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Report Highlights:

According to the Department of Statistics, Malaysia's food and beverage sales contributed 11.8 percent (\$1.7 billion) to total wholesale sales value of \$14 billion for January-April 2022, with a growth of 11.5 percent over the same period last year. The country's food retailers continue to rapidly develop, and premium grocery stores and convenience outlets are increasingly popular. Top prospective U.S. products for the Malaysian food retail market include dairy, fresh and processed fruits & vegetables, seafood, wine, pork, and beef.

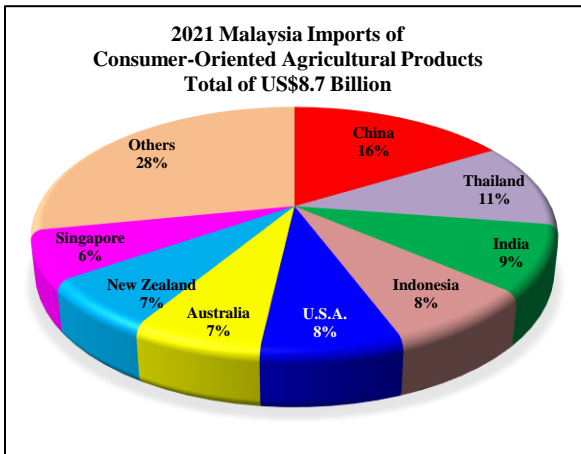
Market Fact Sheet: Malaysia

Executive Summary

Malaysia’s multibillion-dollar food industry is driven by the rebounding economy, increased consumer spending, and the recovery of the tourism industry. 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 2021 reached \$23 billion USD, roughly six percent of which was sourced from the United States.

Imports of U.S. Consumer-Oriented Products

In 2021, the United States was Malaysia’s fifth largest supplier of consumer-oriented food and beverage products, with total sales reaching \$650 million USD for the year. Top U.S. products in the market include dairy, fresh fruits, pet food, and tree nuts.



Source: Trade Data Monitor

Retail Food

Malaysia’s supermarkets saw a ten percent decrease to \$1.5 billion in 2021, with consumers focusing on proximity and value for money when deciding on the type of grocery format. This trend was driven by the global pandemic and associated lockdowns. However, this sector is expected to make a swift recovery as consumers return to pre-pandemic shopping patterns. The significant growth and trend towards e-commerce will continue to be a dynamic channel in 2022, and steady growth of convenience stores is expected to continue.

Food Processing

The Malaysian food processing industry is expected to have positive growth as it bounces back from the COVID-19 pandemic. 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.

Hotel, Restaurant and Institutional

The Malaysian hotel, restaurant, and institutional (HRI) industry used to be one of the fastest growing sectors in the country, but it has been badly impacted by the pandemic situation. Recovery in this sector is only expected in 2023 or by the end of 2022 at the earliest.

Malaysia Macroeconomics

Population: 32.7 million people; rapidly growing (has doubled since 1980) and increasingly urbanized

Per Capita Income: \$12,500 by the end of 2021, with a growing middle class

Real GDP Growth: 3.1 percent in 2021, 5.3-6.3 percent forecast 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 SUMMARY

The Malaysian food retail industry is comprised of a range of large supermarkets/hypermarkets, convenience stores, “mom and pop” traditional stores, and specialty retailers. According to industry analysts, retail sales value decreased by ten percent to \$1.5 billion in 2021. The larger and leading supermarket formats struggle as consumers continue to prioritize proximity and value, putting supermarkets at a disadvantage against convenience stores. Convenience outlet MyNews plans to open 500 stores within the next five years, a sign of the growth in this segment. However, supermarkets with smaller format stores and a value pricing strategy, such as Hero Mart, are benefitting from good access within neighborhoods and a wide range of products in the fresh food category, especially in meat and fresh produce.

The food retail sector is projected to have continued growth in the future despite the challenges since the onset of the COVID-19 pandemic. The sector is expected to make swift recovery as the economy re-opens and consumers returns to their pre-pandemic purchasing habits. Further growth is also expected for e-commerce, which will have a significant impact on the purchasing behavior amongst consumers despite the relaxation of social distancing measures and restrictions in the country.

