitive advantage of the exporter's products to the food manufacturers.
- 4) Market and promote to increase awareness among food manufacturers.
- 5) Establish an efficient distribution network to maximize market penetration.

Food Service Sector

Malaysia has a sizeable and rapidly growing food service market today. Sources from the trade estimate the food service market today is valued between US\$ 4.9 billion to US\$ 5.5 billion

today. The food service market has been growing at a rapid average rate of around 7 percent and 10 percent per annum over the next three to five years.

Hotels and resorts, restaurants, and the institutional sub-sectors represent the best potential for US exporters. The restaurant sub-sector accounted for 70 percent of the total food service sales in 2008. This is followed by the hotels and resorts (8 percent) and catering services to institutions (5 percent). Other sub-sectors include food stalls but are not a potential market for US exporters since they mainly serve relatively cheap local dishes.

Malaysia’s tourism industry has also led towards the growth of the food service industry in Malaysia. Tourism is an important revenue earner for the country. Currently it is the second largest foreign exchange earner after manufacturing. Between 2001 and 2008, total tourist revenue registered an average annual growth of 19.5 percent, from \$7 billion in 2001 to \$14.5 billion in 2008. Of this, food and beverage is the third largest contribution at 16.4 percent after accommodation (39.4 percent) and shopping (20.7 percent). With the current government’s effort to promote Malaysia as a medical tourism hub, tourists’ arrivals are expected to grow in the coming years. The growth in tourism is expected to fuel the growth of restaurants offering international cuisines such as Middle Eastern and Latin American food.

High tariffs and excise taxes in alcoholic beverages are deterring the consumption of wine in the foodservice sector. The taxes, known as sin tax, increase about 5 percent-10 percent every year. Coupled with the high mark-ups on the wine by hotel and restaurant operators, the selling price of the wines is exorbitant and this prohibits further consumption in foodservice outlets.

Key Entry Strategies for US Exporters

- 1) Conduct promotional activities to create awareness among importers and the foodservice establishments.
- 2) Appoint local importers specialized in the food service industry to import and market the exporter’s food products to the food service establishments.
- 3) Target the mid to high-end food service establishments.
- 4) Acquire *halal* certification from recognized Islamic institutions in the US.
- 5) Maintain a product positioning strategy for the food products.

SECTION IV: BEST HIGH-VALUE PRODUCT PROSPECTS

Product Category	2008 Market Size	2008 Imports	3Yr. Avg. Annual Import	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness For USA

			Growth			
Infant food, including dairy products	N/A	52,961 tons (\$115 million)	14%	No import duties are levied on infant milk/food.	Food cultural barriers exist. Malaysian mothers appear to prefer cereal based infant foods. Locally prepared and packed dairy products of Nestlé, Dumex and Dutch Baby have a strong hold on the market.	The USA is already the major supplier for bottled infant food and the market is upgrading on the back of higher disposable incomes.
Fruit juices	N/A	20,853 tons (\$43 million)	11% growth	20% except for pineapple juice which incurs 30%.	The retail market for fruit juices is growing, the market is upgrading from cordials on the back of higher disposable incomes.	This market is likely to become more dynamic in future as Malaysians start to understand these products. Opportunities will exist for development by the U.S. pure juice suppliers.
Fresh Vegetables, Temperate	500,552 tons	495,552 tons (\$200 million)	9% growth	No import duty is charged.	Competition from key established suppliers from Australia, Indonesia and China. Competition also comes in the form of products from Malaysia's own highlands and some Asian countries.	Demand for temperate vegetables will continue to rise on the back of rising disposable incomes. This will provide opportunities for U.S. suppliers able to compete with Australia, Indonesia and China.
Frozen vegetables	11,294 tons	11,294 tons (\$10 million)	Decline	Nil except sweet corn which incurs 10% and frozen potatoes at 7%.	Demand is not very varied and revolves around potatoes, peas, sweet corn and mixed vegetables.	Frozen vegetables, especially potatoes from US are in demand from Malaysian consumers. Note: Food service demand is also important.
Fresh fruits, temperate	581,792 tons	577,951 tons (\$154 million)	22%	5% for strawberry, raspberry and gooseberry and 10% for other fruits except kiwi fruit which incur 30% import	Few barriers exist for popular products such as apples, pears, oranges and grapes.	This is one of the most attractive market segments for the USA to develop. Demand for temperate fruits will rise on the back of rising disposable incomes.

				duty.		
Dried fruits	17,841 tons	17,841 tons (\$11 million)	Decline	10% except for Dates, which incur no import duty.	Mature traditional demand exists except for dates which are growing rapidly on the back of rising disposable incomes.	Attractive to U.S. suppliers with market driven approach to business with Malaysia.
Edible nuts	9,334 tons	9,334 tons (\$25 million)	Marginal growth	Nil, except for roasted groundnuts which incurs 20% import duty.	Major demand growth is from the food industry.	This market should not be ignored. The USA is already the major supplier and the market is upgrading on the back of higher disposable incomes.
Dog and cat food for retail sale	30,263 tons	30,263 tons (\$22 million)	13%	No import duties are levied on dog or cat food.	Few constraints/ barriers exist under conditions where disposable incomes are growing.	Attractive for committed suppliers wishing to actively develop markets on a long-term basis.

