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Required Report - public distribution

Date: 4/19/2016

GAIN Report Number: MY5022

Malaysia

Food Service - Hotel Restaurant Institutional

Annual 2015

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Report Highlights:

Malaysia has a dynamic hotel and restaurant industry. Changing lifestyles and growing middle class underpins demand. Key U.S. prospects for the HRI sector include dairy products, frozen potatoes, fresh and dried fruit, nuts, sauces, and juices. Halal certification is essential. Halal and other technical barriers hinder meat and poultry export opportunities.

Post:

Kuala Lumpur

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(Note: All photos in this report were taken by FAS Kuala Lumpur)

Executive Summary:

SECTION I: MARKET SUMMARY

1.1 Malaysia in Brief

Malaysia has a GDP per capita of USD 10,830 (in 2014). The multi-ethnic country has progressed from an agricultural and primary commodities based economy to a manufacturing-based, export-driven economy, spurred on by high technology, knowledge-based, and capital-intensive industries. Energy, palm oil, light manufacturing, and financial services continue to be key economic drivers

The economy grew by 6 percent in 2014, higher than expected due to strong domestic demand. Moderate growth of 5 percent continued in 2015 despite the uncertainty in the global economic environment, fiscal consolidation and cheaper oil prices. The economy is expected to expand 4 percent in 2016 with the strong private investment in manufacturing and services.

Malaysia's population has a significant pool of active consumers, with evolving eating habits, and growing consumption of imported food and beverages. Malaysia's population is 30 million and relatively young. (This is too wide a range – what percent is under 21 years of age, i.e., not working yet and don't have much money?) (LP: Don't have such details information available from Dept. of Statistic) Over 50 percent of the population is in the middle to high income group with growing purchasing power, and increasingly sophisticated and modern lifestyles. This is leading to greater consumption of imported food and beverages from western countries. Consumers are willing to dine out at the full range of establishments available in Malaysia, including full-service restaurants, fast food restaurants, fine dining or casual dining eateries. Nevertheless, as the government continues to reduce subsidies and the implementation of a 6 percent Goods and Service Tax in 2015, price sensitive consumers are cautious on their spending.

Malaysia HRI Sector in Brief

Currently, 1,858 hotels and resorts are registered with the Ministry of Tourism, with approximately 209,000 rooms available throughout Malaysia. Average occupancy rates have been running at 70 percent or above. To attract local and international Muslims, some hotels have sought Halal certification, and currently about 123 hotels have been approved as Halal by the National Islamic Authority, JAKIM. In addition, an estimated additional 200 hotels have obtained halal certification through individual State Islamic Departments.



Malaysia has a wide variety of dining establishments, including full service restaurants, fast food restaurants, cafes, food stalls, food courts, eat-in bakeries, and pubs & bars. Most restaurants provide Asian cuisine, with Chinese dominating the mid- and high end restaurants. Malay, Indian (various cuisines), Japanese (various cuisines/formats), and Indonesian, and Thai restaurants also dominate the local restaurant scene.

With rising urbanization, changing lifestyles, and more women in the work place, consumers want convenience through dining outside the home. These trends will boost demand in the food service sector. To meet this growing demand and to keep abreast of evolving promotional tools, foodservice

outlets will continue to seek new ways to use social media tools, launch promotions, and advertising campaigns to expand market share. However, rising operational and raw material costs are likely to be passed down to consumers.

American-style (family-style restaurants, which mainly operate in chains), Italian, and French are the most prominent cuisines in non-Asian restaurants. Turkish, Persian, and Lebanese restaurants are also present.



American franchises dominate Western cuisine, with approximately 18 American franchises operating, including Chili's, TGI Fridays, Tony Roma's, and Red Lobster (see left photos). These major franchise players have more than 30 outlets throughout Malaysia. American franchises also lead the local fast-food sector. A&W was the first American franchise in Malaysia, followed by KFC and McDonald's (see right photos) There are



currently more than 1000 fast food outlets throughout Malaysia.

Middle income consumers with families, young working adults, and teenagers are the main patrons of fast food restaurants. They prefer the informal, clean and comfortable environment to food courts and other traditional food service outlets. Customers that frequent restaurants are from the middle to upper income families, business persons and the affluent young working adults. Most of the customers are well-travelled, well-informed, sophisticated, prefer to dine in comfort and appreciate the highest culinary standards in Malaysia.

The institutional sector mainly refers to non-profit organizations and establishments, and catering companies. The catering sub-sector plays a significant role in this industry. A notable catering company is LSG Brahim's SkyChef Sdn Bhd, whose main business is catering for airline companies. Other catering companies include Felda' d'Saji, which is popular for wedding ceremonies, and TT Resources which also serves special family occasions.



Universities, colleges, and schools that offer culinary classes are key sources of demand for food and beverage services in the institutional sub-sector.

