

Required Report: Required - Public Distribution

Date: January 03, 2024

Report Number: MY2023-0013

Report Name: Exporter Guide

Country: Malaysia

Post: Kuala Lumpur

Report Category: Exporter Guide

Prepared By: Rowena Ngumbang

Approved By: Karen Richards

Report Highlights:

Malaysia's demand for high quality imported food and beverage products continues to grow moderately. The food and beverage industry are set for further growth of 8 percent in 2023 with a focus on the food service sector. U.S. exporters will see excellent opportunities in retail and processing sectors as the Malaysia's economy continues to steadily recover from the COVID-19 pandemic shutdowns.

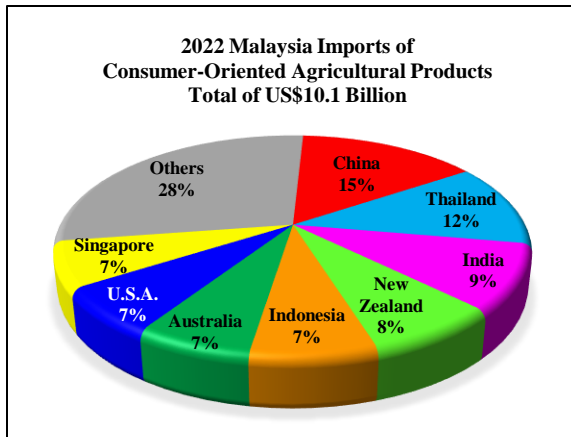
Market Fact Sheet: Malaysia

Executive Summary

Malaysia's food and beverage growth rate was 22 percent in 2022 and the industry is set for further growth of 8 percent in 2023. The increase in food and beverage consumption and spending by consumers spurred the demand of imported products. 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 foods and beverages. Malaysia's total agricultural related product imports in 2022 reached \$27 billion USD, roughly 5 percent of which was sourced from the United States.

Imports of Consumer-Oriented Products

In 2022, the United States was Malaysia's seventh largest supplier of consumer-oriented food and beverage products, with total sales reaching \$679 million USD for the year. Top U.S. products in the market include dairy prepared food, processed vegetables and fruits, fresh fruits, and tree nuts.



Source: Trade Data Monitor

Hotel, Restaurant and Institutional

The Malaysian hotel, restaurant, and institutional (HRI) industry has seen significant growth of 5.4 percent in restaurants and hotels. Food and non-alcoholic beverage consumption increased by 4.7 percent. Sustainable consumer spending expanded by 4.3 percent in the second quarter of 2023 and is expected to continue a trajectory towards returning to pre-pandemic rates.

Retail Food

Malaysia's food retail sector has increased, especially in response to consumer demand for natural and healthier products due to the onset of the global pandemic. A significant trend towards e-commerce has proven to be the country's most dynamic channel throughout 2020 to 2023, including the steady growth of convenience stores.

Food Processing

The Malaysian food processing industry is optimistic looking towards 2024 for the export and domestic market. 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.

Malaysia Macroeconomics

Population: 33 million people and growing (has doubled since 1980) and is increasingly urbanized

GDP Per Capita Income: \$11,434 in 2022, with a growing middle class

Real GDP Growth: -5.8 percent in 2022

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

Opportunities and Challenges for U.S. Exporters

Opportunities	Challenges
-U.S. food and agricultural products are trusted and perceived to be of high quality.	-Many U.S. products need to be halal certified in the Malaysian market, which can be a lengthy process.
-The growing Malaysian HRI, Retail and Food Processing sectors require a wide range of imported food products and ingredients. -Rising disposable income in Malaysia is driving demand for high-quality imported food and beverage products.	-Australia and New Zealand both have free trade agreements with Malaysia and have a strong presence in the country's consumer-oriented food and beverage market.

SECTION I: MARKET OVERVIEW

Malaysia is a politically and economically stable country that is open to foreign trade. With a population of nearly 33 million, it is an increasingly urbanized market with a high demand for imported food and beverages. It is one of the most developed nations in Southeast Asia and more than half of the population falls in the middle to high income group. Consumers have a GDP per capita income of \$11,434 with growing purchasing power and increasingly sophisticated and modern lifestyle. Active customers are eager to try new products contributing to greater consumption of quality imported food and beverages from western countries.

Despite a moderate economic recovery from the pandemic, steady consumer spending is driving the demand for imports. Domestic tourism is strong, and the service sector is forecast to increase by 5.6 percent in 2024. The Government of Malaysia recently announced a new plan promote tourism, Visit Malaysia, with a goal to increase tourism spending by 13 percent based on figures from 2019 by 2026.

