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## Malaysia

### Exporter Guide

### Annual

### 2005

**Approved by:**

Jonathan Gressel  
U.S. Embassy, Kuala Lumpur

**Prepared by:**

Jacelyn Chang

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**Report Highlights:**

With per capita income of over \$4,700, a middle and upper class making up 61 percent of the population, and 5-6 percent GDP growth for 2005-2006, Malaysia shows good potential for growth as a market for consumer high value products. According to US Bureau of the Census Trade Data, exports of consumer-oriented products to Malaysia increased from \$74 million in 1999 to \$205 million in 2004. The Malaysian food and beverage market is becoming increasingly sophisticated and tariffs are low for most imported products. New retail outlets, which are good venues for imported products, are continuing to open, thereby providing better access to consumers. Best product prospects include fresh fruits and vegetables, pet foods, halal poultry meat, nuts, frozen potatoes and wine.

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[MY]

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## SECTION I. MARKET OVERVIEW

Malaysia with a population of around 26 million is one of the most developed nations in Southeast Asia. About 61% of its population makes up the middle to upper income group of consumers. Its economy has a firm foundation in a mixed economy that comprises strong manufacturing, service and agricultural sectors. Malaysia is expected to chart commendable gross domestic product (GDP) growth of 5% in 2005, with per capita income estimated at \$4,705. Real GDP growth is forecast to expand by 5.5% in 2006 while per capita income is expected to reach \$5,038.

The rise in global oil prices in January through August this year has triggered higher inflation in Malaysia. While the inflation rate had remained below 2% since 2000, the Consumer Price Index (CPI) increased 2.8 per cent in 2005 compared with a 1.2 percent in the same period a year ago, primarily because transportation costs have become more expensive. Fuel prices have gone-up three times this year. The government announced measures to ease the burden of rising domestic prices and to cushion the effect of soaring global oil prices. In addition to the on-going price control of essential food items; other steps taken include delay in toll rate increases, reduction in road tax for commercial and private vehicles and freeze in fuel price increases for the rest of the year.

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

The Malaysian food and beverage market is becoming 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. According to a study by AC Nielsen, 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 variety and quality of foods consumed.	Though consumers are demanding greater variety and quality in the foods consumed, they are generally price sensitive towards purchases. Thus retailers often purchase food items that are more affordable to the majority of the consumers.
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. Thus supermarkets and hypermarkets are providing greater market access for imported foods including chilled and frozen foods since these retail outlets have cold	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. For example, imports from China, Thailand, Indonesia, and India are known for their relatively low prices. While Australia is able to take advantage of quick delivery times and familiarity of many Malaysians with their products.

storage facilities.	
Malaysia does not produce or produces in insufficient quantities certain food items which therefore have to be imported. These include beef, lamb, cheese, butter, pasta, and temperate fruits and vegetables.	56% 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 Council and certified by a recognized Islamic institution in the country of export.
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. 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 and cafés and are located across Malaysia.	Importers and distributors supplying mid to high-end establishments will purchase at the lowest price from any exporter or country food items that are perceived as substitutable or commodities. 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. (US beef is temporarily banned in Malaysia because of the detection of bovine spongiform encephalopathy in the US).
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.	Though Malaysia is dependent on imports for 70% 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 that is substitutable with soybean oil).

## 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% of the population, with Islam as the official religion; slightly more than 30% of Malaysians are Chinese who may be Buddhist or Christian. Indians form the remaining 10% 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 and workplaces are still popular.

Malaysians are adventurous in their eating habits. Eating out is common and is relatively inexpensive. Open air, street-stalls 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%, 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 (See Malaysian Food Safety and Quality Control website at <http://www.moh.gov.my/fqc/index.htm>). 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. Please see FAIRS Report MY5034 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 28 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. 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. (It is important to note that U.S. plants must list and show the products they intend to export to Malaysia during the inspection visits by the Malaysian veterinary and religious authorities; as only products that are certified halal during the inspection visits are allowed to be imported into Malaysia). Other food items that contain any animal products must be clearly marked.

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.

### SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

Malaysia continues to be a net importer of food products with annual imports of more than \$3.2 billion.

In 2004, the total imports of consumer-oriented products to Malaysia were estimated at \$1.9 billion. Total imports from the United States were \$150 million\*, representing 8% market share. China was the major supplier of this category with imports at \$275 million, an increase of 27% from 2003. China is projected to maintain its position for 2005. New Zealand and Australia both held 13% and 12% market shares respectively.

