

The Food and Beverage Market Entry Handbook: Malaysia:

**a Practical Guide to the Market in Malaysia for European Agri-food
Products**



Europe Direct is a service to help you find answers to your questions about the European Union.

**Freephone number (*):
00 800 6 7 8 9 10 11**

(*) The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

This document has been prepared for the Consumers, Health, Agriculture and Food Executive Agency (Chafea) acting under the mandate from the European Commission.

It reflects the views only of the authors, and the Commission / Chafea cannot be held responsible for any use which may be made of the information contained therein.

Euromonitor International Passport Data Disclaimer

While every attempt has been made to ensure accuracy and reliability, Euromonitor International cannot be held responsible for omissions or errors of historic figures or analyses.

While every attempt has been made to ensure accuracy and reliability, Agra CEAS cannot be held responsible for omissions or errors in the figures or analyses provided and cannot be held responsible for any use which may be made of the information contained therein.

Note: the term EU in this handbook refers to the EU-27 excluding the UK, unless otherwise specified. For product trade stats, data is presented in order of exporter size for reasons of readability. Data for the UK is presented separately where it represents a notable origin (>5% of imports). In case it represents a negligible origin that would not be visually identifiable in a graph, data for the UK is incorporated under "rest of the world".

More information on the European Union is available on the Internet (<http://europa.eu>).

EB-01-20-479-EN-N– ISBN 978-92-9478-640-1– doi: 10.2818/757014

© European Union, 2020

Reuse is authorised provided the source is acknowledged.

The reuse policy of European Commission documents is regulated by Decision 2011/833/EU (OJ L 330, 14.12.2011, p. 39).

Contents

1	The Food and Beverage Market Entry Handbook: Malaysia	9
1.1	How to use this handbook	9
2	Country introduction and overview	10
2.1	Country overview: Malaysia at a glance	11
2.1.1	Past economic and political trends	11
2.1.2	Current economic situation and mid-term outlook.....	12
2.1.3	Populations trends	13
2.2	Geography and key markets	15
2.2.1	Overview of urban markets	16
2.2.2	Snapshots of important markets	17
2.3	Domestic agricultural production and regions	23
2.3.1	Agriculture, climate and climate change	24
3	Introduction to the food and beverage market and consumers	26
3.1	Overview of the food and beverage market and demand for imported products.....	26
3.1.1	F&B market summary	26
3.1.2	International trade in F&B	27
3.1.3	The market for imported F&B.....	28
3.2	Growth Drivers and Trends.....	29
3.3	Consumer profiles and preferences.....	31
3.3.2	Cultural Sensitivities and Other Considerations	32
4	Market access and entry	35
4.1	Summary SWOT analysis.....	35
4.2	Food and beverage legislation and regulations	35
4.2.1	Import requirements/restrictions, customs procedures and documentation	35
4.2.2	Food safety and other food certification requirements	40
4.2.3	Labelling Requirements	45
4.2.4	Protection of industrial property rights (trademarks and geographical indications)	51
4.2.5	Relevant authority for IPR and GI protection and further contacts	53
4.3	International trade.....	53
4.3.1	Malaysia and foreign trade	53
4.3.2	Key trade agreements, present and future	53

4.3.3	EU- Malaysia Free Trade Agreement (EUMFTA)	54
4.3.4	WTO disputes and other trade barriers	54
4.3.5	Summary of key trade barriers	55
4.4	Operating in the Malaysian food and beverage market	56
4.4.1	Logistical services and transportation infrastructure	56
4.4.2	Distribution	60
4.4.3	Business environment	63
4.4.4	Key operational considerations and challenges: summary	64
4.4.5	Other relevant information	65
5	Market Snapshots for Selected Products	67
5.1	Fresh meat	68
5.1.1	SWOT analysis	68
5.1.2	Consumption	68
5.1.3	Offer	74
5.1.4	Specific market entry requirements	77
5.1.5	Distribution	80
5.1.6	Challenges for EU products	80
5.2	Fresh fruit and vegetables	82
5.2.1	SWOT analysis	82
5.2.2	Consumption	82
5.2.3	Offer	88
5.2.4	Specific market entry requirements	95
5.2.5	Distribution	96
5.2.6	Challenges for EU products	97
5.3	Dairy	98
5.3.1	SWOT analysis	98
5.3.2	Consumption	98
5.3.3	Offer	107
5.3.4	Specific market entry requirements	112
5.3.5	Distribution	114
5.3.6	Challenges for EU products	115
5.4	Wine	117

5.4.1	SWOT analysis	117
5.4.2	Consumption	117
5.4.3	Offer	123
5.4.4	Specific market entry requirements	126
5.4.5	Distribution	128
5.4.6	Challenges for EU products	128
5.5	Spirits	130
5.5.1	SWOT analysis	130
5.5.2	Consumption	130
5.5.3	Offer	136
5.5.4	Specific market entry requirements	139
5.5.5	Distribution	140
5.5.6	Challenges for EU products	141
5.6	Olive oil	143
5.6.1	SWOT analysis	143
5.6.2	Consumption	143
5.6.3	Offer	146
5.6.4	Specific market entry requirements	148
5.6.5	Distribution	149
5.6.6	Challenges for EU products	150
5.7	Chocolate and confectionery	152
5.7.1	SWOT analysis	152
5.7.2	Consumption	152
5.7.3	Offer	161
5.7.4	Specific market entry requirements	166
5.7.5	Distribution	167
5.7.6	Challenges for EU products	169
5.8	Beer	171
5.8.1	SWOT analysis	171
5.8.2	Consumption	171
5.8.3	Evolution of consumption	171
5.8.4	Offer	177

5.8.5	Specific market entry requirements	180
5.8.6	Distribution	182
5.8.7	Challenges for EU products.....	182
5.9	Processed meat.....	184
5.9.1	SWOT analysis.....	184
5.9.2	Consumption.....	184
5.9.3	Offer	186
5.9.4	Specific market entry requirements	188
5.9.5	Distribution	190
5.9.6	Challenges for EU products.....	191
5.10	Ice cream.....	192
5.10.1	SWOT analysis.....	192
5.10.2	Consumption.....	192
5.10.3	Offer	194
5.10.4	Specific market entry requirements	197
5.10.5	Distribution	199
5.10.6	Challenges for EU products.....	200
5.11	Prepared baby food	202
5.11.1	SWOT analysis.....	202
5.11.2	Consumption.....	202
5.11.3	Offer	204
5.11.4	Specific market entry requirements	206
5.11.5	Distribution	208
5.11.6	Challenges for EU products.....	208
5.12	Pet food.....	210
5.12.1	Consumption.....	210
5.12.2	Offer	213
5.12.3	Specific market entry requirements	215
5.12.4	Distribution	217
5.12.5	Challenges for EU products.....	217
5.13	Pasta.....	219
5.13.1	SWOT analysis.....	219