Convention centers are another key source of demand, as the Malaysian tourism board has been actively concentrating on the Meetings, Incentives, Conferencing & Exhibition (MICE) sub-sector. Convention centers often have their own food preparation venues. Production and distribution of halal foods is an important element of the HRI sector. A whole industry of products and services related to halal is developed. For HRI food and beverage providers, it is always best to ensure that food supplied is certified halal. Malaysia's tourism sector is one of the key development areas under the government's economic transformation programs. The Malaysia Tourism Transformation Plan is to attract 36 million tourists to Malaysia and generate about \$42 billion for the country by the year 2020. The development of hotel and tourism projects is encouraged in line with the promotion of Malaysia as an attractive tourist destination and as a regional

center for trade and commerce. A total of 169.3 million domestic visitors were registered in 2014 with 60.7 million were tourists. Malaysia’s medical tourism has steadily increased for the last few years. Malaysia Healthcare Travel Council reported over 850 thousand healthcare travelers in 2015.

1.2 Imported Food

Malaysia is a net food importer, with imports accounting for about 30 percent of total food consumption.

Table 1 - Imports of Food and Beverage Products from United States (2010-2014)
(US\$ million)

Food Items		2010	2011	2012	2013	2014
Beverages	World	374.7	585.6	684.3	777.9	717.8
	USA	4.8	8.9	8.1	8.3	8.3
Coffee, tea, mate & spices	World	392.1	474.6	436.5	468.3	552.9
	USA	2.8	3.9	5.2	6.1	4.7
Dairy products, eggs & honey	World	610.8	817.1	842.0	1012.4	1169.0
	USA	84.7	126.3	109.7	140.7	160.8
Edible fruit & nut	World	301.5	363.6	414.9	505.2	526.7
	USA	47.9	60.8	63.5	78.5	70.5
Edible vegetables	World	720.8	737.1	709.5	823.6	760.2
	USA	15.4	19.4	24.7	24.7	23.2
Fish & fish preparations	World	464.3	633.6	704.1	736.1	697.1
	USA	6.5	6.9	11.3	45.3	27.5
Meat & meat preparations	World	543.9	668.9	735.9	834.1	924.1
	USA	3.0	3.4	2.6	1.4	0.1
Processed Meat	World	11.6	7.9	10.4	13.8	17.1
	USA	0.0	0.2	0.1	0.2	0.1
Poultry & Poultry Preparations	World	71.1	105.9	108.6	110.4	113.2
	USA	1.2	1.9	1.5	0.4	0.1
Processed cereal products	World	511.5	611.6	660.3	723.9	789.1
	USA	15.5	18.9	22.5	25.5	20
Processed cocoa products	World	1144.2	1300.0	1166.6	1086.2	1314.4
	USA	10.5	9.9	11.3	11.5	11.9
Processed Fish & Other Ocean Products	World	66.1	90.3	119	125.8	75.2
	USA	0.1	0.3	0.3	8	0.1
Other Ocean Products	World	254.7	321.3	325.7	292.4	388.6
	USA	2.9	4.0	4.3	4.3	5
Processed vegetables,	World	218.8	267.5	292.3	319.9	313.2

fruits and nuts	USA	53.7	76.0	82.0	76.4	76.1
Miscellaneous processed foods	World	589.6	732.2	868.3	940.2	942.8
	USA	89.9	94.4	111.7	127.1	132.1
Sugar & sugar preparations	World	908.8	1095.2	1174.7	1074.2	1137.9
	USA	14.8	22.6	30.7	31.5	31.6
Wheat, Rice, Corn	World	1592.3	1978.8	1908.5	1793.7	1863.1
	USA	57.3	169.3	59.7	52.2	84.5
Total	Rest of the World	8,776.80	10,791.20	11,161.60	11,638.10	12,302.40
	USA	411.00	627.10	549.20	642.10	656.60
Growth Rates	World	24%	23%	3%	4%	6%
	USA	27%	53%	-12%	17%	2%

(Source: Global Trade Atlas (GTA))

1.3 Other Developments in HRI Sector



Consumers increasingly prefer healthier foods offered by certain restaurants, and organic products are becoming more popular. One example of healthier eating is the rise of street stalls/kiosks selling fruit juice. Vendors such as Juice Works, Boost Juice Bars, and Tutti Frutti (see left photo) offering nutritional yogurt smoothies or healthy juice as an alternative to coffee have increased in prominence as consumers aim for healthier habits.

Local companies and brands dominate the food service sector. QSR Brands (KFC), Golden Arches (McDonald's) and Secret Recipe Cakes & Café dominate the consumer foodservice sector in Malaysia. They have consistently marketed their products with a range of promotional marketing campaigns. For instance, the offering of tea-time promotions from 3:00-6:00 p.m. by Secret Recipe Cakes & Café. Continuous innovation in the company's menu enables it to outperform other competitors. Furthermore, Secret Recipe Cakes & Café has expanded aggressively with more new outlets throughout Malaysia, which helped it to gain market share

Kopitiam which means "coffee shop" in the Hokkien dialect of ethnic Chinese in Malaysia, is another local branch also expanding. Kopitiam outlets were originally found in shop houses in villages and towns across the country, serving up coffee and breakfast. They were popular places to grab a quick drink and cheap street food. However, modern kopitiam have retained the old-fashioned marble-topped tables, wooden chairs and chunky crockery, but now they are found in major shopping malls, business district and large neighborhoods. Currently there is about 30 modern kopitiam's companies with more than 700 outlets throughout Malaysia.