Online applications such as Shoppe, Grab, and FoodPanda are key players in e-commerce, driving growth through collaboration with most of the leading Malaysian supermarket chains. Existing brands in the market are also expanding and boosting their use of e-commerce and online channels. Examples include Lotus, which recently took over Tesco and has developed its own online presence, and Giant, which collaborated with independent delivery service HappyFresh to reach out to their consumers.

The food retail sector is dominated by the following players: [Dairy Farm Group](#), [Mydin Mohamed Holdings](#), [Trendcell](#), [Village Grocer Holdings](#), and [AEON Group](#).

Major Food Retailer Brands in Malaysia

Retailers	Retail Format	Growth in Retail Sales (excl. Sales Tax) in 2021
Trendcell Sdn Bhd	<ul style="list-style-type: none"> Fastest growing premium food retailer in Malaysia Retail Format: Jaya Grocer supermarkets Procures from consolidators, distributors, local importers, and direct from exporters 	14.7%
Village Grocer Holdings	<ul style="list-style-type: none"> A popular premium retail chain in Malaysia (supermarkets) Retail Format: Village Grocer and Ben's Independent Grocer supermarkets Procures from consolidators, distributors, local importers, and direct from exporters 	13.3%
Mydin Mohamed Holdings	<ul style="list-style-type: none"> Retail Format: Mydin supermarkets Procures from consolidators, distributors, local importers, and direct from exporters 	-3.1%
AEON Group	<ul style="list-style-type: none"> Retail Format: AEON, AEON Big, and AEON MaxValu supermarkets/hypermarkets 	2.6%

	<ul style="list-style-type: none"> • Procures from distributors, local importers, and direct from exporters 	
Dairy Farm Group	<ul style="list-style-type: none"> • Retail Format: Giant, Cold Storage, and Mercato supermarkets/hypermarkets • Procures from consolidators, distributors, local importers and direct from exporters 	3.2%

Source: Euromonitor and FAS/Malaysia

Sector Trends

- New entrants in the market, such as Qra, are enjoying success with smaller formats and a wide product range, as existing retailers also continue to expand in the retail food sector.
- Consumer shift towards smaller neighborhood convenience stores for proximity and value for money due to the onset of the COVID-19 pandemic continues.
- Health and wellness trends continue to be prevalent in 2022 as organic, functional, nutritional, and fresh products are in demand due to health concerns.
- A growing e-commerce marketplace has resulted in major supermarkets offering online services as a convenience to their customers.
- Mobile phone payment utilization in the food retail sector is significantly growing.
- Secondary cities in Malaysia have seen growth in demand for imported food and beverage products.

SECTION II. ROAD MAP FOR MARKET ENTRY

U.S. exporters of food and agricultural products should consider the following when planning to enter the Malaysian market:

- Analyze Malaysian food laws, packaging and labeling requirements, and importer criteria for entry into the market. Detailed information on Malaysian regulations and requirements can be found by accessing the latest [FAS/Malaysia Food and Agricultural Import Regulations & Standards Country Report](#).
- Review the types of U.S. food products that can be readily targeted in the retail market. Consider the price competitiveness of U.S. products compared to similar products available in Malaysia.
- Participate in regional trade shows and trade missions by tapping into the resources offered by [State and Regional Trade Associations](#).
- Develop links with local importers that target the major retailers. U.S. exporters are advised to appoint local distributors or at least a local representative to help guide them through the requirements of Malaysian food regulations and local trading practices.
- After establishing links with importers, strive to educate them (in person if possible) on the qualities of your product/s and supply chain.
- After establishing agreements with local importers, conduct market visits, product promotional activities and provide technical assistance (e.g. handling techniques and product formulations) to end-users.
- Maintain strong communication with your local importer to ensure all certificates and import permits are valid and up to date.

Food Standards and Regulations

[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 these laws, 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 particular note are Malaysia's halal certification and dairy facility registration requirements.

Halal Certification

Many food products (e.g. beef or 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: the Islamic Food and Nutrition Council of America (IFANCA), Islamic Services of America (ISA), and the American Halal Foundation (AHF).