5.13.2	Consumption.....	219
5.13.3	Offer	221
5.13.4	Specific market entry requirements	223
5.13.5	Distribution	225
5.13.6	Challenges for EU products.....	225
5.14	Baked goods.....	227
5.14.1	SWOT analysis.....	227
5.14.2	Consumption.....	227
5.14.3	Offer	229
5.14.4	Specific market entry requirements	231
5.14.5	Distribution	233
5.14.6	Challenges for EU products.....	233
5.15	Biscuits and cereal bars.....	235
5.15.1	SWOT analysis.....	235
5.15.2	Consumption.....	235
5.15.3	Offer	237
5.15.4	Specific market entry requirements	239
5.15.5	Distribution	241
5.15.6	Challenges for EU products.....	242
6	Communication.....	244
6.1	Communication strategy.....	244
6.1.1	Online & Digital Media.....	244
6.1.2	Traditional Media.....	248
6.1.3	Fairs and exhibitions	248
6.2	Advertising regulations	249
7	Malaysian Etiquette	251
7.1	Quick facts.....	251
7.2	Key DOs and DON'Ts.....	252
8	Directory of Trade Support Projects, Organisations, and Service Providers	254
8.1	European Union Organisations	254
8.2	Directory of EU Member State Embassies/Consulates.....	257
8.3	Other organisations and service providers.....	260

8.4 Calendar of trade events and exhibitions in 2020 263

8.5 Database of professionals’ contacts: List of relevant buyers, importers and distributors 265

1 The Food and Beverage Market Entry Handbook: Malaysia

This Handbook is intended to act as a reference for those agri-food producers planning for, or in the process of entering, the Malaysian market. This Handbook provides **step-by-step guides** on entering the agri-food market in Malaysia including relevant information such as **analysis of the Malaysian market** for different product categories, **market access** and **market entry procedures**, **intellectual property (IP) protection**, **referrals to professional buyers** and a signposting and referral system providing useful contacts and ways to penetrate the Malaysian market.

1.1 How to use this handbook

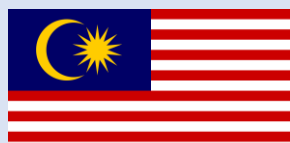
Depending on your stage of market entry, company profile, and product range, different sections within this handbook will be helpful to a different extent for your business strategies.

For those wishing to learn more about the Malaysian food and beverage market in general, section 2 provides a general country overview; section 3 provides an overview of the agri-food market; and section 4 an overview on market entry. These latter two sections contain information on: the food and beverage market, market access procedures, customs procedures, SPS and labelling requirements, intellectual property protection, including geographical indications. The information contained within these sections is of a general nature and so may not be relevant for those in the more advanced stages of market entry.

If you want to find out more information relevant for your product, then check out the **Market Snapshots for Selected Products** (section 5). This content illustrates the market situation, market access procedures, SPS requirements etc. specific for this product or product category. This information will provide more industry specific information to consider as part of any market entry or market expansion strategies.

If you already have decided that the Malaysian market is where you want to be, but you need some support, then the **Support Services Directory** can point you in the right direction. Contact information for a service provider, business facilitation support organisation, or from a business contact, could help put you in touch with the right parties who can help you to build your brand in the Malaysian market.

2 Country introduction and overview



Capitals:	Kuala Lumpur						
Population:	32.7 Million						
Area:	330 803 km ²						
Political structure:	Federal parliamentary elective constitutional monarchy						
Official languages:	Malay						
Major religions:	Islam 61%, Buddhism 20%, Christianity 9%, Hinduism 6%, others 4%						
Life expectancy:	Total Population 76.2years (Male 74.2 years, Female 78.3 years)						
Currency:	Malaysian Ringgit (RM or MYR); 1 EUR = 4.6 MYR (2019 average)						
GDP growth (real):	4.3 % (2019)						
Exports:	68% of GDP (2019)						
Imports:	58% of GDP(2019)						
Main exports*:	Electrical machinery (34%), Mineral fuels incl. oil (14.5%), Machinery including computers (9%), Animal/vegetable fats, oils, waxes (4.8%)						
Main imports*:	Electrical machinery (27%), Mineral fuels incl. oil (14.6%), Machinery including computers (10%), Plastics (4.4%)						
Unemployment rate:	3.3% (2019)						
Labour force:	69% (2019)						
Main industries:	<table> <tr> <td>Agriculture:</td> <td>7 % of GDP</td> </tr> <tr> <td>Industry:</td> <td>37% of GDP</td> </tr> <tr> <td>Services:</td> <td>56% of GDP</td> </tr> </table>	Agriculture:	7 % of GDP	Industry:	37% of GDP	Services:	56% of GDP
Agriculture:	7 % of GDP						
Industry:	37% of GDP						
Services:	56% of GDP						
Average household income (2019):	EUR 18 207						
Household expenditure on food and beverages (2019):	EUR 5 820						
Food and beverage market size (2019):	EUR 73 billion						

Sources: Euromonitor International: Economies and Consumers, 2020; IMF; UN, World Bank; WHO, OECB, Department of Statistics Malaysia. * Goods only listed

2.1 Country overview: Malaysia at a glance

2.1.1 Past economic and political trends

- *The Malay peninsula was known to be the preferred entry point to Southeast Asia, with the port city of Malacca (today: Melaka) at its heart.*
- *Muslims passed through the peninsula for several centuries, and in the 14th century Islam became firmly established. At the beginning of the 16th century the Portuguese established themselves on the peninsula, followed by the Danish in the 17th century and the British in the 19th century. This history impacted the area economically and socially.*
- *Malaysia as a country was established on September 16th in 1963 consisting of the Malaysian peninsula, Singapore (which subsequently separated from Malaysia 2 years later), as well as two territories in northern Borneo (Sarawak and Sabah).*
- *Due to the geography of Malaysia, its economic and political history differs in different regions (Malaysian peninsula/Borneo).*

The Malay peninsula was known to be the best connection point between the surrounding islands and the mainland of Southeast Asia, a fact that has massively shaped Malaysia's history. In the 14th century the port of Malacca, which is now known as Melaka became a central trading entry point into Southeast Asia. Moreover, Malacca also was the entry point of Islam, which spread into many other areas of Malaya later on and thus became the centre of propagation of Islam. While Muslim traders passed through the peninsula from around the 10th century, it is commonly accepted that Islam became established on the peninsula in the 14th century.

At the beginning of the 16th century, the word of the famous harbour reached Europe for the first time and the Portuguese were the first Europeans to arrive and settle in Malacca in 1509. However, most of the territory was not impacted by Europeans until the 19th century. Due to a lack of authority Malacca lost its prominence, and the Portuguese lost control to the Dutch in 1602.