Independent foodservice providers continue to dominate

Independent foodservice providers play a significant role in the sector, particularly due to the large number of kiosks and outdoor outlets. Most of these providers are managed by independent players. Bars/pubs, full-service restaurants and cafés are also predominantly independent foodservice providers. Despite the dominance of independent food service providers, chains are also prominent. Most of the fast food chains, such as KFC and McDonald’s have enjoyed popularity in Malaysia for years. Other local foodservice chains like Old Town White Coffee (see right photo) and Secret Recipe Cakes & Café have aggressively expanded as well.



Halal Certification

Products destined to the food service industry need to be halal certified. Almost all local hotels, restaurants, catering services, and conventions halls strive to be 100 percent halal. As such, all food products used as ingredients or which are served in these establishments need to be halal certified. Beginning in 2012, only the Department of Islamic Development, JAKIM, is authorized to issue Halal certification for domestic food establishments. Heretofore, several local Islamic authorities issued halal certifications. JAKIM-appointed foreign Islamic institutions will continue to inspect and certify imported food products, including those from the U.S. Currently, two U.S. Islamic institutions are authorized to issue Halal certificates for food exports to Malaysia.

No	Organization & Address	Contacts	Halal Logo
52	Islamic Food and Nutrition Council of America (IFANCA) 5901 N. Cicero Ave, Suite 309 Chicago, Illinois 60646 USA 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	
53	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 islamicservices@isahalal.org Website: www.isahalal.org	

(Sources: JAKIM - The Recognized Foreign Halal Certification Bodies & Authorities, February 15th, 2016)

1.4 Advantages and challenges for US exporters

The Table below summarizes the advantages and challenges for U.S. products in the Malaysian food service sector.

Table 2 - Advantages and Challenges for US Exporters

Advantages	Challenges
Popularity of American culture carries over to American food.	Australia's and New Zealand's products are often cheaper.
Malaysia's economy is stable and the food service sector continues to evolve.	Consumer purchasing power may be hindered by rising inflation.
Most imported food and beverages have low import duties and customs duties (except for alcoholic drinks).	U.S. products need to be <i>halal</i> certified, but obtaining halal certification can be cumbersome.
A large number of U.S.-style restaurants and cafés operate in major cities, enabling new-to-market US products easier access.	New products will soon face "copied" products competing on price.
U.S. products are already well-known and well represented in the food service market.	In addition to Australia and New Zealand, products from China and other ASEAN countries are gaining market share.
Cultural trends and gains in disposable income lead to additional interest in dining outside the home, particularly among young Malaysians.	Western food service outlets still continue to be a phenomenon in urban locations, with Malaysian cuisine and outlets still continuing to dominate the local scene.
The high end segment maintains high standards of quality and hygiene, which is positive for U.S. food products.	Most consumers only dine at high end restaurants for special occasions.

SECTION II: ROAD MAP FOR MARKET ENTRY

2.1 Entry Strategy

Restaurants, bakeries, caterers, and airline food service providers are the main end-users in this sector, and a select number of importers specialize in providing raw materials and foods to these end-users. As the end-users often prefer to source most of their supplies, ingredients, and food from a small number of importers, US exporters wishing to serve the HRI market should focus on these importers. Equally important, U.S. exporters should ensure that their products are halal certified. The end users' premises

are themselves halal certified, so they will only handle products that are likewise halal certified.

In addition, U.S. exporters should consider the following when planning to enter this service market:

- Review the types of U.S. products that can be readily targeted at the high end food service sector. Consider the price competitiveness of U.S. products compared to local and other imported products.
- Gain a full understanding of the purchasing needs and purchasing criteria of local users in order to closely meet their expectations. Again, halal certification is essential.
- Be aware of peak purchasing seasons (Chinese New Year, Ramadan, end-of-year holidays).
- Develop links with local importers that target key hotels, high end restaurants and major caterers that demand imported food and beverages.
- Improve local users' and importers' awareness of, and knowledge about, U.S. food, drinks and cuisine by showcasing to the high end food service sector what the U.S. exporters have to offer in terms of food ingredients and drinks for use in the various high end food service channels.
- Conduct U.S. food and beverage promotions with hotel restaurants and high end restaurants, particularly during festivals and other peak seasons.
- Provide technical assistance (e.g. chef training or product formulation) to end-users.
- Collaborate and communicate with local importer to ensure that all certificates and import permits are obtained.

2.2 Exporting to Malaysia/Government Requirements

For this sector, the most challenging requirement to overcome is the halal requirement, which, as stated above, JAKIM enforces. Dairy and meat imports require import permits from the Ministry of Agriculture. Import duties are relatively low.