China exported \$146 million worth of vegetables to Malaysia in 2004. Turnip, cabbage, carrot, potato and garlic were among the major items. China is the market leader for mandarin oranges (\$7 million), apples (\$8 million) and pears (\$8 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 and grapes are popular in the Malaysian market. Imports for 2004 were at \$8 million and \$5.3 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 2003, imports of full cream milk powder, skim milk powder, butter and cheeses from New Zealand were at \$154 million while imports of from Australia were estimated at \$84 million.

India is the leading supplier of red meat market with total imports of \$148 million (98,000 metric tons) in 2004. Indian beef caters to the mass market. In the foodservice sector, competition for US beef comes from Australia and New Zealand, with total imports amounted to \$8.8 million and \$7.4 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. The Malaysian Veterinary authority imposed a ban on US beef since December 2003 due to the detection of BSE in the US. With the recent delisting of all but one beef processor in Australia and New Zealand respectively, the foodservice industry will face shortage of quality beef in the next two months.

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 2004, major suppliers of chicken parts and chicken wings were Denmark (\$9 million) and the Netherlands (\$8 million). Since there is no commercial production of turkey in Malaysia, all turkey meat is imported. US is the leading supplier with imports of frozen whole turkey and turkey parts at 5,000 metric tons with CIF value of \$0.5 million

Malaysia is a net importer of fish and seafood products with an annual import at \$514 million in 2004. Of this, an estimated \$250 million is for imports of fish, whether live, fresh/chilled or frozen. While some supply of fresh and frozen fish comes the East Coast of Peninsular Malaysia, Thailand is the major supplier of fish (and other seafood) with \$123 million, followed by China (\$72 million) and Indonesia (69 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.

\* This data, obtained from the UN Trade Database, 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 imports of consumer-oriented products from US were \$205 million in 2004. Exports of fresh fruits were \$93 million but were reflected at \$16 million in the UN Trade Data.

### **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 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 newly developed Port of Tanjung Pelepas (in Johor) have further enhanced Malaysia as a shipping hub.

Malaysia has 7 international airports, including the newly opened Kuala Lumpur International Airport (KLIA), one of the biggest and most modern airports in the region. Malaysia's 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**

Malaysian households spend an average 24% of their household income on retail purchase of foods. Purchase of foods from the retail outlets is estimated at \$9.8 billion in 2004 compared to \$7.6 billion in 1999.

The retail food sector includes the supermarkets and hypermarkets, convenience stores, and traditional markets. The traditional markets include the independent grocery stores ("mom and pop" stores) and wet markets. Traditional markets account for 54.0% of the total retail food sales in 2004, followed by the supermarkets and hypermarkets (33.9%) and convenience stores (2.4%).

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. The 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.

The Government proposes to lift the five-year freeze on issuance of licenses for new hypermarkets in Klang Valley, Penang and Johor Bahru. The licensing freeze, meant to control the growth of hypermarkets, was implemented in 2004. However, there are additional conditions that hypermarkets need to adhere to such as having 30 percent local shareholders and investing at least \$2.65 million in every new outlet.

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

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

### **Food Service Sector**

Malaysians frequently eat away from home at various low to high-end food service establishments across the country. It is common for families to treat themselves at least once a week eating away from home. From 1999 to 2004, total consumer spending in the food service sector increased by 39.0% from US\$3.09 billion to an estimated US\$4.6 billion.

Hotels and resorts, restaurants, and the institutional sub-sectors represent the best potential for US exporters. The restaurant sub-sector accounted for 67.3% of the total food service sales in 2004. This is followed by the hotels and resorts (7.6%) and catering services to institutions (4.3%). 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. Tourist arrivals to Malaysia were 15.7 million in 2004 up from 10.6 million in 2003. The total tourism earnings are expected to increase to \$9.3 billion in 2005 from \$7.82 billion in 2004. Of this, food and beverage is the third largest contribution at 16.4% after accommodation (39.4%) and shopping (20.7%). The growth in tourism is expected to fuel the growth of restaurants offering international cuisines such as Middle Eastern and Latin American food.

### Key Entry Strategies for US Exporters

1. Conduct promotional activities to create awareness among importers and the food service 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.

### **Food Processing Sector**

There are nearly 3,200 manufacturers involved in the food manufacturing industry in Malaysia and the industry accounts for nearly 10% of Malaysia's manufacturing output. Processed foods are exported to 80 countries, with an annual export value of more than \$1.32 billion. Output from the food processing industry increased 7.5% from \$3.12 billion in 1999 to an estimated \$3.43 billion in 2004. Food manufacturers operating in Malaysia include both Malaysian and multinational companies such as Nestle, Unilever, Cerebos, and Campbell Soup.