In 1818 the British first established themselves in Singapore, the island off the tip of the Malay peninsula; and later in 1824 took over Malaya from the Dutch and thus had power over the three most important ports of the Strait of Malacca: Penang, Malacca and Singapore. The British controlled the regions differently but nonetheless impacted all regions socially and economically. The economy grew due to the British promotion of planting pepper, gambier, tobacco, oil palm and rubber and furthermore developed infrastructures such as railways, ports and road networks. Malaya and Borneo were occupied by Japan between 1942 and their mostly welcomed defeat in 1945 (during the Second World War).

In 1957 the Federation of Malaya gained independence and had to deal with many political challenges in the years after, but regardless of these, the country managed to maintain its parliamentary political system. Malaysia as a country was established on September 16 in 1963, when it became autonomous from the British after almost 200 years since (albeit with interruptions).

Originally the country consisted of Malaya, which is now known as the Malaysian peninsula, Singapore, as well as two territories in northern Borneo (Sarawak and Sabah). Two years later, in 1965 Singapore declared its independence from Malaysia due to political tensions between the two. Caused by the regional split of Malaysia, its history differs and needs to be looked at separately. The so-called 'Strait of Malacca' has been a connection to the bigger mainland and thus brought many people, cultures and trade to Malaysia over the centuries. Until today, the Malaysian population is a diverse mix with cultural influences from India, the Middle East, China and during the last century from Europe as well.

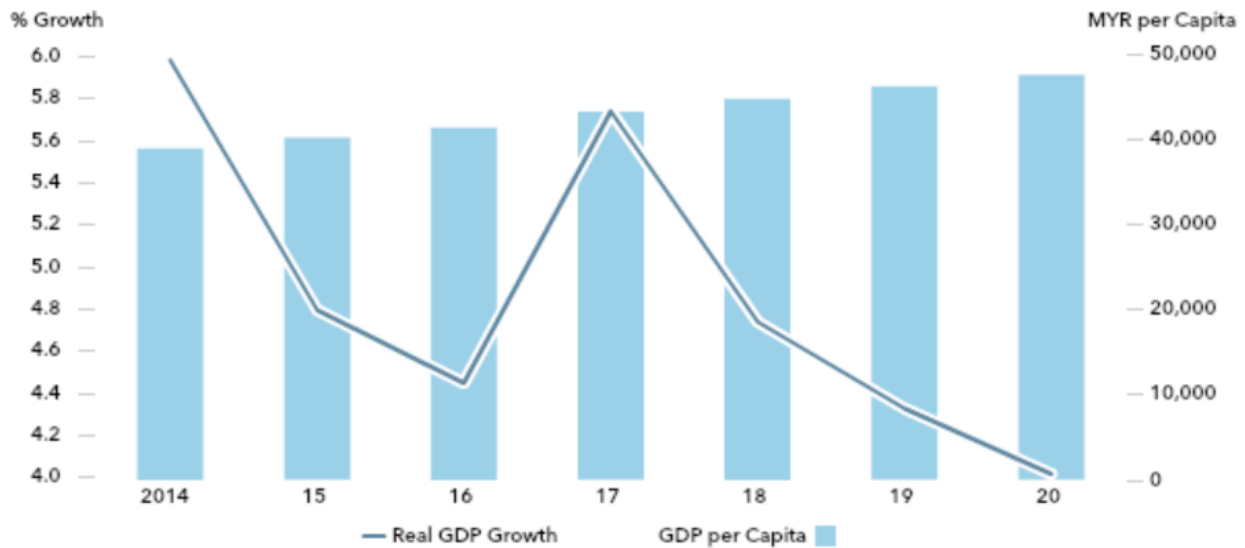
2.1.2 Current economic situation and mid-term outlook

- *Malaysia is the 4th biggest economy in Southeast Asia, however, its growth slowed down to 4.3% in 2019 and is forecast to slow down even more in 2020 due to the COVID-19 pandemic.*
- *The country is on track to reach high-income status by 2024, with currently less than 1% of households living in extreme poverty.*
- *Malaysia's exports account for 2/3rd of the country's GDP, which makes it highly dependent on a good functioning world economy.*
- *Growth rates are forecast to dip to about 3% from 2021 to 2027. It is predicted that the growth rate will be around 4.8% per year in the medium term.*

The Asian financial crisis hit Malaysia in 1997 and the Ringgit lost a lot of its worth. It mostly negatively affected the construction sector but also manufacturing and agriculture. After the Asian financial crisis, Malaysia entered the 21st century with quasi-political stability and a working economy due to its government and business leaders. Even though the country was criticised for its absence of fair ethnic and regional equality, overall national unity and socio-political stability seemed achieved, despite in very local regions with ethnic severe conflicts. Malaysia is still relying on exporting products, which led to an exploitation of the county's natural resources and thus environmental issues. This reliance on exports became an issue in 2009, when the global financial crisis hit Malaysia. The manufacturing sector decreased the most. Revenue from the mining sector dropped as well. After the two financial crisis, the service sector started to develop quickly and is very important and the dominant sector in most areas.

Today, Malaysia is the 4th biggest economy in Southeast Asia and its strong performance remains due to the increasing global demand for goods produced in the country such as electronics, oil and gas as well as because of its improving labour market and increased spending on infrastructure. Despite this, the government's expenditure has been declining and fewer investments have been made recently which limited the country's economic growth to about 4.3% in 2019. Due to the COVID-19 outbreak, Malaysia's GDP is currently forecast to suffer an estimated decline of about -1.7% in 2020, yet, it is forecast to increase by about 9% in 2021 in the post-Corona global economic recovery. Figure 2-1 shows the real GDP Growth and per Capita GDP in Malaysia between 2014-2020 in detail. Malaysia's economy slowdown during the last years had already affected its economy and Malaysia has the highest levels of debt in the region of about 56% of its GDP in 2019. However, the government is working on this issue and introduced a fiscal reform program and even introduced plans to increase the digital economy. During the last decades Malaysia diversified its economy from tin and rubber to electrical appliances, palm oil and natural gas. Its exports moreover make up close to 2/3rd of its GDP.

Figure 2-1: Real GDP Growth and Per Capita GDP in Malaysia: 2014-2020



Note: Data for 2019 is forecast. GDP per capita are in constant 2018 prices

Source: Euromonitor International: Economies and Consumers, 2020

Despite its problems Malaysia is still on track to attain high-income status by 2024. It has an overall high standard of living and moreover an only low unemployment rate of 3.3%. This sounds good; however, the unemployment rate of the country's youth is much higher at close to 12% or highly likely even higher due to the fact that youth in rural areas is not accounted for in the statistics. It is estimated that less than 1% of all Malaysian households live in extreme poverty. This number might rise due to youth unemployment and the bad economic impacts of the COVID-19 pandemic.