The Malaysian food and beverage market is well developed and is supplied by both local and imported products. Consumers in urban areas are relatively brand conscious and prefer to shop in stores which offer convenience and good product selections. Traditional markets are a significant channel of distribution but are slowly losing ground despite being an important outlet for fresh fruits and vegetables. The onset of the COVID-19 pandemic accelerated the convenience and acceptance of e-payment and the use of e-commerce making it one of the most dynamic channels of distribution between 2020 to 2023 and it continues to expand.

Although the country's strict 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 food and beverages. Malaysia's total agricultural product imports in 2022 reached \$10.1 billion USD, roughly seven percent of which was sourced from the United States.

Advantages and Challenges for U.S. Exporters

Advantages	Challenges
Malaysia's emerging market and growing consumer purchasing power	The market and consumers are generally price sensitive.
Growing trend in popularity and numbers for premium retail stores.	Neighboring supply countries enjoy logistic advantages.
Malaysia relies on imports for about 70 percent of its food. This includes beef, lamb, dairy products, baking ingredients, pasta, and temperate fruits and vegetables.	Certain foods have mandatory halal requirements for market access (beef, lamb, poultry and dairy products). While not mandatory, halal certification for HRI and the food processing sector will likely be requested.
Malaysians are familiar with western foods, western menus and U.S. food service franchise operations.	U.S exporters face competition from locally produced raw food materials that are in sufficient supply (e.g. poultry and palm oil)
Local manufacturers seek to expand exports	The United States does not have a free trade

using imports as raw material. High potential in food and beverage manufacturing sector.	agreement with Malaysia as many other countries do, including Australia and New Zealand.
The high-end segment maintains high standards of quality and hygiene, which is positive for U.S. food products.	Consumer purchasing power may hindered by rising inflation.

SECTION II: EXPORTER BUSINESS TIPS

Business Customs

Malaysians are familiar in doing business with foreigners. Traditional business practices place high value on in-person relationship building and longstanding business partnerships. The upcoming generations are changing practices and interested in innovative products and looking to develop new business relationships with foreign companies. They tend to be more receptive to establishing connection remotely and electronically.

An important first step before entering the market in Malaysia is to conduct a market survey before initiating sales. Appointing a reputable local sales agent or importer is an excellent way to facilitate distribution, clearance of goods at the ports, and networking with wholesalers and retailers. Regular visits by the U.S. exporter to the market are also critical to enhance business relationships. Investing in quality marketing including in-store promotions, published advertisements, and social media will lend to exporters advantage Malaysian as they compete in the market. Maintain strong communication with your local importer to ensure all certificates and import permits are valid and up to date.

General Consumer Tastes and Preferences

Malaysia is a greatly diverse country, with people of many different backgrounds and religions. There is also a sizeable expatriate population drawing from all over the world. The diversity in people also means a wealth in diversity in food. With rising affluence and education levels, consumers shopping and eating lifestyles have changed over the years. This is true especially in urban areas where people prefer to shop in modern retail outlets offering one-stop shopping convenience. Chain convenience stores and smaller formats of premium retail outlets are also gaining popularity.

Malaysians are food lovers and adventurous in their eating habits, making introductions to new cuisines relatively easy. Eating out is very common and is relatively inexpensive as there are a wide range of food offerings with different price ranges. Open air, street stall (hawker stalls), casual dining, fine dining are all available in different styles of international cuisine.

With a Muslim population of over 65 percent, the demand for halal foods is high. Certain foods have mandatory halal requirements for market access (beef, lamb, poultry, and dairy products). Additionally, while not mandatory to enter the market, certified halal foods will enjoy significantly wider market access within the country, including ingredients destined for the food manufacturing sector.

SECTION III. IMPORT FOOD STANDARDS & REGULATIONS and IMPORT 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 note are Malaysia's halal certification and dairy facility registration requirements.

Customs Clearance

For exports from United States to Malaysia, it is important to ensure that your products comply to the Malaysian good import and export regulations/procedures. The common documentation that is required for customs clearance in all port of entry into the country includes/not limited to import declaration, bill of lading, invoice, airway bill and packing list. For specific products, it may be necessary to apply for an import license/permit and additional supporting documents such as certificates of origin and health certificates. Engaging a forwarding agent or working with a local importer to ensure compliance in local regulations can ensure a successful export clearance in any of the port of entry.