SECTION V: KEY CONTACTS AND FURTHER INFORMATION

If you have any questions or comments regarding this report or need assistance exporting high value products to Malaysia, please contact the Office of Agricultural Affairs at the U.S. Embassy in Kuala Lumpur at the following address:

Office of the Agricultural Affairs
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For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service homepage: <http://www.fas.usda.gov>.

Malaysian Regulatory Agencies / Other Trade Contacts

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APPENDIX I: STATISTICS

A: KEY TRADE & DEMOGRAPHIC INFORMATION

Agricultural Imports From All Countries (US\$Mil) / U.S. Market Share (%)	12,819 / 6%
Consumer Food Imports From All Countries (US\$Mil) / U.S. Market Share (%)	3,344/ 10%
Edible Fishery Imports From All Countries (US\$Mil) / U.S. Market Share (%)	559/ 2%
Total Population (Millions) / Annual Growth Rate (%)	27.73/ 2.1%
Urban Population (Millions) / Annual Growth Rate (%)	17.6/ 2.5%

Number of Major Metropolitan Areas	11
Size of Middle Class (Millions) / Growth Rate (%) (estimate)	17 / 2.5%
Per Capita Gross Domestic Product (US Dollars)	\$7,400
Unemployment Rate (%)	3.2%
Per Capita Food Expenditures (U.S. Dollars)	\$1,500
Percent of Female Population Employed	45.8%
Exchange rate (US\$1 = X.X local currency)	US\$ = 3.42 RM

TABLE B: Consumer Food & Edible Fishery Products

Malaysia Imports

	Imports from the World			Imports from the U.S.			U.S Market Share		
	2006	2007	2008	2006	2007	2008	2006	2007	2008
(In Millions of Dollars)									
CONSUMER-ORIENTED AGRICULTURAL TOTAL	2319	2962	3345	190	273	320	8	9	10
Snack Foods (Excl. Nuts)	93	113	141	6	8	10	6	7	7
Breakfast Cereals & Pancake Mix	14	15	18	1	1	1	6	7	6
Red Meats, Fresh/Chilled/Frozen	240	283	335	0	1	1	0	0	0
Red Meats, Prepared/Preserved	6	8	11	1	0	0	9	0	0
Poultry Meat	24	60	67	1	2	2	4	3	3
Dairy Products (Excl. Cheese)	448	704	753	42	114	100	9	16	13
Cheese	26	33	48	1	1	3	5	3	6
Eggs & Products	2	2	3	0	0	0	5	0	0
Fresh Fruit	113	139	196	17	12	24	15	9	12
Fresh Vegetables	350	368	341	8	7	8	2	2	2
Processed Fruit & Vegetables	142	170	201	23	31	41	17	18	20
Fruit & Vegetable Juices	25	38	43	7	13	16	29	34	37
Tree Nuts	20	25	30	8	8	10	39	32	33
Wine & Beer	44	60	69	2	2	3	6	3	4
Nursery Products & Cut Flowers	6	19	11	0	0	0	0	0	0
Pet Foods (Dog & Cat Food)	27	35	45	5	6	9	17	17	20
Other Consumer-Oriented Products	739	890	1032	67	67	92	9	8	9
FISH & SEAFOOD PRODUCTS	553	618	559	13	18	10	2	3	2
Salmon	17	17	24	0	0	0	1	0	0
Surimi	13	18	18	0	0	0	0	0	0
Crustaceans	157	186	126	1	2	1	1	1	1
Groundfish & Flatfish	105	102	100	6	7	3	6	7	3
Molluscs	24	29	31	3	1	1	11	3	3
Other Fishery Products	237	266	261	3	8	5	1	3	2
AGRICULTURAL PRODUCTS TOTAL	6919	8866	11774	421	635	675	6	7	6
AGRICULTURAL, FISH & FORESTRY TOTAL	7915	9965	12819	468	692	718	6	7	6

TABLE C: Top 6 Suppliers of Consumers Foods & Edible Fishery Products

CONSUMER-ORIENTED AGRICULTURAL TOTAL – (\$1000)

RANK	IMPORT MARKET	2006	2007	2008
1	NEW ZEALAND	223,235	342,769	528,143
2	CHINA	369,419	471,306	506,793
3	INDIA	264,961	335,645	363,576
4	UNITED STATES	190,466	274,265	319,943
5	AUSTRALIA	254,939	308,071	308,740
6	THAILAND	250,534	269,517	285,317
	Others	765,557	959,348	1,032,238
	TOTAL	2,319,111	2,960,921	3,344,750

FISH & SEAFOOD PRODUCTS – (\$1000)

RANK	IMPORT MARKET	2006	2007	2008
1	THAILAND	119,309	125,573	115,749
2	CHINA	121,809	132,864	109,675
3	INDONESIA	66,746	95,682	102,165
4	VIETNAM	47,588	52,975	37,987
5	MYANMAR	31,033	30,200	29,501
6	INDIA	32,268	30,348	22,208
7	UNITED STATES	12,342	17,775	10,023
	OTHERS	122,218	132,586	131,723
	TOTAL	553,313	618,003	559,031

Source: Global Trade Atlas.