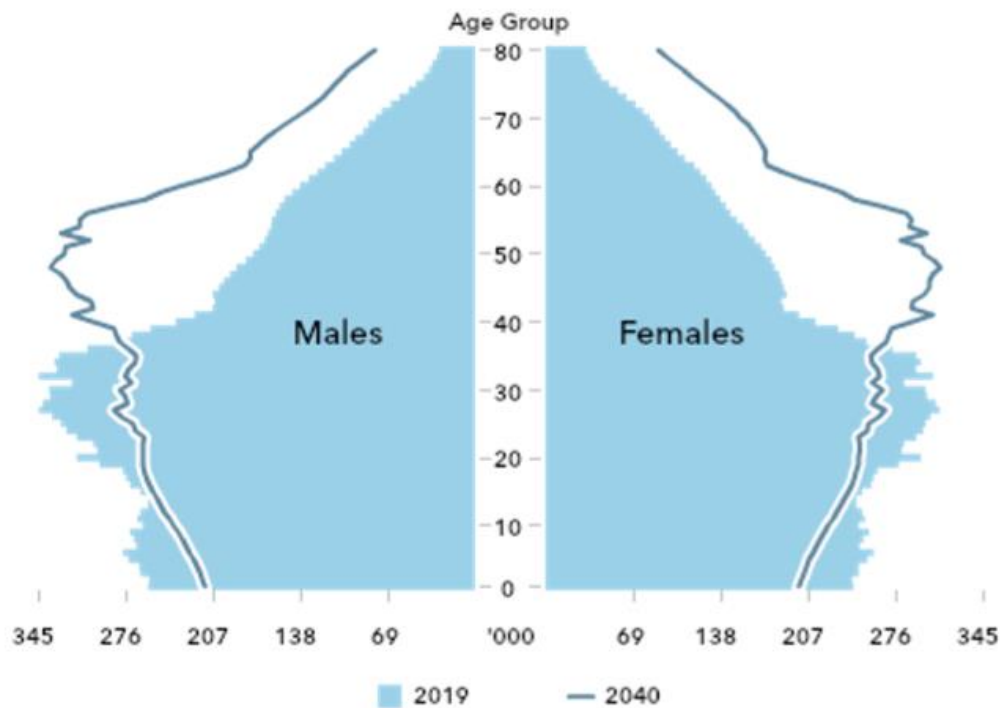
The low unemployment rate enhances consumer spending. Moreover, the country's workforce included about 4 million migrants, but new restrictions make it harder for them to work in Malaysia which results in many leaving the country. Less available workforce leads to higher wages and less need for cheap labour. According to a forecast, growth rates will dip to about 3% from 2021 to 2027. It is predicted that the growth rate will be around 4.8% each year in the medium term.

2.1.3 Populations trends

- In 2019 Malaysia's fast-growing population went up to 32.7 million and is forecast to increase up to 36.4 million in 2030.
- Birth rates are under the level of reproduction at about 1.9 children per woman and are forecast to decline further to 1.7 children per woman in 2030.
- In 2000 the median age was around 23.7 years whereas it went up to 29.4 years in 2019 and is forecast to continue to increase up to 34.5 years in 2030.
- The Malaysian population is ethnically diverse and consists of Malays, Chinese, Indians, indigenous Bumiputra and other groups.

Many different ethnic groups call Malaysia their home. Only just over 50% of the population is Malay, followed by over 22% Chinese, close to 12% indigenous Bumiputra groups, close to 7% Indian and less than 1% other groups. Between 2017 and 2018 the Bumiputra population slightly increased whereas the Chinese and Indian population slightly dropped.

Figure 2-2: Age Pyramid in 2019 and 2030 in Malaysia



Source: Euromonitor International from national statistics/UN, 2020

Note: Data for 2030 is forecast

In 2019 Malaysia's fast-growing population reached 32.7 million. This means that its population doubled since 1980 and even compared to the year 2000 Malaysia's population was 9.2 million people less. By 2030 the Malaysian population is forecast to grow to 36.4 million, which depicts growth of close to 14% compared to 2017. In 2018 the number of the male population exceeded the number of the female population by 107 males per 100 females. In 2000 the median age was around 23.7 years whereas it went up to 29.4 years in 2019. The population is forecast to consist of around 20% of people ages 0-14, nearly 70% aged 15-64 and close to 10% will be older than 65. Moreover, by 2030 many people (around 34% of the total population) will be between 27 and 46 years old, which is partly due to the migration boom in the early 2000s as depicted more in detail in Figure 2-2. However, migration is declining which is why the population growth will slow down until 2030, even though the growth rate might remain high in some regions. In 2030 the population will be 2.5 times higher than in the 1980s. Between 2017 and 2030 the amount of population aged 30 and above is forecast to increase; and the age group of people between 40 and 49 is expected to grow the most in absolute terms of about 2.1 million, however, the group of

people aged 80 and older is forecast to experience the fastest growth rate at 102%. During the same time, the young generation is forecast to decline caused by negative birth rate patterns (see below). This data suggests that the country's median age is going to increase between 2017 and 2030 up to 34.5 years. The amount of people in working age is forecast to increase by over 14% until 2030 up to a total of 25.4 million.

The fertility rate in Malaysia fell under the rate of replacement, which is 2.1 children per woman for the first time in 2015 and was at 1.9 births per women in 2019. It is expected to decrease more to 1.7 children per woman by 2030. This trend is partly due to better education of Malaysians, women in particular, the growing number of women who work as well as increasing urbanisation of the population which e.g. shows that people live in less space than they would have in rural areas. The population is still expected to increase however due to migration of people from surrounding countries. 1983 was the first year in the history of Malaysia where the average age of a woman giving birth to her first child surpassed 25 years. In 2017 this average age increased up to 27.1 years and is forecast to somewhat drop to 27 years by 2030, however, regional differences exist.

Malaysia's average life expectancy at birth is forecast to increase from 75.5 years in 2017 up to 77.4 years in 2030. Regional differences are smaller but still existent. The living standard in Malaysia thus is seen to be higher than in some other countries in the region and the healthy life expectancy is forecast to grow as well in the same period. However, death rates are forecast to increase due to the aging population from 5.3 deaths per 1 000 in 2017 to 6.3 deaths by 2030. Yet the number of births in 2030 is forecast to still be higher than the number of deaths.¹

2.2 Geography and key markets

Malaysia is part of central Southeast Asia and borders Thailand in the north, Singapore in the South and Indonesia to the south-west. The country is one of the biggest countries in Southeast Asia and is split up in 11 states and two federal territories on the Malaysian peninsula and the two states of Sabah and Sarawak on northern Borneo. The Peninsular Malaysia is about 650 to 950 km away from the Malaysian part of Borneo and the two parts are split by the South Chinese sea. The Malaysian peninsular has a long coastline of close to 1 900 km length and an area with rainforests and mountains from north to south of the peninsula and Borneo.

