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Malaysia

Food Service - Hotel Restaurant Institutional

Annual 2017

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Report Highlights:
Malaysia has a dynamic hotel and restaurant industry. Changing lifestyles and growing middle class underpin 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 except for pork products. 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's GDP per capita was US$9,525 in 2016. 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 4.5 percent in 2016, lower than expected, due to the effect of the Goods and Services Tax (GST) on April 1, 2015. The economy is expected to expand by 5.4 percent in 2017 with strong private investment in manufacturing and services, in addition to improve domestic consumption.

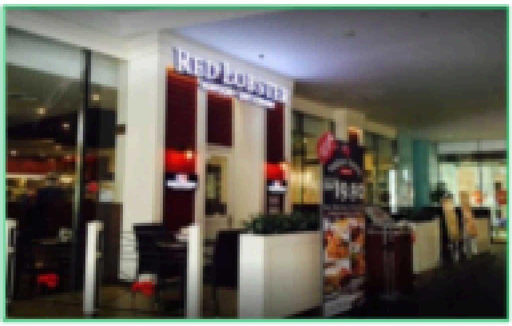
Malaysia's population has a significant pool of active consumers with evolving eating habits, and growing consumption of imported food and beverages. Malaysia's population is 31.9 million and relatively young and educated. They tend to follow a western lifestyle and prefer dining out rather than staying in. Over half of the population belongs to the middle to high income group with growing purchasing power and increasingly sophisticated and modern lifestyles. This leads to greater consumption of imported food and beverages from western countries. Consumers dine 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 about spending.

Malaysia HRI Sector in Brief

Currently, 1,574 hotels and resorts are registered with the Ministry of Tourism, with 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 about 77 hotels have been approved as Halal by the Department of Islamic Development (JAKIM), Malaysia's national Islamic authority. In addition, an estimated additional 289 hotels have obtained halal certification through individual State Islamic Departments. The numbers, represent 23 percent or 366 hotels and resorts in Malaysia that has halal certification.

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 and 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 boost demand in the food service sector. To meet growing demand and to keep abreast of evolving promotional tools, foodservice outlets 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.



U.S. chains in Malaysia
(Source: FAS Kuala Lumpur)

American-style (family-style restaurants, which mainly operate in chains), Italian, and French are the most prominent cuisines in non-Asian restaurants. There are also Turkish, Persian, and Lebanese restaurants. American franchises dominate Western cuisine, with 18 American franchises operating, including Chili's, TGI Fridays, Tony Roma's and Red Lobster. 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. There are more than 1,000 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 middle to upper income families, business persons and 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 focus 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 has developed. For HRI food and beverage providers, it is advisable 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 189.3 million domestic visitors were registered in 2016 with 26.8 million were tourists. Malaysia's medical tourism has steadily increased for the last few years. Malaysia Healthcare Travel Council reported around 900,000 healthcare travelers in 2016.

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 (2011-2016) (US$ million)

Food Items		*2011*	*2012*	*2013*	*2014*	*2015*	*2016*
Beverages	*World*	*585.6*	*684.3*	*777.9*	*717.8*	*684.6*	*708.4*
	USA	*8.9*	*8.1*	*8.3*	*8.3*	*8.8*	*9.6*
Coffee, tea, mate & spices	*World*	*474.6*	*436.5*	*468.3*	*552.9*	*494*	*510.1*
	USA	*3.9*	*5.2*	*6.1*	*4.7*	*4.0*	*6.8*
Dairy products, eggs & honey	*World*	*817.1*	*842.0*	*1012.4*	*1169.0*	*872.3*	*715.7*
	USA	*126.3*	*109.7*	*140.7*	*160.8*	*89.4*	*72.1*
Edible fruit & nut	*World*	*363.6*	*414.9*	*505.2*	*526.7*	*627.8*	*701.3*
	USA	*60.8*	*63.5*	*78.5*	*70.5*	*92.5*	*98.0*
Edible vegetables	*World*	*737.1*	*709.5*	*823.6*	*760.2*	*894.0*	*997.6*
	USA	*19.4*	*24.7*	*24.7*	*23.2*	*20.7*	*30.4*
Fish & fish preparations	*World*	*633.6*	*704.1*	*736.1*	*697.1*	*610.4*	*627.9*
	USA	*6.9*	*11.3*	*45.3*	*27.5*	*11.2*	*11.1*
Meat & meat preparations	*World*	*668.9*	*735.9*	*834.1*	*924.1*	*912.8*	*857.4*
	USA	*3.4*	*2.6*	*1.4*	*0.1*	*1.8*	*2.0*
Processed Meat	*World*	*7.9*	*10.4*	*13.8*	*17.1*	*24.3*	*22.6*
	USA	*0.2*	*0.1*	*0.2*	*0.1*	*0.1*	*0.0*
Poultry &	*World*	*105.9*	*108.6*	*110.4*	*113.2*	*112.9*	*124.7*