MARKET STRUCTURE

The following figures as shown below identifies the various market structures for exporting food to

Figure 1 - Distribution Channel for US Exporters

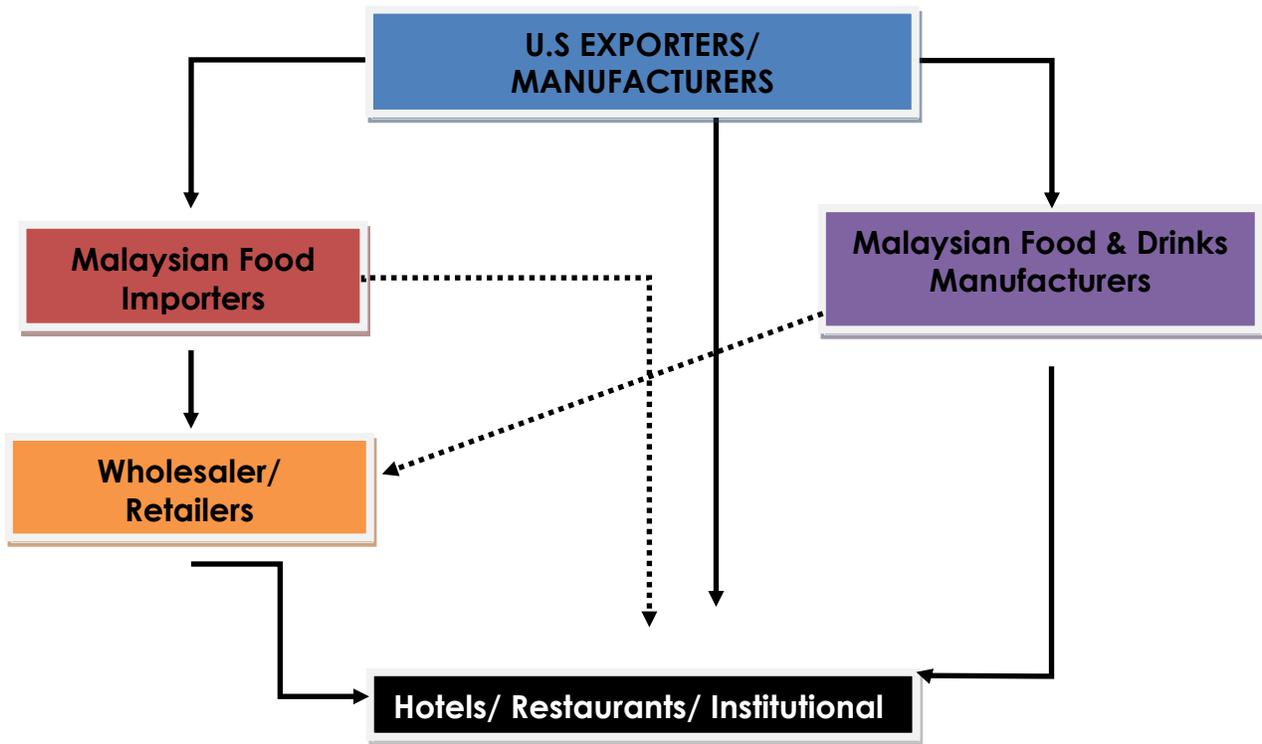


Figure 2 - Distribution Channel for U.S. Exporters via Franchising/Licensing

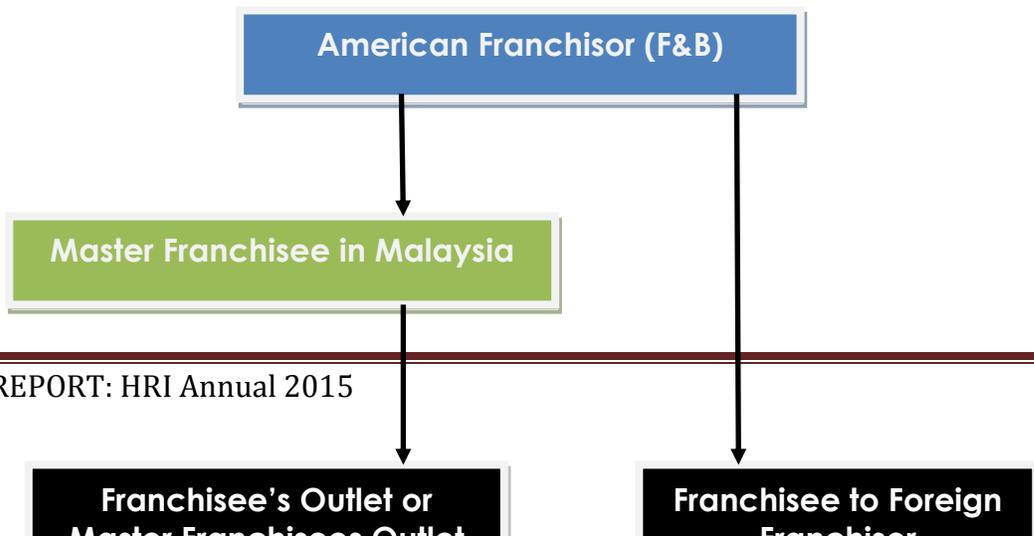
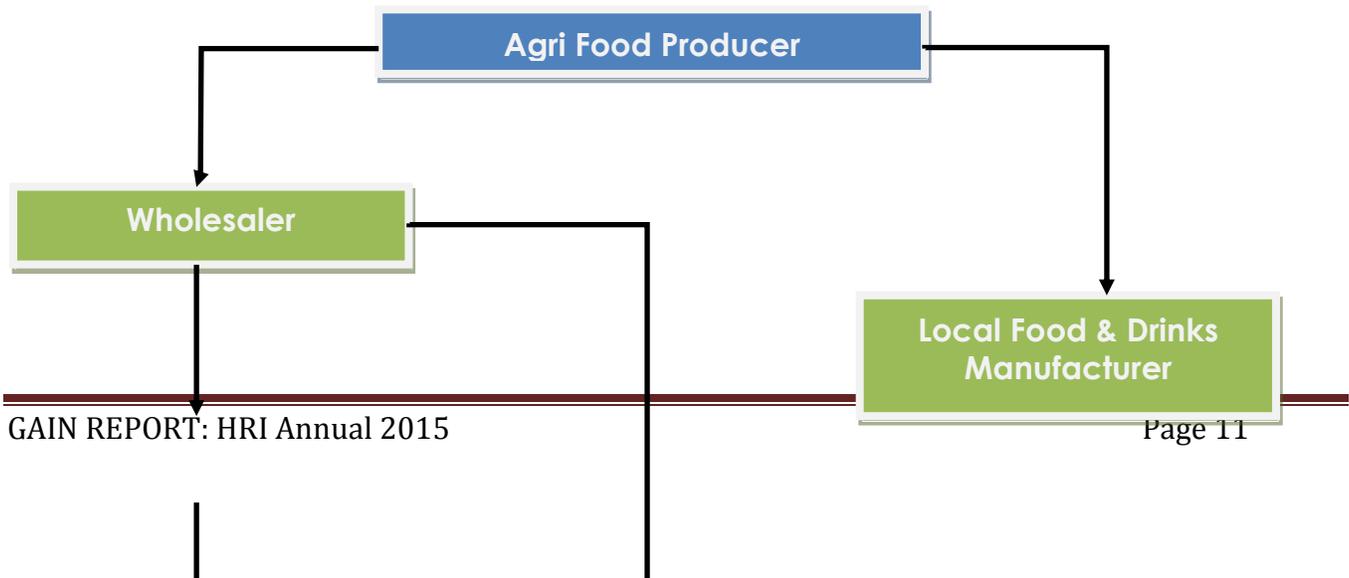


Figure 3 - Local Distribution Channel



Supplier/Distributor



2.2 SUB-SECTOR PROFILES

The following tables as below shows the key players for the HRI sector in Malaysia

Hotel – Key Player Profiles

Table 3 – Major Hotels and Resorts in Malaysia

Name	Outlet Name, Type, & Number of Outlets	Location	Purchasing Agent Type
Mandarin Oriental, Kuala Lumpur	<ol style="list-style-type: none">1. Mandarin Grill2. Lai Po Heen3. Mosaic4. Casbah5. Aqua restaurants & Bar6. Wasabi Bistro7. Sultan Lounge8. Lounge On The Park	Kuala Lumpur	Local importers or suppliers

	9. MO Bar		
Ritz Carlton, Kuala Lumpur	1. Li Yen 2. Cobalt Room 3. In-Room Dining	Kuala Lumpur	Local importers or suppliers
Shangri-La Tanjung Aru, Kota Kinabalu	1. Café TATU 2. Coco Joe's Bar & Grill 3. Peppino 4. Shang Palace 5. Borneo Lounge & Bar 6. Cool Box Ice Cream Bar 7. Sunset Bar	Sabah	Local importers or suppliers