The elevation differs in various regions but is in general about 1 000m up to 1800m. However, the highest peak is Mount Kinabalu with a height of 4 100m and is situated in the State of Sabah on Borneo. Moreover, more than two dozen big rivers are flowing through the country, with the Pahang, Rajang and Sugut being the most prominent ones. Besides the numerous rivers, the country only has two natural lakes (the Bera

¹ Current population estimates, 2018. Department of Statistics Malaysia. <https://www.dosm.gov.my/v1/index.php?r=column/pdfPrev&id=c1pgTnFjb29HSnNYNUpiTmNwZHArdz09>; Euromonitor International: Economies and Consumers, 2020

Lake and Tasik Chini) as well as the man-made Lake Kenyir, which is known to be one of the biggest in the world with about 260km².²

2.2.1 Overview of urban markets

As mentioned before, Malaysia is split into 13 states and three federal states on the Peninsular Malaysia and northern Borneo. Every state furthermore is split into districts, which then are separated into so-called *mukim* on the peninsula and divisions on Borneo. Malaysia is one of the most urbanised countries in East Asia and its urban population is still growing steadily. Kuala Lumpur's wider area is one of the biggest urban centres in the country measured by the covered area. Already after the country's independence in 1957, its urbanisation rate increased drastically from about 25% in 1960 up to 65% in 2005. In 2018, more than 77% of the Malaysian population was already living in urban centres. Yet, in Sabah and Sarawak only about half of the population is living in urban areas. The government is working towards achieving a regional balance and the prevention of the establishment of primate cities using decentralisation policies.³

Figure 2-3: Administrative regions of Malaysia



Source: Agra CEAS based on various

Table 2-1 State and Federal Territories of Malaysia by region

Region	State and Federal Territories	Capital
	Johor	Johor Bahru
	Kedah	Alor Setar
	Kelantan	Kota Bharu
	Malacca	Malacca City

² Geography of Malaysia, <http://www.wonderfulmalaysia.com/malaysia-geography.htm>; Malaysia weather, climate and geography, <https://www.worldtravelguide.net/guides/asia/malaysia/weather-climate-geography/>; Malaysia Geography, <https://www.worldatlas.com/webimage/countrys/asia/malaysia/myland.htm>

³ Malaysia among Most Urbanized Countries in East Asia, <https://www.worldbank.org/en/news/feature/2015/01/26/malaysia-among-most-urbanized-countries-in-east-asia>; Urban governance and rapid urbanization issues in Malaysia, https://www.researchgate.net/publication/45315543_Urban_governance_and_rapid_urbanization_issues_in_Malaysia/link/02e7e53740f6492bd1000000/download

West Malaysia	Negeri Sembilan	Seremban
	Pahang	Kuantan)
	Penang	George Town
	Perak	Ipoh
	Perlis	Kangar
	Selangor	Shah Alam
	Terengganu	Kuala Terengganu
	Federal Territory of Kuala Lumpur	
	Federal Territory of Putrajaya	
East Malaysia	Sabah	Kota Kinabalu
	Sarawak	Kuching
	Federal Territory of Labuan	

Source: Agra CEAS based on various

2.2.2 Snapshots of important markets

According to Figure 2-3, most highly populated areas are along the west coast and in the South of the Malaysian Peninsula. The two states in Borneo, Sabah and Sarawak have a high population in absolute terms compared to most other states on the Malaysian peninsula; however, to put this in context, Malaysian Borneo accounts for 60% of the territory of Malaysia, but under 20% of its population. Similarly, economic activity is also primarily focused on the peninsular rather than Borneo.

The biggest Malaysian city is its capital Kuala Lumpur. The federal territory of Kuala Lumpur is enclosed by the highest populated state of Selangor. The third and biggest largest cities are north and south of Kuala Lumpur, both situated in the west as well: George Town and Ipoh. The fourth largest city Johor Bahru is in the very south of the peninsula and thus very close to Singapore, which makes it a strategically good point for doing business. The location of these four cities is depicted in Figure 2-4.

Figure 2-4: Location of focus markets



Source: Agra CEAS

Kuala Lumpur



Key facts:

Total GDP (current prices):	<i>EUR 569 bn</i>
Real GDP growth (2019):	<i>4.8%</i>
Food and non-alcoholic beverage market (2019):	<i>EUR 12.1 bn</i>
Population:	<i>7.8m (metro area)</i>

Kuala Lumpur, also referred to as KL by its inhabitants, is located in the west of Peninsular Malaysia on the Strait of Malacca and is the capital city of Malaysia. Kuala Lumpur factually stands for ‘Muddy Confluence’ because it was founded where the river of Klang meets the river of Gombak. The city with its colonial architecture in combination with modern skyscrapers and many natural attractions is split up into many districts. The city centre is the “Golden Triangle”, which is the combination of three districts (Bukit Bintang, KLCC, Chinatown). KL with its Human Development Index is Malaysia’s biggest and fastest-growing city with close to 8m citizens living in the metro area; and it is the economic, financial and cultural heart of Malaysia.

The major ethnic groups in Kuala Lumpur are Malay and Bumiputera (46%), Chinese (43%) and Indians (10%). Due to the fast speed of the city’s development, the share of the foreign population is increasing. In particular low-skilled workers from other Asian countries such as Thailand, India or Bangladesh migrate with hopes of finding work. However, many people migrate illegally without having the necessary work permits. The city of Kuala Lumpur is moreover rich in religions, with the main ones being Islam (46%), Buddhism (36%), Hinduism (8.5) and Christianity (6%).

Kuala Lumpur is the clear business centre in Malaysia due to its good connectivity through its Kuala Lumpur International Airport and the close by port of Klang. Moreover, many government institutions, as well as international companies, are situated within the city. Thus, KL is an important international player bringing together people from all over the world. Tourism plays an important part of the city’s economy. In general, the service sector accounts for over 80% of the total employment in Kuala Lumpur. Wholesale

and retail are the backbone of the city and account for about 16% of the GDP. The remaining 20% percent mainly comes from the manufacturing and construction sectors.