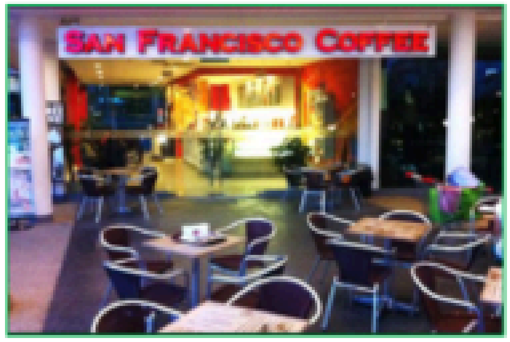
Poultry Preparations	*USA*	*1.9*	*1.5*	*0.4*	*0.1*	*0.9*	*0.6*
Processed cereal products	*World*	*611.6*	*660.3*	*723.9*	*789.1*	*750.5*	*705.2*
	USA	*18.9*	*22.5*	*25.5*	*20.0*	*22.0*	*24.7*
Processed cocoa products	*World*	*1300.0*	*1166.6*	*1086.2*	*1314.4*	*1,081*	*1027.5*
	USA	*9.9*	*11.3*	*11.5*	*11.9*	*15.9*	*16.1*
Processed Fish & Other Ocean Products	*World*	*90.3*	*119*	*125.8*	*75.2*	*120.9*	*121.9*
	USA	*0.3*	*0.3*	*8*	*0.1*	*0.0*	*0.2*
Other Ocean Products	*World*	*321.3*	*325.7*	*292.4*	*388.6*	*276.6*	*249.8*
	USA	*4.0*	*4.3*	*4.3*	*5.1*	*9.5*	*2.8*
Processed vegetables, fruits and nuts	*World*	*267.5*	*292.3*	*319.9*	*313.2*	*338.1*	*352.9*
	USA	*76.0*	*82.0*	*76.4*	*76.1*	*83.1*	*83.7*
Miscellaneous processed foods	*World*	*732.2*	*868.3*	*940.2*	*942.8*	*914.2*	*947.4*
	USA	*94.4*	*111.7*	*127.1*	*132.1*	*124.4*	*128.5*
Sugar & sugar preparations	*World*	*1095.2*	*1174.7*	*1074.2*	*1137.9*	*838.0*	*949.3*
	USA	*22.6*	*30.7*	*31.5*	*31.6*	*15.4*	*9.2*
Wheat, Rice, Corn	*World*	*1978.8*	*1908.5*	*1793.7*	*1863.1*	*1666.8*	*1427.9*
	USA	*169.3*	*59.7*	*52.2*	*84.5*	*44.4*	*53.7*
Total	***Rest of the World***	***10,791.20***	***11,161.60***	***11,638.10***	***12,302.40***	***11,218.80***	***11,046.90***
	USA	***627.10***	***549.20***	***642.10***	***656.60***	***544.5***	***549.3***
Growth Rates	***World***	***23%***	***3%***	***4%***	***6%***	***-9%***	***-2%***
	USA	***53%***	***-12%***	***17%***	***2%***	***-17%***	***1%***

(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 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, e.g., 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 gain market share.



Malaysian enterprises with American sounding names
(Source: FAS Kuala Lumpur)

The above photos show Malaysian restaurants with names referring to American locales, e.g., Texas, San Francisco, and Manhattan. They attest to a names' drawing power.