Shangri-La Kuala Lumpur	1. Lafite 2. Lemon Garden 2Go 3. Lemon Garden Cafe 4. Shang Palace 5. Zipangu 6. Arthur's Bar & Grill 7. Lobby Lounge 8. Poolside Terrace	Kuala Lumpur	Local importers or suppliers
Hilton Kuala Lumpur	1. Chambers Bar & Grill 2. GRAZE 3. Chynna 4. The Lounge 5. Iketeru 6. Vasco's 7. Oro Café 8. Boardwalk Poolside Restaurant 9. Zeta Bar	Kuala Lumpur	Local importers or suppliers
JW Marriott Kuala Lumpur	1. Shanghai 2. Jake's Charbroil Steaks 3. Enak 4. Shook! 5. Village Bar 6. Fisherman's Cove 7. Sentidos Tapas 8. Tarbush 9. Jogoya 10. KoRyo Won 11. Kaihomaru 12. Luk Yu Tea House 13. Newens of London 14. Pak Loh Chiu Chow	Kuala Lumpur	Local importers or suppliers
Palace of the Golden Horses, Kuala Lumpur	1. Carousel Cafe 2. Grand Salon 3. Sidewalk Cafe 4. Kim Ma	Kuala Lumpur	Local importers or suppliers

	5. Kin No Uma		
Grand Hyatt Kuala Lumpur	1. Thirty8 2. JP teres 3. Pool side	Kuala Lumpur	Local importers or suppliers
St. Regis Kuala Lumpur (Opening May 1, 2016)	1. Astor Bar 2. Brasserie 3. Ginza Tenkuni Lounge 4. The Drawing Room 5. Crystal Lounge 6. Cigar Lounge 7. Taka by Sushi Saito	Kuala Lumpur	Local importers or suppliers