Duties and Taxes

In Malaysia, shipments can only be fully cleared for release once all the taxes and duties have been paid and checked by the proper authorities. Taxes and duties that are required to be paid for specific products are subject and categorized through Harmonized System (HS) code. Malaysian import tax usually ranges between 5 to 30 percent. For general queries regarding Malaysian custom clearance, please refer to the web portal: Royal Malaysian Customs Department

HS Code Classification

For composite products other than raw food ingredients it is important to comply with import requirements under Food Act 1983 and its regulations before exporting to Malaysia. Please work with a local importer to ensure that the product is accurately classified with the Royal Malaysian Customs Department to avoid detainment and delay at the port of entry. For further details on food export activities into Malaysia, please refer to Ministry of Health – Food Safety and Quality Section.

Halal Certification

Many food products (e.g. beef and 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 three Islamic institutions to inspect, and halal certify food and beverage products for export to Malaysia: Islamic Food and Nutrition Council of America (IFANCA), Islamic Services of America (ISA), and the American Halal Foundation (AHF). For further details on halal requirements in Malaysia market, please refer to Malaysia: Halal Country Report

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>	
<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

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. New to market suppliers must undergo a standard review process lasting three to six months.

Duplicative Registration Requirements in East Malaysia

The states of Sabah and Sarawak in East Malaysia may have separate and/or additional facility registration requirements for certain products, especially livestock and meat/poultry products. It is best to work with your local importer to ensure all products exported comply with local regulations.

Please refer to the [USDA Food Safety and Inspection Service Export Library](#) and [Malaysia: FAIRS Annual Country Report](#).

SECTION IV. MARKET SECTOR STRUCTURE AND TRENDS

Food Industry Breakdown

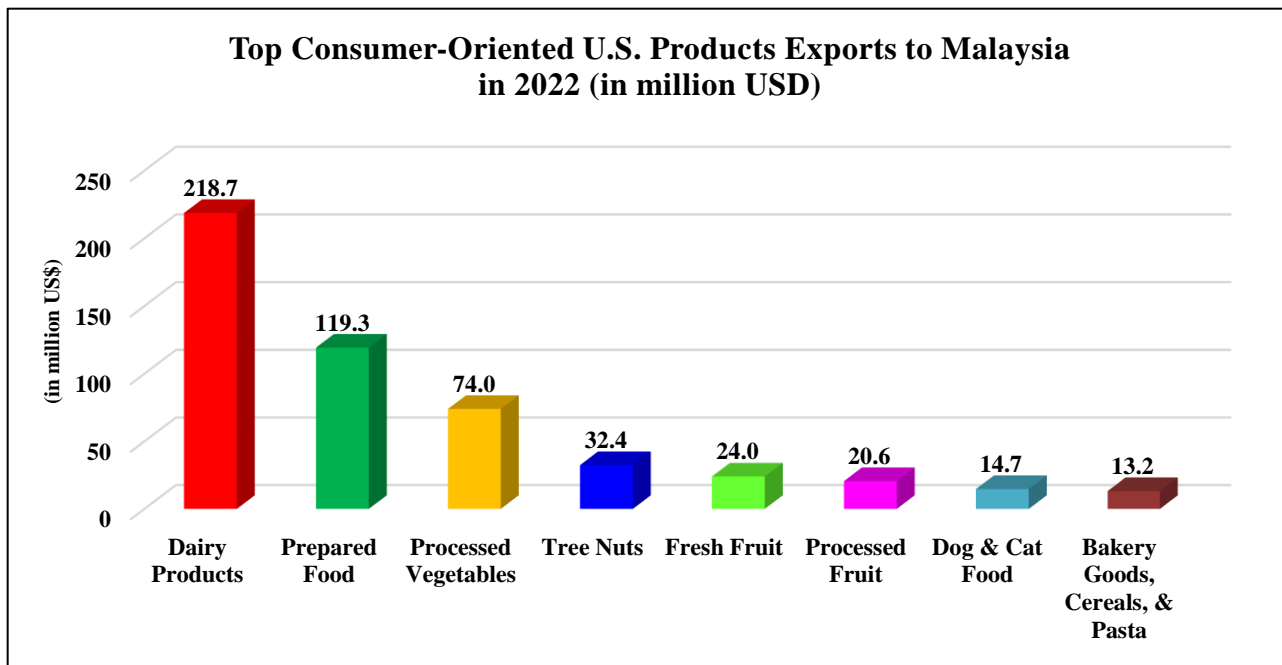
The Malaysian hotel, restaurant, and institutional (HRI) industry is one of the fastest developing sectors with an estimated share change at 29.5 percent in 2022 and forecasted 8 percent growth rate into 2023. Please refer to the most recent FAS Malaysia Hotel, Restaurant, and Institutional GAIN report for more details on the sector.