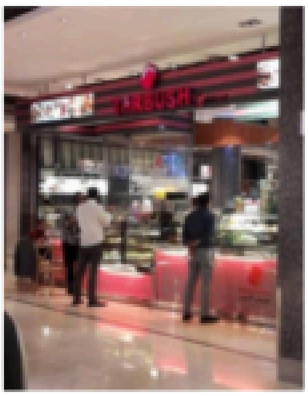
Kopitiam which means "coffee shop" in the Hokkien dialect of ethnic Chinese in Malaysia is another local branch also expanding. Kopitiam outlets were originally found in shop houses in villages and towns across the country, serving up coffee and breakfast. They were popular places to grab a quick drink and cheap street food. However, modern kopitiams 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.

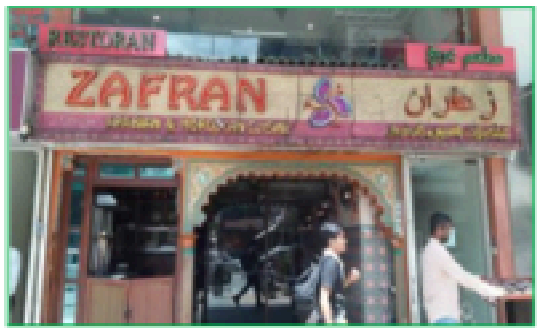
Independent foodservice providers continue to dominate

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 coffee shops originating in the United States other than Starbucks have entered such as The

Coffee Bean & Tea Leaf. Other Malaysian food service chains like Old Town White Coffee, and Secret Recipe Cakes & Café and San Francisco Coffee have aggressively expanded as well.





International competitors in Malaysia
(Source: FAS Kuala Lumpur)

Halal Certification

Products destined for 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 served in these establishments need to be halal certified. Beginning in 2012, only the Department of Islamic Development, JAKIM, was 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 States. Two U.S. Islamic institutions are authorized to issue Halal certificates for food exports to Malaysia. The complete list of approved Halal certifiers can be found at :

http://www.halal.gov.my/v4/index.php?data=bW9kdWxlcy9jZXJ0aWZ5X2JvZHk7Ozs7&utama=CB_LIST

No	*Organization & Address*	*Contacts*	*Halal Logo*

65	Islamic Food and Nutrition Council of America (IFANCA) 5901 N. Cicero Ave, Suite 309 Chicago, Illinois 60646 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	
66	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	

(Source: JAKIM - The Recognized Foreign Halal Certification Bodies & Authorities, as of 09.15.2017)

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 halal 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 U.S. products easier access.	New products will soon face "copied" products competing on price.
U.S. products are already well-known and 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	Western food service outlets continue to be a phenomenon in urban locations, with Malaysian

home, particularly among young Malaysians.	cuisine and outlets dominating 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 end-users often prefer to source most of their supplies, ingredients, and food from a small number of importers, U.S. 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, Deepavali, etc.).
- 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 Malaysia