Restaurants – Key Player Profiles

The Table below provides information on the major businesses involved in the operation of restaurants

Table 4 – Major Restaurants in Malaysia

Name	Outlet Name, Type, & Number of Outlets	Location	Purchasing Agent Type
TT Resources Bhd	1. Tai Thong - 19 outlets 2. Putra Jaya Seafood Restaurant – 1 outlet 3. Chopstick Noodle House – 1 outlet 4. San Francisco Steakhouse – 4 outlets 5. Santini@Suria KLCC – 1 outlet 6. Nuovo Café – 2 outlets	High end restaurant areas and high end shopping malls	Local importers or suppliers
KFC Holdings	KFC – 537 outlets	Nationwide	Centralised buying

(Malaysia) Bhd	Rasamas – 16 outlets Kedai Ayamas - 74		
Golden Arches Sdn Bhd	McDonald's - 266 outlets	Nationwide	Macfood Services (M) Sdn Bhd is the only supplier of McDonald's chain of restaurants
Nando's Chickenland Malaysia Sdn Bhd	Nando's – 65 outlets	Nationwide	Local agents
A&W (M) Sdn Bhd	A&W – 29 outlets	Nationwide	Centralised buying
Pizza Hut Restaurants Sdn Bhd	Pizza Hut– 313 outlets	Nationwide	Centralised buying
Revenue Valley Sdn Bhd	The Manhattan Fish Market – 31 outlets Tony Roma's – 10 outlets Sushigroove – 2 outlets	High end shopping malls in Kuala Lumpur, Selangor, Johor and Penang	Centralised buying
Secret Recipe Cakes & Café Sdn. Bhd	Secret Recipe – 306 outlets	Nationwide and in high end shopping malls in major cities	Centralised buying
San Francisco Coffee Sdn Bhd	San Francisco Coffee – 31 outlets	High end shopping malls in major cities	Centralised buying
Subway Asia Pte Ltd	Subway Restaurants – 206 Outlets	Shopping malls, petrol stations, major towns and cities	Local importers or suppliers
Tutti Frutti (Naza Tutti Frutti (M) Sdn Bhd)	17 Outlets	Shopping malls and neighborhood business centre	Direct Import
TGI Fridays (Bistro Americana (M) Sdn Bhd)	16 Outlets	High end shopping malls in major cities	Local importers or suppliers
Chili's Grill & Bar Restaurant (T.A.S Leisure Sdn Bhd)	9 Outlets	High end shopping malls in major cities	Local importers or suppliers

Institutional – Key Players Profiles

Table 5 – Major Food Service Institutions in Malaysia - Catering

Name	Location	Purchasing Agent Type
Brahim's Airline Catering Holdings Sdn Bhd	Catering kitchens at Sepang KLIA Largest airline caterer, serving up to 45,000 Halal meals a day.	Local agents and directly from overseas suppliers. All suppliers must supply Halal origin ingredients and must have Halal certification

KL Airport Services Sdn Bhd	Catering kitchens at Sepang KLIA. Second largest airline caterer.	Local agents and directly from overseas suppliers. Only Halal products accepted.
Master Chef Catering Services	Selangor. Targets corporate and private customers.	Local agents
TT Resources Bhd	Selangor. Targets wedding, anniversaries, baby showers, corporate events, theme parties, graduations and private customers.	Local agents
Felda d'Saji	Kuala Lumpur Targets corporate and private customers.	Local agents
Hajjah Maznah Food Industries Sdn Bhd	Selangor. Targets corporate, government, hospital, wedding, conventions, and private customers.	Local agents
EDEN Catering Sdn Bhd	Selangor. Targets high income private customers, western expatriates as well as corporate customers.	Local agents

Table 6 – Major Food Service Institutions in Malaysia - Convention Centre

Name	Location	Purchasing Agent Type
Putra World Trade Centre (PWTC)	4 Exhibition Halls 4 Function Halls Can accommodate 10000 visitors at one time Kuala Lumpur	PWTC deals directly with supplier for various products. Currently 5 local main suppliers.
Kuala Lumpur Convention Centre	8 Exhibition Halls 8 Function Halls 4 Theatre Halls Kuala Lumpur City Centre	Deals directly with supplier of various products.
Putrajaya International Convention Centre	8 Exhibition Halls 8 Function Halls 4 Theatre Halls	Local supplier

Table 7 – Major Food Service Institutions in Malaysia - Universities/Culinary Course

Name	Location	Purchasing Agent Type
Cilantro Culinary Academy	Subang Jaya, Selangor	Local supplier
KDU College: School of Hospitality, Tourism, and Culinary Arts	Selangor & Penang	Local supplier
Taylor's University College: School of Hospitality and	Selangor	Local supplier

Culinary Arts		
Culinary Arts Center	Penang	Local supplier
International Centre Of Cake Artistry Sdn. Bhd.	Kota Damansara, Selangor	Local supplier
English Hotbreads	Cheras, Selangor	Local supplier