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 and recovery. Please refer to the most recent FAS Malaysia Food Processing Ingredients annual report for more details on the sector.

The Malaysian food retail industry is a booming and the competitive market landscape that is comprised of various store formats including large supermarket/hypermarkets, convenience stores, “mom and pop” traditional stores, and specialty retailers. According to industry analysts, retail sales are set to grow at the current value CAGR of 5 percent to \$1.8 billion USD in 2023. Please refer to the most recent FAS Malaysia Retail Foods annual report for more details on the sector.

U.S. Food and Beverage Products in the Malaysian Market

According to the Trade Data Monitor, the United States was Malaysia’s seventh largest supplier of consumer-oriented food and beverage products in 2022. Total sales reached \$679 million.



Source: U.S. Census Bureau Trade Data

Competition Chart

Major Products, Market Shares by Value and Competitor Situations			
Product Category (Jan-Dec 2022)	Major Supply Sources (Jan-Dec 2022)	Foreign Supplier Situation	Local Supplier Situation
Beef Net Value: USD \$767 million	India: 73% Australia: 13% Brazil: 8% New Zealand: 3% U.S.A.: 0.1%	Major foreign suppliers have a significant portion of their beef industry halal certified for export to Malaysia. Beef from India is very cheap and serves the low-end outlets. Australia dominates higher-end HRI market.	Inadequate supply of local beef.
Pork – Fresh, Frozen, Chilled Net Value: USD \$108 million	Spain: 40% Netherlands: 20% Denmark: 20% Belgium: 9% U.S.A.: 1%	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 Value: 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 Value: USD \$40 million	China: 35% U.S.A.: 18% Denmark: 11% Netherlands: 10%	U.S. frozen potatoes are in strong demand for retail and HRI sectors.	There is a large market for chilled and frozen processed vegetables, particularly potatoes.
Fresh Fruits Net Value: 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	China: 26% U.S.A.: 19%	U.S. dried fruits are in strong demand for	Limited local production.

Net Value: USD \$40 million	Thailand: 15% India: 12%	the growing bakery industry.	
Tree Nuts Net Value: USD \$196 million	Indonesia: 37% U.S.A.: 19% China: 14% Vietnam: 8%	Imported nuts are in increasingly strong demand for use in the bakery industry.	Limited local production.

Source: Trade Data Monitor

SECTION V. Agricultural and Food Imports

U.S. Exports to Malaysia (thousand USD)

Product	2018	2019	2020	2021	2022	2022/2021
	Value	Value	Value	Value	Value	Period/Period % Change
Intermediate Total	347,549	384,071	320,666	404,424	397,373	-2
Consumer Oriented Total	526,269	549,023	570,685	649,506	679,156	5
Bulk Total	254,542	338,155	294,878	315,186	259,084	-18
Agricultural Related Products	49,870	43,174	39,668	38,409	39,126	2
Grand Total	1,178,230	1,314,423	1,225,897	1,407,525	1,374,739	-2

Source: Trade Data Monitor

Best Prospective U.S. Products for the Malaysian Market

U.S. Products	2021 U.S. Export Value (January - December) (million USD)	2022 U.S. Export Value (January - December) (million USD)	Growth
Dairy	\$158.80	\$218.70	38%
Prepared Food	\$171.80	\$119.30	-31%
Processed Vegetables	\$61.10	\$74.00	21%
Tree Nuts	\$35.40	\$32.40	-8%
Processed Fruit	\$26.60	\$20.60	-23%
Beef and Beef Products	\$1.00	\$1.90	90%

Source: U.S. Census Bureau Trade Data

Note: Excellent opportunities for U.S. beef and processed food/fruits/vegetables exist in the market provided required Malaysian halal certifications can be obtained.

SECTION VI. 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

20 Martin Road
Seng Kee Building #08-00
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

Wisma UOA Damansara II, Suite 14-1, Level 14
No. 6, Changkat Semantan
Damansara Heights
50490 Kuala Lumpur, Malaysia
Tel: (60) 3 2789 3288
Contact: Caleb Wurth, Regional Director—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

3, Ang Mo Kio Street 62, #07-05 Link@AMK
Singapore 569139
Tel: (65) 6586 0940
Contact: Thomas Tan, ASEAN Consultant
Email: thomas_tan@usapeccasean.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: Joe Sowers, 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/fsq/ms/>
Ministry of Agriculture Department of Veterinary Services: www.dvs.gov.my
Ministry of Finance Customs Headquarters: <http://www.customs.gov.my>

Attachments:

No Attachments