Figure 1 - Distribution Channel for US Exporters

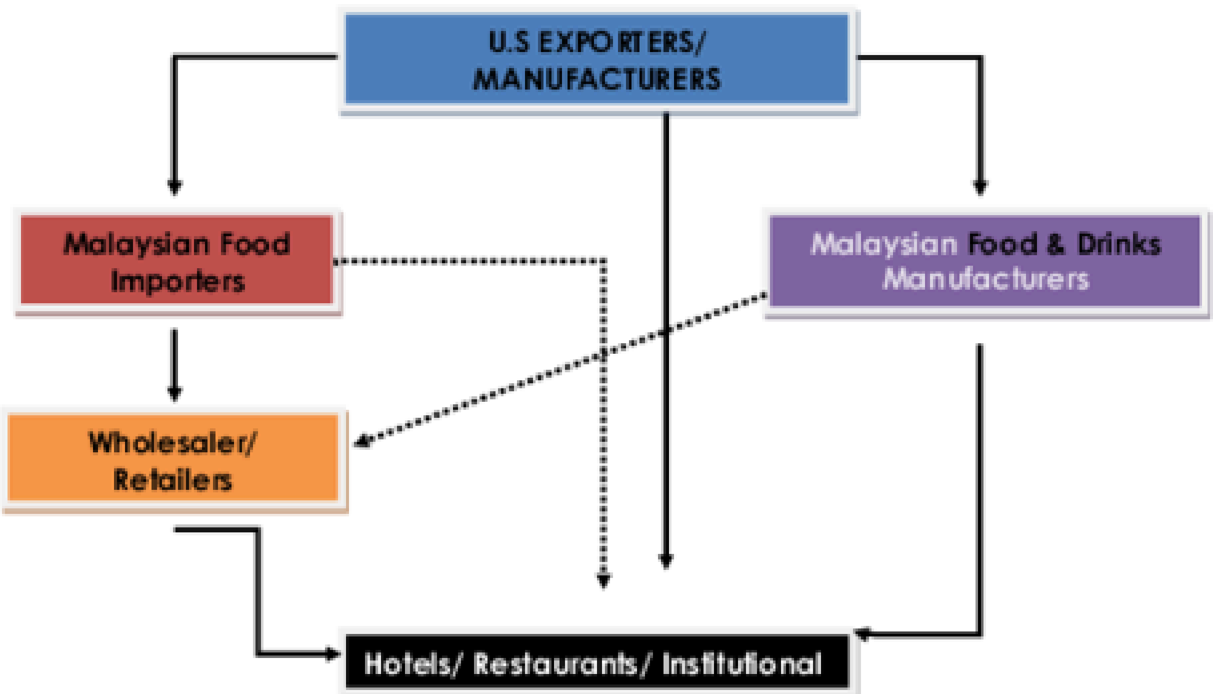


Figure 2 - Distribution Channel for U.S. Exporters via Franchising/Licensing

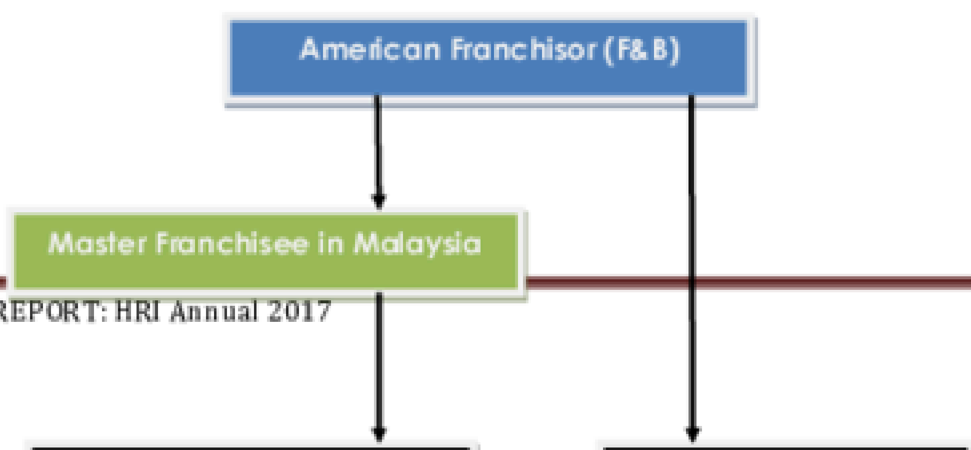
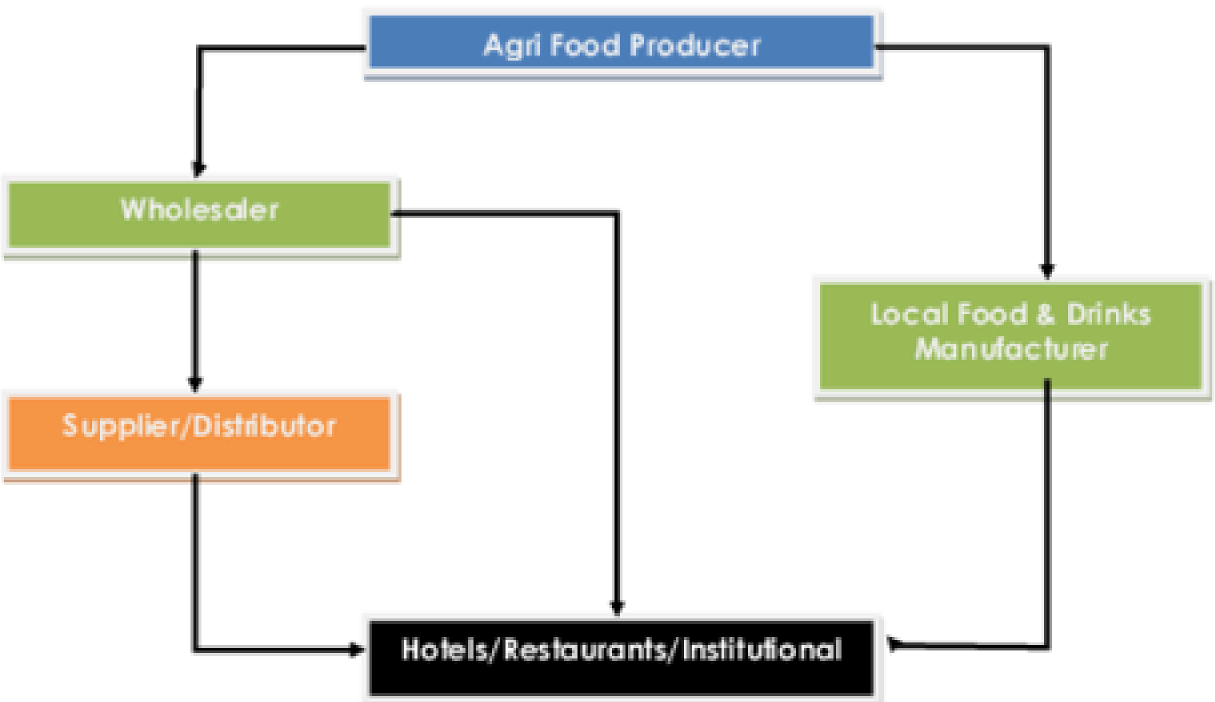