SECTION III: COMPETITION

Table 8 – Competitive Situation in Malaysia

Product Category (2014)	Major Supply Sources (2014)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Beef Number of countries imported from: 17 Net Value: USD \$ 520 million Net Tons : 146,191	India – 77.1% Australia – 14.4% New Zealand – 5.1%	Halal certification approved by Malaysian religious authority. Beef from India is cheaper (approximately 50%) and serves the low end outlets. Australia dominates higher end niche.	Inadequate supply of local fresh beef.
Pork – Fresh, Frozen, Chilled Number of countries imported from: 22 Net Value: USD \$39 million Net Tons : 12, 686	Germany – 44.9% China - 12.8% Spain – 8.1% USA – 1.0%	EU prices most competitive, and more EU plants are approved.	Local pork industry is politically concentrated and can exert influence to slow imports.
Chicken Number of countries imported from: 13 Net Value: USD \$112	China – 65.7% Thailand – 21.8% Denmark – 5.1%	Halal certification approved by Malaysian religious authority. Opportunities available for processed food sector and also HRI. Local fresh chicken preferred. Imports restricted through import licensing. No U.S. plants approved for export.	Local consumers still prefer fresh or chilled chicken to frozen chicken. Local costs of production high.

million Net Tons: 27,926			
Eggs Number of countries imported from: 5 Net Value: USD \$475,577 Net Numbers: 296,265	China – 62.4% Vietnam – 19.9%	Malaysians are among the world's largest egg eaters, averaging 320 eggs per capita.	Producers are also able to meet the local in-shell demand, but opportunities exist for processed dry egg products.
Potatoes Number of countries imported from: 28 Net Value: USD \$ 78 million Net Tons: 193,960	China – 58.5% Bangladesh – 12.8% USA – 11.3%	China potatoes are cheaper.	Little domestic production.
Dehydrated Potatoes Number of countries imported from: 24 Net Value: USD \$30 million Net Tons: 23,458	Germany – 56% Netherlands – 19.1% U.S.A. – 14.1%	Germany is the preferred choice.	No domestic production.
Milk Number of countries imported from: 22 Net Value: USD \$44.2 million Net Tons: 24,080	New Zealand – 33.9% Australia – 25.4% Singapore – 9.9% USA – 2.4 %	New Zealand's products most price competitive and importers have long established relationship.	Limited local production
Vegetables Frozen	China – 23.9% Belgium –	China is becoming increasingly competitive. U.S. dominates frozen potato sector.	There is a large market for chilled and frozen processed vegetables, particularly

Number of countries imported from: 26 Net Value: USD \$25.9 million Net Tons: 30,640	18.2% USA – 17.5%		potatoes.
Breakfast Cereals Number of countries imported from: 32 Net Value: USD \$24.3 million Net Tons: 9,268	Philippines – 35.4% Thailand – 13.5% China - 9% USA – 8.6%	Market share for Philippines has been increasing gradually. Multi-nationals have established regional production hubs.	Imported products dominate
Fresh Fruits Number of countries imported from: 66 Net Value: USD \$418 million Net Tons: 494,202	China – 23.9% South Africa – 19.1% USA – 9.3%	China’s market share growing, but very competitive market. U.S. market share varies with fruit and season.	Malaysia does not grow cool weather fruits.
Dried Fruits Number of countries imported from: 38 Net Value: USD \$31.8 million Net Tons: 29,826	USA – 26.5% India – 22% Thailand – 15%	U.S. dried fruits in demand for bakery ingredients.	Limited local production.
Edible Nuts Number of countries	China – 22.9% USA- 22.3% Indonesia –	Major exports of edible nuts from USA are almonds, Pistachios, Hazelnut and Walnut.	The demand for edible nuts is constantly rising, with limited local production.

imported from: 42 Net Value: USD \$ 119.4 million Net Tons: 120,685	16.7%		
Ice Cream Number of countries imported from: 18 Net Value: USD \$48.5 million Net Tons: 19,547	Thailand – 49.2% Indonesia – 24.1% USA – 12.9%	Thailand brands very popular.	No local production.
Sauces & Seasoning Number of countries imported from: 38 Net Value: USD \$95.1 million Net Tons: 50,369	Thailand – 23.6% Singapore – 16.8% China – 16.6% USA – 11.5%	Singapore processing plants export to Malaysia.	Local production insufficient, particularly tomato based sauces.
Chocolates & Cocoa Powder Number of countries imported from: 44 Net Value: USD \$156 million Net Tons: 26,108 Tons	Singapore – 19.8% China – 9.8% Switzerland – 8.7% USA – 7.6%	Singapore acts both as trans-shipment and processing point.	Local cocoa and chocolate processing sector growing.
Jams Number of countries imported from:	Thailand – 16.7% Italy – 15% France – 11.2%	Jams and spreads from USA are popular.	Local jams are of a different variety and come from tropical fruits.