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.

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 and a potential for exports of processed foods from Malaysia. Already one-third of the foods produced in Malaysia are exported.

#### 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.

## SECTION IV. BEST HIGH-VALUE PRODUCTS PROSPECTS

Product Category	2004 Market Size	2004 Imports	3Yr. Avg. Annual Import Growth	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness For USA
Poultry, mainly frozen turkey.	871,701 tons	21,701 tons (\$24 million)	Decline, due to temporary suspension on poultry imports.	No import duties are levied on poultry imports.	The local poultry industry is very strong.  Malaysians generally prefer fresh poultry, which is widely available.	Niche retail demand exists for frozen turkey.
Breakfast cereals	N/A	17,444 tons (\$25 million)	7%.	5% duty charged except on products containing cocoa, which incur 10% duty.	Nestlé and Kelloggs breakfast cereals and their strengths in the market.	An attractive market for long term development based on higher disposable incomes and related changing eating habits.
Infant food, including dairy products	N/A	16,163 tons (\$52 million)	Marginal growth.	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	The USA is already the major supplier for bottled infant food and the market is upgrading on the back of higher disposable incomes.

					on the market.	
Fruit juices	N/A	14,916 tons (\$18 million)	7% 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	398,287 tons	393,287 tons (\$204 million)	Growth of about 12%	No import duty is charged	<p>Competition from key established suppliers from Australia, Indonesia and China.</p> <p>Competition also comes in the form of products from Malaysia's own highlands and some Asian countries.</p>	<p>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.</p>
Frozen vegetables	37,762 tons	37,762 tons (\$28 million)	7% growth	Nil except sweet corn which incurs 10%	Demand is not very varied and revolves around potatoes, peas, sweet corn and mixed vegetables.	<p>Frozen vegetables, especially potatoes from US are in demand from Malaysian consumers.</p> <p>Note: Food service demand is also</p>

						important.
Fresh fruits, temperate	388,889 tons	382,889 tons (\$71 million)	3% growth	5% for strawberry, raspberry and gooseberry and 10% for other fruits except kiwi fruit which incur 30% import duty.	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.
Dried fruits	20,862 tons	20,862 tons (\$8.5 million)	5% growth	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	8,468 tons	8,468 tons (\$14.2 million)	8% 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.

Pet foods	14,765 tons	14,765 tons (\$19 million)	25%	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.
Wine	47 million liters	47 million liters (\$29 million)	Growing market	Excise: 15 % of CIF value, Duty: RM19 per litre, Sales tax: 5%	Duties on alcoholic drinks moderate consumption.  Wine may have benefited from a switch from use of spirits, e.g. brandy, at celebrations , e.g. ethnic Chinese weddings.	This is an attractive market for U.S. exporters underpinned by increasing disposable incomes as well as the apparent switch away from spirits.

**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  
U.S. Embassy - Kuala Lumpur  
APO AP 96535-8152  
Tel : (011-60-3) 2168-4985/2168-4884  
Fax : (011-60-3) 2168-5023  
email: agkualalumpur@fas.usda.gov

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**

Director  
Food Safety and Quality Division  
Ministry of Health Malaysia  
Level 3, Block E7, Parcel E  
Federal Government Administration Center  
Putrajaya 62518  
Tel: +6-03-8883--3888  
Fax: +6-03-8889-4971  
[Http://dph.gov.my](http://dph.gov.my)

Director General of Customs  
Royal Customs and Excise Headquarters Malaysia  
Ministry of Finance Complex  
Precinct 2, Federal Government Administration Center  
62596 Putrajaya.  
Tel : +(6-03) 8882 2100  
Fax : +(6-03) 8889 5899  
<http://www.customs.gov.my>

Director  
Veterinary Public Health  
Department of Veterinary Services,  
Wisma Tani, Podium Block,  
Lot 4G1, Precinct 4, Putrajaya.  
Tel: +60-3 8870 2000  
Fax: +60-3 88882685  
<http://agrolink.moa.my/jph>

**APPENDIX I. STATISTICS****A. KEY TRADE & DEMOGRAPHIC INFORMATION**

Agricultural Imports From All Countries (US\$Mil) / U.S. Market Share (%)	5590/ 7%
Consumer Food Imports From All Countries (US\$Mil) / U.S. Market Share (%)	1,991 / 8%
Edible Fishery Imports From All Countries (US\$Mil) / U.S. Market Share (%)	514 / 1.7%
Total Population (Millions) / Annual Growth Rate (%)	26.13/ 2.4%
Urban Population (Millions) / Annual Growth Rate (%)	17.0 / 2.5%
Number of Major Metropolitan Areas	9
Size of Middle Class (Millions) / Growth Rate (%) (estimate)	15 / 2.5%
Per Capita Gross Domestic Product (US Dollars)	\$4,708
Unemployment Rate (%)	3.5%
Per Capita Food Expenditures (U.S. Dollars)	\$1,200
Percent of Female Population Employed	45.8%
Exchange rate (US\$1 = X.X local currency)	US\$ = 3.77RM