Figure 3 - Local Distribution Channel



2.2 SUB-SECTOR PROFILES

The following tables below show 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	1. Mandarin Grill 2. Lai Po Heen 3. Mosaic 4. Ren 5. Aqua restaurants & Bar 6. Wasabi Bistro 7. Kyo 8. Lounge On The Park 9. MO Bar 10. The Mandarin Cake Shop	Kuala Lumpur	Local importers or suppliers
Ritz Carlton, Kuala Lumpur	1. Li Yen 2. Cobalt Room 3. In-Room Dining 4. The Lobby Lounge 5. The Patisserie 6. The Library	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	Kuala Lumpur	Local importers or suppliers

	9. Jogoya 10. KoRyo Won 11. Kaihomaru 12. Luk Yu Tea House 13. Newens of London 14. Pak Loh Chiu Chow		
Palace of the Golden Horses, Kuala Lumpur	1. Carousel Cafe 2. Grand Salon 3. Carriage Cafe 4. Kim Ma 5. Kin No Uma	Kuala Lumpur	Local importers or suppliers
Grand Hyatt Kuala Lumpur	1. Thirty8 2. JP teres 3. Pool side	Kuala Lumpur	Local importers or suppliers
St. Regis Kuala Lumpur	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 describes 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	High end restaurant areas and high end shopping malls	Local importers or suppliers

	Steakhouse – 4 outlets 5. Santini@Suria KLCC – 1 outlet 6. Nuovo Café – 2 outlets		
KFC Holdings (Malaysia) Bhd	KFC – 537 outlets Rasamas – 27 outlets Kedai Ayamas - 85	Nationwide	Centralised buying
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 – 34 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 kitchens at Sepang KLIA	Local agents and directly from

Catering Holdings Sdn Bhd	Largest airline caterer, serving up to 45,000 Halal meals a day.	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
Feldad '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	Deals directly with supplier of various products.

	Kuala Lumpur City Centre	
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 Culinary Arts	Selangor	Local supplier
Culinary Arts Center	Penang	Local supplier
International Centre Of Cake Artistry Sdn. Bhd.	Kota Damansara, Selangor	Local supplier
English Hotbreads	Cheras, Selangor	Local supplier
Berjaya University College of Hospitality	Kuala Lumpur	Local supplier

SECTION III: COMPETITION

Table 8 – Competitive Situation in Malaysia

Product Category (2016)	Major Supply Sources (2016)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Beef **Number of countries imported from:** 23 **Net Value:** USD $ 496 million **Net Tons :** 155,701	**India** – 76% **Australia** – 15% **New Zealand** – 5% U.S.A.-0.6%	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:**	**Germany** – 30% **Vietnam** – 17% **Spain** – 12% **USA** – 0.5%	EU prices most competitive, and more EU plants are approved.	Local pork industry is politically concentrated and can exert influence to slow imports.