Kuala Lumpur offers all kind cuisines, including traditional ones such as Malay, Malaysian-Chinese and Indian food as well as Syrian, Thai, Sri Lankan and more. Moreover, the city is also full of European restaurants offering western cuisines such as Italian and French. Expats from all over the world can find places with dishes they are used to from their respective home countries. Restaurant styles are as diverse as the available food, ranging from all-day hawker centres, food courts, coffee shops to fine-dining restaurants and noble resto-bars. However, Kuala Lumpur as a melting pot of cuisines is in particular known for local dishes such as Nasi lemak, which is rice cooked in coconut milk served with anchovies and chilli paste, *roti canai*, which is an Indian style flatbread, *bak kut the*, which are stewed pork ribs and fried *kuey teow*.

Sources Euromonitor International: Economies and Consumers, 2020; Kuala Lumpur, <http://www.kuala-lumpur.ws/>; Federal territory of Kuala Lumpur, https://www.dosm.gov.my/v1/index.php?r=column/cone&menu_id=bjRIZXVGdnBueDJKY1BPWEFPRlhIdz09; Kuala Lumpur 2020 <https://worldpopulationreview.com/world-cities/kuala-lumpur-population/>; Experience Kuala Lumpur Through Its Best Restaurants, <https://theculturetrip.com/asia/malaysia/articles/a-taste-of-malaysia-the-10-best-restaurants-in-kuala-lumpur/>; Economy of Kuala Lumpur, <https://www.easyexpat.com/en/guides/malaysia/kuala-lumpur/overview/economy.htm>

George Town (Penang)



Key facts:

Total GDP (current prices):	EUR 27.1bn
Real GDP growth (2019):	4.5%
Food and non-alcoholic beverage market (2019):	EUR 3.4bn
Population:	2.72m

George Town is the capital city of Penang. Due to British influences the city can be characterised by its colonial architectures. However, it is not as modern as Kuala Lumpur, but more of a mix between modern and more old-fashioned quarters. Thus, George Town is a characteristic and hectic Asian city. Penang, along with its capital is the most visited tourist area of Malaysia due to its combination of eastern and western influences and on top of that is a popular expat destination as well. Moreover, the city is listed as a UNESCO World Heritage Site due to its still visible history.

The economy of Penang is flourishing and ranks second after Selangor and Johor. The area's infrastructure is outstanding, which is why the manufacturing sector is an important source of income. Industries are mainly situated in the south of the island. The manufacturing sector is employing most people in the area, however, in 2017 the service sector overtook the manufacturing sector. The service sector accounts for nearly 50% of Penang's GDP, still closely followed by the manufacturing sector with close to 45%. The service sector is growing because of the high number of tourists visiting the area and because of the flourishing retail sector, which opens many new shopping centres. Thus, George Town is the second most important Malaysian city, when it comes to international business.

The majority of George Town's population is Chinese, which is why many Chinese storefronts and Chinese manors make up the city's scenery beside artsy pubs and boutiques, cafes and studios. The cuisine is a mix of mainly Malay, Chinese and Indian dishes such as Indian curries and Chinese noodles. However, due to the interesting mix of cultures fusion cuisine is popular as well, with food such as *Baba Nyonya* and *Peranakan*, which mixed regional ingredients with Chinese and Malay cooking styles.

Sources: Euromonitor International: Economies and Consumers, 2020; OECD, State of Penang, Malaysia, <http://www.oecd.org/education/imhe/47506877.pdf> Old Georgetown Streets at Penang, <http://www.penang.ws/penang-attractions/georgetown-unesco.htm>; Georgetown; Capital of Penang Island, <http://www.wonderfulmalaysia.com/georgetown-city-penang-malaysia.htm>; George Town, Penang: Asia's greatest street food city? <https://edition.cnn.com/travel/article/george-town-penang-greatest-street-food-city/index.html>;

Johor Bahru**Key facts:**

Total GDP (current prices):	EUR 17bn
Real GDP growth (2018):	5%
Food and non-alcoholic beverage market (2019):	EUR 2.9bn
Population:	2m

Johor Bahru, or the so-called JB, is situated in Southern Malaysia and very close to its neighbour Singapore. JB is connected to Singapore with 2 bridges. Those connection points are important because more than 300 000 inhabitants of Johor Bahru work in Singapore because of the very good economic situation in the neighbouring country. On the other hand, many Singaporeans tend to travel to JB to go shopping because prices are generally cheaper in Johor Bahru, which is one reason why many expats now move to JB as well.

New project developments are helping Johor Bahru to become one of the biggest financial centres in Malaysia. Moreover, every year about 16m tourists visit the city and the city is an important industrial centre as well. In the state of Johor, where JB is located, the service sector accounts for more than 50% of the GDP, followed by the manufacturing sector with about 33% and the agricultural sector with up to 10%. The population is growing steadily and is part of the Sijori Growth Triangle, which means it is growing at one of the highest rates in Southeast Asia.

The population is as mixed as in other areas as well. More than 60% are Malay and other indigenous tribes, about 34% Chinese and 7% Indian. The food is as mixed as Johor Bahru's population. Everything from typical Asian food to Western cuisine can be found. One typical Johorean dish is *Laksa Johor*, which is a fusion of Western and Eastern cuisine, a dish with a spaghetti base and smooth fish broth. *Kacang Pool* is an Arab inspired dish with many herbs, spices and minced meat and popular as well. *Lotong* is a very Asian dish where rice is served wrapped in banana leaves to eat with a vegetable coconut milk soup. However, noodle dishes remain one of the favourites in the city.

Sources: Euromonitor International: Economies and Consumers, 2020; Johor Bahru, <http://www.wonderfulmalaysia.com/johor-bahru-city-malaysia.htm>; Johor, https://www.citypopulation.de/en/malaysia/admin/01_johor/; Top 4 Johorean Dishes You Need To Try While In Johor, <https://www.tunehotels.com/blog/top-4-johorean-dishes-you-need-to-try-while-in-johor/>; GDP by state, https://www.dosm.gov.my/v1/index.php?r=column/cthemByCat&cat=102&bul_id=eUJMdnd0QkhSTkhMVXVaTHN4bFZYUT09&menu_id=TE5CRUZCbIh4ZTZMODZlbnk2aWRRQT09

Ipoh (Perak)



Key facts:

Total GDP (current prices):	EUR 6.6bn
Real GDP growth (2019):	4.5%
Food and non-alcoholic beverage market (2019):	EUR 1bn
Population:	745 000

Ipoh in Perak is situated between the two biggest Malaysian cities Kuala Lumpur and George Town. The town is a transportation hub and started to grow with its tin industry. The same industry was the reason for its economic decline since the tin industry collapsed in the 70s. The city is close to the Sultan Azlan Shah Airport and attracts tourists with its natural capital, such as limestone hills and caves or Buddhist temples. Ipoh is known to be the cleanest city in Malaysia.