TABLE B. Consumer Food &amp; Edible Fishery Products

	Imports from the World			Imports from the U.S.			U.S. Market Share		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
<b>Malaysia Imports</b>									
<b>(In Millions of Dollars)</b>									
<b>CONSUMER-ORIENTED AGRICULTURAL TOTAL</b>	1575	1520	1991	120	103	149	8	7	8
Snack Foods (Excl. Nuts)	64	63	74	4	4	4	7	7	6
Breakfast Cereals & Pancake Mix	9	10	11	1	1	1	12	5	8
Red Meats, Fresh/Chilled/Frozen	160	156	224	2	2	1	2	1	0
Red Meats, Prepared/Preserved	9	8	8	2	1	1	19	8	5
Poultry Meat	65	48	24	3	2	1	4	5	4
Dairy Products (Excl. Cheese)	309	306	401	8	5	27	2	1	7
Cheese	15	13	20	1	1	1	2	4	2
Eggs & Products	3	3	4	1	1	1	11	14	2
Fresh Fruit	108	98	101	19	18	16	18	18	15
Fresh Vegetables	217	216	283	4	4	4	2	2	1
Processed Fruit & Vegetables	108	100	119	21	16	26	19	16	22
Fruit & Vegetable Juices	12	14	18	2	2	2	17	14	14
Tree Nuts	12	12	16	4	5	6	36	39	37
Wine & Beer	28	39	64	1	2	2	5	4	4
Nursery Products & Cut Flowers	7	4	6	1	1	1	0	1	0
Pet Foods (Dog & Cat Food)	13	13	19	3	3	4	24	20	20
Other Consumer-Oriented Products	437	417	601	45	38	55	10	9	9
<b>FISH &amp; SEAFOOD PRODUCTS</b>	326	355	514	3	3	9	1	1	2
Salmon	14	13	16	1	1	1	5	5	2
Surimi	8	9	10	1	1	1	2	1	0
Crustaceans	68	90	197	1	1	1	0	0	0
Groundfish & Flatfish	41	46	61	1	1	6	1	1	9
Molluscs	11	12	15	1	1	1	1	2	5
Other Fishery Products	184	185	213	1	1	1	1	1	1
<b>AGRICULTURAL PRODUCTS TOTAL</b>	4255	4125	5590	427	294	367	10	7	7
<b>AGRICULTURAL, FISH &amp; FORESTRY TOTAL</b>	4842	4721	6479	466	323	422	10	7	7

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office.

TABLE C. Top 15 Suppliers of Consumers Foods &amp; Edible Fishery Products

## Malaysia – Imports

CONSUMER-ORIENTED AGRICULTURAL TOTAL – (\$1000)				FISH & SEAFOOD PRODUCTS – (\$1000)			
	2002	2003	2004		2002	2003	2004
China (Peoples Rep. of)	227256	216054	275447	Thailand	101162	108356	123237
New Zealand	209361	187677	250653	China (Peoples Rep. of)	20849	46956	72302
Australia	226905	203046	246642	Indonesia	0	63473	68859
Thailand	166149	182423	223785	Singapore	2955	3929	43296
India	137114	143997	217006	Vietnam	10942	7362	39601
United States	120324	102705	149428	India	14372	14239	30522
Netherlands	87017	82600	111572	Burma	17010	18729	22519
Singapore	64286	67238	84854	Pakistan	5389	6736	13793
Indonesia	0	58085	73232	Taiwan (Estimated)	10368	9052	10247
Philippines	38194	31152	46712	Bangladesh	6313	6643	9314
France	21129	27459	33618	South Africa	5265	7541	9303
Denmark	31130	32878	31300	United States	3039	2894	8577
United Kingdom	16175	18849	23774	United Kingdom	7431	4538	6696
Germany	15864	17625	21849	Japan	4451	3861	5945
Ireland	14188	11138	20108	Chile	2572	3465	4752
Other	200103	137527	180975	Other	113846	46998	45162
World	1575195	1520453	1990955	World	325964	354772	514125

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office.

END OF REPORT