USD $62.5million **Net Tons :**22,306			
Chicken **Number of countries imported from:** 9 **Net Value:** USD $122 million **Net Tons:** 71,382	**Thailand –** 56% **China –** 28% **Brazil –** 12% **Netherlands –** 3%	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.
Eggs **Number of countries imported from:** 4 **Net Value:** USD $211,710 **Net Numbers:** 5,306	**France –** 83% **U.S.A.** - 11% **Hong Kong** - 6%	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:** 27 **Net Value:** USD $ 77.8 million **Net Tons:** 229,855	**China –** 57% **Pakistan –** 10% **USA – 8%** **Bangladesh –** 7%	China potatoes are cheaper.	Little domestic production.
Dehydrated Potatoes **Number of countries imported from:** 32 **Net Value:** USD $49.6 million **Net Tons:** 40,506	**Germany –** 43% **Netherlands –** 29% **U.S.A. – 9%**	Germany is the preferred choice.	No domestic production.
Milk **Number of**	**Australia –** 37% **New Zealand**	New Zealand's products most price competitive and importers have long established relationship.	Limited local production

countries imported from: 24 **Net Value:** USD $35.5 million **Net Tons:** 28,711	– 23% **France** – 9% **USA – 1.5%**		
Vegetables Frozen **Number of countries imported from:** 44 **Net Value:** USD $30.1 million **Net Tons:** 37,347	**U.S.A.** – 27% **China** – 21% **Denmark** – 16%	China is becoming increasingly competitive. U.S. dominates frozen potato sector.	There is a large market for chilled and frozen processed vegetables, particularly potatoes.
Breakfast Cereals **Number of countries imported from:** 35 **Net Value:** USD $25.3 million **Net Tons:** 10,973	**Philippines** – 32% **Thailand** – 12% **China** - 11% USA – 8%	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:** 64 **Net Value:** USD $554.8 million **Net Tons:** 552,710	**China** – 26% **South Africa** – 21% **USA – 11%**	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:** 32 **Net Value:** USD $32.1 million	**USA – 28%** **Indonesia** – 15% **Thailand** – 15% **India** – 9%	U.S. dried fruits in demand for bakery ingredients.	Limited local production.

Net Tons: 21,435			
Edible Nuts **Number of countries imported from:** 48 **Net Value:** USD $ 195.5 million **Net Tons:** 207,971	**India** – 21% **China** – 18% **Indonesia** – 17% USA – **17%**	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.
Ice Cream **Number of countries imported from:** 17 **Net Value:** USD $43.8 million **Net Tons:** 20,510	**Thailand** – 54% **Indonesia** – 21% **USA – 17%**	Thailand brands very popular.	No local production.
Sauces & Seasoning **Number of countries imported from:** 40 **Net Value:** USD $112 million **Net Tons:** 58,944	**China** – 26% **Thailand** – 24% **Singapore** – 13% **Indonesia** – 9% **USA** – 8%	Singapore processing plants export to Malaysia.	Local production insufficient, particularly tomato based sauces.
Chocolates & Cocoa Powder **Number of countries imported from:** 48 **Net Value:** USD $142.5 million **Net Tons:** 34,986	**Singapore** – 11% **China** – 11% **Italy** – 11% U.S.A. – **10%**	Singapore acts both as trans-shipment and processing point.	Local cocoa and chocolate processing sector growing.
Jams **Number of countries**	**Italy** – 18% **Thailand** – 15% **Taiwan** – 9%	Jams and spreads from USA are popular.	Local jams are of a different variety and come from tropical fruits.

imported from: 44 **Net Value:** USD $24.4 million **Net Tons:** 13,053	**France** – 9% **USA – 4%**		
Fruit & Vegetables Juices **Number of countries imported from:** 52 **Net Value:** USD $67.5 million **Net Tons:** 46,613	**USA – 26%** **Thailand** – 10% **New Zealand** – 8%	USA dominates imported fruit juice sector.	Insufficient domestic production.
Non Alcoholic Beverages **Number of countries imported from:** 56 **Net Value:** USD $138.3 million **Net Liters:** 134 million liters	**Thailand** – 36% USA – 13% **China** – 6%	Several soft drink companies have manufacturing in Thailand.	Local production is growing.
Beer **Number of countries imported from:** 42 **Net Value:** USD $114.3 million **Net liters:** 83.0 million liters	**Singapore** – 36% **Netherland** – 18% **Vietnam** – 10% **U.S.A.** – 1.4%	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:** 44 **Net Value:**	**Australia** – 46% **France** – 18% **Singapore** – 6% **Chile** – 6% U.S.A. – 4%	Australian wines are popular and promote Australian wines extensively.	No domestic production.