After this recession of the 1970s, the city went off the radar, however, tourism put it back on in recent years. Ipoh's government started to invest money into tourist infrastructure such as new heritage walks, tourist information centres and restored colonial buildings. Many new hotels, cafes, museums and street art fosters the tourism industry. The services sector accounts for the biggest percentage of Perak's GDP and the tourist industry alone for nearly 15% of the GDP.

Even though the original mining aspect is lost, Ipoh is still focusing on manufacturing of for example electrical and electronics products, shipbuilding, machinery, automotive and transport equipment. The number of related multi-national companies is growing. Moreover, in the broader area of Perak agricultural production plays an important role as well.

Ipoh is the hidden culinary gem of Malaysia; it is even described as the lesser-known food capital of the country. The food here is very traditional and can be found in food courts, local restaurants and hawker stalls. The area is in particular known for sprout chicken, *gai si hor fun*, which are shredded chicken noodles and absolute must-have is Ipoh White Coffee.

Sources: Euromonitor International: Economies and Consumers, 2020; Ipoh History Facts and Timeline http://www.world-guides.com/asia/malaysia/perak/ipoh/ipoh_history.html; About Ipoh, Ipoh: <http://peraktourism.com.my/about-ipoh.html>; Ipoh: A cultural and culinary guide to Malaysia's rising tourism star <https://edition.cnn.com/travel/article/what-to-do-ipoh-malaysia/index.html>; 11 Amazing Reasons to Visit Ipoh, Malaysia <https://theculturetrip.com/asia/malaysia/articles/11-amazing-reasons-to-visit-ipoh-malaysia/>

2.3 Domestic agricultural production and regions

Agriculture once was the basis of the Malaysian economy, however, after the 1970s its importance declined, and the sectors' GDP contribution decreased from about 1/3rd to 1/10th. With this, the labour force who worked in the agricultural sector decreased as well. More than 50% of the working-age population was active in the sector before the 1970s, whereas it is only 1/8th today. Yet agriculture is still an important sector of the economy, contributing at least 7% to the GDP and giving employment to people in rural areas. The trade of agricultural products is important for the country's economy. Over 13% of Malaysia's total exports are from the agricultural sector as well as more than 10% of imports.

Malay's favourite food crop is rice. It is a staple food in Malaysian cuisine and a part of the traditional culture. However, production has not kept up with demand; while fertilizer and pesticides have been used along with new varieties, increased bad weather for rice production and the loss of labour to newly established jobs in manufacturing have affected production. Thus, Malaysia has started to import rice from its neighbours Thailand and Vietnam. The government tried to increase the local rice production again and around 2000 a first success was visible.

During the reign of the British new commercial crops were introduced to the country, mainly rubber, palm oil and cocoa, and until today these remain important. Due to the importance of the manufacturing sector rubber became one of the most important cash crops in Malaysia. These tree crops occupy around 17% of the land and are best suited for the hot and humid weather conditions in the country. Moreover, Malaysia is one of the world's second-biggest producer of palm oil, with more than 70% of Malaysia's agricultural land being used for palm-oil production.

Other fruits and vegetables are produced for the domestic needs of the population such as bananas, coconuts, durian, pineapples, rice, rambutan. The local climate is very good to grow all kinds of exotic fruits in particular as well as crops such as coffee, tea and pepper. Due to an increase in the global demand Malaysia's trade of palm oil, rubber, and other agri-food products such as pineapple, watermelon, tomato and processed foods is increasing. The country's higher production is also due to its increasingly good infrastructure. In 2017 for example, the palm oil production increased by over 12% to 14 million tons, rubber rebounded over 19% to close to 500 000 tons and the livestock sub-sector grew by nearly 4%. Due to Malaysia's richness of forests on the peninsula as well as northern Borneo the country also known for its timber production. However, too excessive use of the resource has led to deforestation issues.⁴

⁴ Malaysia – Agriculture; <https://www.nationsencyclopedia.com/economies/Asia-and-the-Pacific/Malaysia-AGRICULTURE.html>; Agriculture, forestry and fishing; <https://www.britannica.com/place/Malaysia/Agriculture-forestry-and-fishing>; Country profile, Malaysia; <http://www.new-ag.info/en/country/profile.php?a=865>; Euromonitor International: Economies and Consumers, 2020; Overview of Agriculture Trade in Malaysia; http://ap.fftc.agnet.org/ap_db.php?id=1021

2.3.1 Agriculture, climate and climate change

It is well-known that agriculture is highly dependent on climatic conditions. Changing temperatures, rainfall, soil moisture, pest attacks, floods and droughts or other natural disasters all impact agricultural outputs. Climate change can change productivity levels of different crops and their profitability accordingly and thus has an impact on national and regional food security in Malaysia. Malaysian farmers need to find ways to adapt and mitigate the damages to remain the country's food security.

According to a report, Malaysia's CO₂ emissions increased by more than 220% between 1990 and 2004, which makes the country a quite big greenhouse gas emitter. Depending on how the world will tackle climate change the average temperature in Malaysia is forecast to increase between 0.3 and 4.5 degrees. The sea level is forecast to rise as well. Rainfall, which is in particular important for agriculture is forecast to vary between -30% to +30%. This trend will affect the crop yield of the most important crops rubber, oil palm and cocoa. Furthermore, some areas will have to deal with increased drought which will make it completely impossible to cultivate those three main crops in respective areas.⁵

Seasons in Malaysia

Due to the separate geographical location of the Malaysian peninsula and Sabah and Sarawak on northern Borneo, weather and climate in Malaysia differ in different regions. Even on the peninsular two different monsoon systems affect the weather differently on the west and east coast and Malaysian Borneo has its own weather pattern as well.⁶ In general, there are nearly no seasonal changes in climate. Instead, the months of the year are distinguished by the rainy and dry season. However, the coldest months are mainly from November to January when temperatures decrease to about 26 degrees.⁷

Rain seasons:

- Peninsula west coast May to September
- Peninsula east coast October to March
- Peninsula mountain areas: it often rains because of the mostly cloudy high peaks
- Northern Borneo in Sarawak December to March
- Northern Borneo in Sabah October to February

Best time to visit:

- Peninsula West coast February to October
- Peninsula East coast second June to August
- Northern Borneo in Sarawak March to October

⁵ Alam, Md. Mahmudul and Siwar, Chamhuri and Murad, Md Wahid and Toriman, Mohd, Impacts of Climate Change on Agriculture and Food Security Issues in Malaysia: An Empirical Study on Farm Level Assessment (March 27, 2017). Alam, M.M., Siwar, C., Murad, M.W., and Mohd Ekhwan, T. 2011. Impacts of Climate Change on Agriculture and Food Security Issues in Malaysia: An Empirical Study on Farm Level Assessment, World Applied Sciences Journal, Vol. 14(3), pp. 431-442.. Available at SSRN: <https://ssrn.com/abstract=2941495>