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 islamicervices@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

For further details on halal requirements in Malaysia market, please refer to [Malaysia: Halal Country Report](#)

Dairy Facility Registration

Malaysia requires foreign producers and exporters of dairy products to apply for registration with the Malaysian Government. The Malaysian Government implemented this facility registration measure to improve the traceability of imported dairy products and to ensure imported dairy products were certified halal. To register, dairy product producers must submit documentation to Malaysia’s Department of Veterinary Services (DVS). For further details on the dairy product registration process, please see FAS Malaysia’s [related GAIN report](#).

SECTION III. COMPETITION

Product Category (2021)	Major Supply Sources (2021)	Foreign Supplier Situation	Local Supplier Situation
Beef and Beef Products Net Imports: USD \$581 million	India: 76% Australia: 14% Brazil: 5% Japan: 2% 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 market.	Inadequate supply of local beef.
Pork and Pork Products Net Imports: USD \$63.2 million	Belgium: 28% Spain: 20% Netherlands: 18% Denmark: 15% U.S.A.: 2%	Currently E.U. prices are very competitive, and several E.U. plants are approved for export to Malaysia. Demand for U.S. pork products has increased significantly in 2020.	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 Imports: USD \$81.5 million	China: 55% Bangladesh: 10% Pakistan: 9% India: 8% U.S.A.: 7%	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	China: 24% U.S.A.: 23%	U.S. frozen potatoes are in strong demand for	There is a large market for chilled and frozen

Net Imports: USD \$35 million	Netherlands: 14% Denmark: 13%	the retail and HRI sectors.	processed vegetables, particularly potatoes.
Fresh Fruits Net Imports: USD \$662.7 million	China: 29% South Africa: 21% Thailand: 12% Egypt: 8% U.S.A.: 7%	Highly competitive market.	Malaysia does not grow non-tropical fruits.
Dried Fruits Net Imports: USD \$39 million	China: 23% U.S.A.: 18% Thailand: 17% India: 10%	U.S. dried fruits are in strong demand for the retail and bakery industries.	Limited local production.
Tree Nuts Net Imports: USD \$204.4 million	Indonesia: 36% U.S.A.: 18% China: 12% Vietnam: 9% India.: 7%	Imported nuts are in strong demand for use in the retail and bakery industries.	Limited local production.

Source: Trade Data Monitor

SECTION IV: BEST PRODUCTS PROSPECTS CATEGORIES

U.S. Products	2020 Import Value (January - December) (million USD)	2021 Import Value (January - December) (million USD)	Growth
Dairy	\$156.90	\$161.20	3%
Fresh Fruit	\$34.50	\$32.40	-6%
Non-Alcoholic Beverage	\$20.90	\$31.40	50%
Bakery Goods, Cereals and Pasta	\$13.60	\$12.80	-6%
Pork and Pork Products	\$1.80	\$1.00	-44%
Beef and Beef Products	\$0.60	\$1.00	67%

Source: U.S. Census Bureau Trade Data

Notes: Excellent opportunities for U.S. beef exist in the market provided required Malaysian halal certifications can be obtained.

SECTION V. 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@usda.gov

B) U.S. Dairy Export Council

U.S. Centre for Dairy Excellence
20 Martin Road
Seng Kee Building, #08-01
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

50 Jalan Dungun Damansara Heights
Kuala Lumpur, Malaysia
Tel: (60) 3 2093 6826
Fax: (60) 3 2273 2052
Contact: Caleb Wurth, Regional Director, South & Southeast Asia
Email: sea@grains.org

D) U.S. Meat Export Federation

627 A Aljunied Road
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Tel: (65) 6733 4255
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Contact: Sabrina Yin, Regional Director
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E) USA Poultry and Egg Export Council

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Singapore
Tel: (65) 6737 1726
Fax: (65) 6737 1727
Contact: Margaret Say, Regional Director
Email: usapeec_sing@pacific.net.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
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Tel: (65) 6515 6113
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G) U.S. Soybean Export Council

541 Orchard Road
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Contact: Timothy Loh, Director
Email: TLoh@ct.ussec.org

H) U.S. Wheat Associates

541 Orchard Road
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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/v6/xs/index.php>
Ministry of Agriculture Department of Veterinary Services: www.dvs.gov.my
Ministry of Finance Customs Headquarters: <http://www.customs.gov.my>

Attachments:

No Attachments