USD $97.4 million **Net Liters:** 12.2 million liters			

(Source: Global Trade Atlas (GTA)

SECTION IV: BEST PRODUCT PROSPECTS

Products	2012 Imports ($) & Volume	2016 Imports ($) & Volume	5-Yr. Avg. Annual Import Growth	Import Tariff Rate/ GST %
Frozen Potatoes	$28.3 million 25,335 tonnes	$64.6 million 57,404 tonnes	27.3% (Value)	Nil / 6%
Powdered Milk	$102.2 million 23,597 tonnes	$86.2 million 27,063 tonnes	1.1% (value)	5% (HS-0402.91.000) / 6%
Whey	$139.5 million 68,181 tonnes	$81.9 million 77,897 tonnes	11 % (Value) 15.9 % (Volume)	Nil / 6%
Sources	$9.4 million 5,760 tonnes	$8.9 million 6,010 tonnes	2.3 % (Value)	10% / 6%
Citrus Fruits	$97.7 million 164,797 tonnes	$169.0 million 201,182 tonnes	12.3% (Value)	0%-10% / 6% (Dried)
Almond	$13.1 million 3,211 tonnes	$25.8 million 3,397 tonnes	17.6% (Value)	Nil / 6%
Cheese	$4.4 million 802 tonnes	$6.7 million 2,003 tonnes	10.4% (Value) 21.8% Volume)	Nil / 6%
Mixed Juice	$25.6 million 7,164 tonnes	$10.1 million 5,303 tonnes	-14.6% (Value)	0%-10% / 6%
Chocolates	$25.4 million 3,202 tonnes	$25.9 million 3,448 tonnes	0.0% (Value)	15% / 6%
Chicken Cut Frozen	$104.5 million 44,073 tonnes	$108.6 million 63,526 tonnes	1.9% (Value)	TRQ Rate: 20% Above TRQ: 40% / 6%
Breads, Pastry & Cakes	$80.4 million 30,994 tonnes	$112.2 million 42,981 tonnes	10.7% (Value)	6% for Unsweetened biscuits / 6%
Apples Juice	$1.7 million 1,918 tonnes	$1.5 million 1,292 tonnes	0.8% (Value)	Nil / 6%
Prepared or Preseved Cherries	$1.8 million 620 tonnes	$1.1 million 393 tonnes	-1.4% (Value)	Nil / 6%
Pistachios	$3.9 million 837 tonnes	$3.6 million 390 tonnes	0.3% (Value)	Nil / 6%

Grape Juice	$1.2 million 983 tonnes	$1.1 million 634 tonnes	-1.2% (Value)	Nil / 6%
Sweet Biscuits	$19.0 million 5,377 tonnes	$13.1 million 2,912 tonnes	-0.9% (Value)	6% / 6%
Orange Juice	$11.5 million 6,684 tonnes	$11.9 million 7,770 tonnes	1.8% (Value)	Nil / 6%
Wine, Specialty	$81.4 million 5.7 million liter	$97.4 million 12.2 million liter	4.6% (Value)	Rm7.00/Ltr. / 6%
Scallops	$8.2 million 1,369 tonnes	$24.4 million 2,346 tonnes	24.5% (Value) 13.7% Volume)	Nil / 6%
Buttermilk	$21.7 million 6,221 tonnes	$16.7 million 7,716 tonnes	-1.1% (Value) 7.6% Volume)	Nil / 6%
Butter	$29.4 million 6,308 tonnes	$32.7 million 8,326 tonnes	-1.5% (Value) 7.8% Volume)	Nil / 6%
Processed Cheese	$38.8 million 6,812 tonnes	$50.9 million 10,858 tonnes	11.8% (Value) 19.3% Volume)	Nil / 6%

(Source: 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.

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

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For more information on exporting U.S. agricultural products to other countries, refer to the U.S. Department of Agriculture's (USDA) Foreign Agricultural Service (FAS) homepage: http://www.fas.usda.gov.

END OF REPORT.