43 Net Value: USD \$21.4 million Net Tons: 10,653	USA – 5.6%		
Fruit & Vegetables Juices Number of countries imported from: 49 Net Value: USD \$68.0 million Net Tons: 40,021	USA – 30.9% New Zealand – 8.9% Thailand – 8.1%	USA dominates imported fruit juice sector.	Insufficient domestic production.
Non Alcoholic Beverages Number of countries imported from: 52 Net Value: USD \$100.2 million Net Liters: 98.7 million liters	Thailand – 61.7% Singapore – 21.3% Vietnam – 3.4% USA – 0.5%	Several soft drink companies have manufacturing in Thailand.	Local production is growing.
Beer Number of countries imported from: 41 Net Value: USD \$79.7 million Net liters: 60.4 million liters	Singapore – 22.3% Netherland – 22.1% China – 11.2% USA – 2.6%	Singapore’s Tiger Beer’s share in the local beer sector has been increasing.	The demand for alcoholic beverages is increasing.
Wines Number of countries imported from:	Australia – 49.9% France – 21.7% Chile – 4.8%	Australian wines are popular and promote Australian wines extensively.	No domestic production.

36	USA – 2.4%		
Net Value: USD \$78.7 million Net Liters: 8.1 million liters			

Sources: Global Trade Atlas (GTA)

SECTION IV: BEST PRODUCT PROSPECTS

Products	2010 Imports (\$ & Volume)	2014 Imports (\$ & Volume)	5-Yr. Avg. Annual Import Growth	Import Tariff Rate
Frozen Potatoes	\$19.8 million 20,105 tons	\$55.9 million 48,561 tons	25.2% (Value)	Nil
Powdered Milk	\$80.5 million 20,513 tons	\$128.8 million 25,659 tons	26.8% (value)	5% (HS-0402.91.000)
Whey	\$67.3 million 55,561 tons	\$160.1 million 71,471 tons	42 % (Value) 9.8 % Volume)	Nil
Sources	\$6.4 million 4,158 tons	\$10.4 million 6,866 tons	25.4 % (Value)	10%
Citrus Fruits	\$82.5 million 166,123 tons	\$133.5 million 180,877 tons	14.1% (Value)	0%-10%
Almond	\$9.4 million 2,621 tons	\$20.2 million 2,849 tons	23.3% (Value)	Nil
Cheese	\$5.5 million 1,237 tons	\$4.1 million 957 tons	46.0% (Value) 29.0% Volume)	Nil
Mixed Juice	\$7.5 million 7,501 tons	\$13.4 million 6,109 tons	29.9% (Value)	0%-10%
Chocolates	\$28.8 million 2,768 tons	\$30.1 million 4,178 tons	5.6% (Value)	15%
Chicken Cut Frozen	\$35.7 million 35,695 tons	\$109.4 million 46,618 tons	18.8% (Value)	TRQ Rate: 20% Above TRQ: 40%
Breads, Pastry & Cakes	\$25.1 million 25,062 tons	\$101.7 million 40,038 tons	20.9% (Value)	6% for Unsweetened biscuits
Apples Juice	\$1.9 million 3,068 tons	\$1.9 million 1,884 tons	11.4% (Value)	Nil

Prepared or Preseved Cherries	\$1.5 million 562 tons	\$1.5 million 485 tons	7.9% (Value)	Nil
Pistachios	\$3.8 million 924 tons	\$4.5 million 531 tons	11.9% (Value)	Nil
Grape Juice	\$1.0 million 845 tons	\$1.1 million 734 tons	18.5% (Value)	Nil
Sweet Biscuits	\$11.7 million 4,247 tons	\$23.9 million 7,551 tons	19.0% (Value)	6%
Orange Juice	\$12.4 million 10,317 tons	\$10.9 million 6,752 tons	11.8% (Value)	Nil
Wine, Specialty	\$50.8 million 6.6 million liter	\$78.8 million 8.3 million liter	15.1% (Value)	Rm7.00/Ltr.
Scallops	\$6.3 million 1,194 tons	\$14.0 million 2,888 tons	20.2% (Value) 23.8% Volume)	Nil
Buttermilk	\$13.9 million 4,869 tons	\$27.9 million 7,022 tons	24.6% (Value) 6.6% Volume)	Nil
Butter	\$25.3 million 4,983 tons	\$34.8 million 6,991 tons	19.9% (Value) 7.3% Volume)	Nil
Processed Cheese	\$25.2 million 4,619 tons	\$51.8 million 9,445 tons	26.6% (Value) 21.4% Volume)	Nil

Sources: *Global Trade Atlas (GTA)*

6. Important Factors Affecting U.S. Trade

i. Regulatory Barriers

Generally, all products destined for the food service sector must be certified halal.

All meat, processed meat products, poultry, eggs and egg products must originate from plants inspected and approved by Ministry of Agriculture's Department of Veterinary Service (DVS).

Beef, pork, poultry, and dairy products require import permits from DVS.

Some product ingredients and/or additives require prior approval from Ministry of Health.

ii. Competition

Many multinationals have established regional production and distribution hubs, with factories in ASEAN countries. These compete directly with U.S. origin products, sometimes of the same brand. In

addition to a freight advantage, Australia and New Zealand possess many long-term trade ties with Malaysia, which sometimes can detract from U.S. competitiveness. New Zealand and Australia are also willing to provide federal and official oversight on halal issue.

END OF REPORT.