⁶ Weather in Malaysia: Climate, Seasons, and Average Monthly Temperature; <https://www.tripsavvy.com/the-weather-and-climate-in-malaysia-4686485>

⁷ Seasons in Malaysia; <https://seasonsyear.com/Malaysia>

- Northern Borneo in Sabah August to November

3 Introduction to the food and beverage market and consumers

3.1 Overview of the food and beverage market and demand for imported products

3.1.1 F&B market summary

As noted in section 2.3, Malaysia has a strong agricultural sector, though it is strongly weighted towards large-scale agriculture focused on certain crops (most notably plantations for palm oil and rubber). Malaysia is theoretically self-sufficient in calorific terms but focus of agriculture on certain crops/commodities has led to a situation where imports are needed to meet the demand for many products. There is self-sufficiency in the majority of fruit and vegetables; not just those native to the South East Asia region and popular in Indonesia, such as durian, mangosteen, jackfruit; but also in some which are more internationally produced and consumed such as tomatoes, spinach and watermelon. On the other hand, there is a domestic shortage of various livestock products including milk and most types of meat, to some extent (with particularly strong shortages of beef and mutton). There are also shortages of the most popular staple, rice; one of the most popular vegetables, cabbage; and various cereals which are barely produced if at all.⁸

The market for food and beverage products in however, Malaysia is not limited by what is grown domestically. The ethnic diversity of the country is reflected in its cuisine, which merges Malay influences with Chinese and Indian ones among others; and hence relies on products both grown inside and outside of the country. This is reflected in Malaysia's growing food processing industry, which is estimated to account for over 1/10th of Malaysia's manufacturing output. While it is inevitably a major producer of palm oil due to the extent of plantations, it is also strong in the processing of various other products. Some cases, such as seafood processing are less surprising due to the high availability of many raw fish products. Others such as cereal based products, and to a lesser extent, confectionery, rely on at least some imported raw materials; and in some cases, rely mainly on imported materials. While a lot of processed food is consumed domestically, notable quantities are exported as well. The food industry does not only comprise local Malaysian companies (including over 6 000 local small and medium enterprises); many multi nationals also have production facilities around Kuala Lumpur.⁹

⁸

https://www.dosm.gov.my/v1/index.php?r=column/cthemebycat&cat=164&bul_id=Tm50aVh6RFpFM2VGOTIrZzIbWg3QT09&menu_id=Z0VTZGU1UHBUT1VJMFpaXRRR0xpdz09

⁹

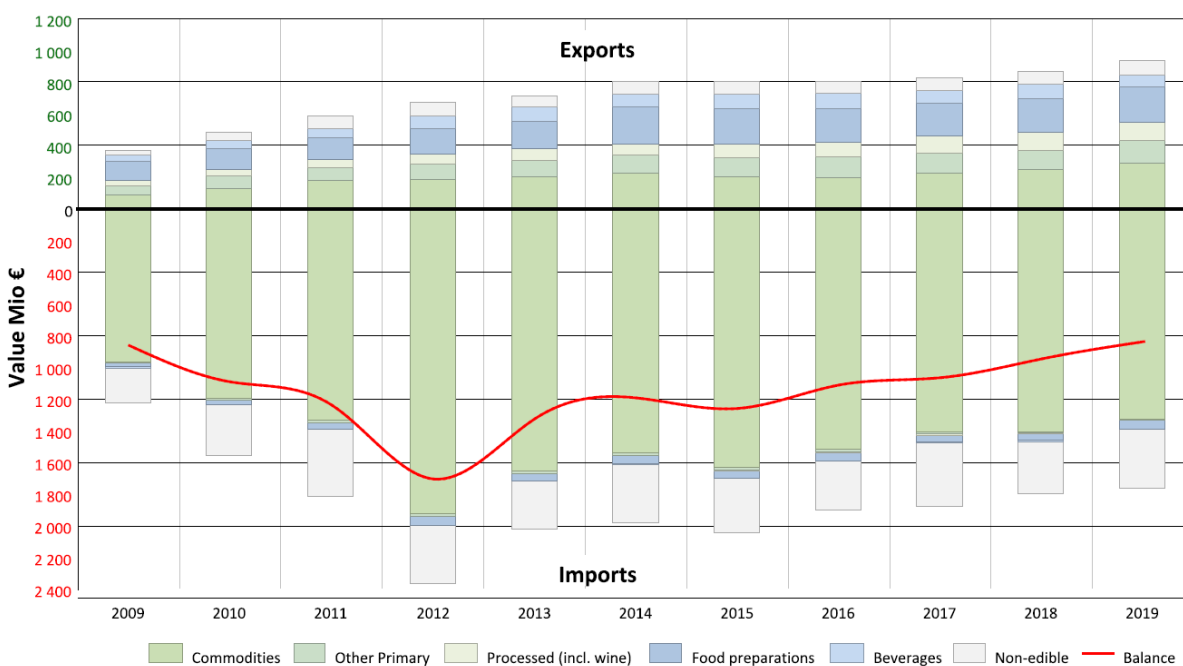
https://www.mida.gov.my/home/administrator/system_files/modules/photo/uploads/20191017114121_Food%20Industry%202019-10-10.pdf;
https://apps.fas.usda.gov/newgainapi/api/report/downloadreportbyfilename?filename=Food%20Processing%20Ingredients_Kuala%20Lumpur_Malaysia_11-2-2017.pdf; <https://www.foodexport.org/import-us-products/get-started/country-market-profiles/southeast-asia/malaysia-country-profile>

3.1.2 International trade in F&B

Malaysia is a net exporter of agricultural products as a whole. However, this is largely due to non-edible products or those which are not stand-alone foods such as rubber and palm oil respectively. When agri-food products alone are considered, Malaysia becomes a notable net importer, with imports around 1.5 times the value of exports. As well as a strong negative balance of trade in rice, it also has negative balances of trade in fruit and vegetables and, on balance, in meat overall. The situation for processed food is more complex and nuanced, as will be seen in the market snapshots in the import and export sub-section of the market snapshots in section 5; though on balance, imports and exports of processed foods as a whole are in broad equilibrium.¹⁰

With regard specifically to agri-food trade with the EU, Malaysia has a large positive trade balance, exporting almost twice as much as it imports. However, after peaking in 2012 with exports at over three times imports, the difference between imports and exports has narrowed as both Malaysian exports to the EU have fallen, and EU exports to Malaysia have increased. With regard to the latter, most major categories of export have increased substantially since 2012 (Figure 3-1).

Figure 3-1: Structure of EU-27 (i.e. exc. UK) agri-food trade with Malaysia, 2009 to 2019



Source: European Commission: agri-food trade statistical factsheet, European Union – Malaysia. Based on Eurostat-COMEXT data.

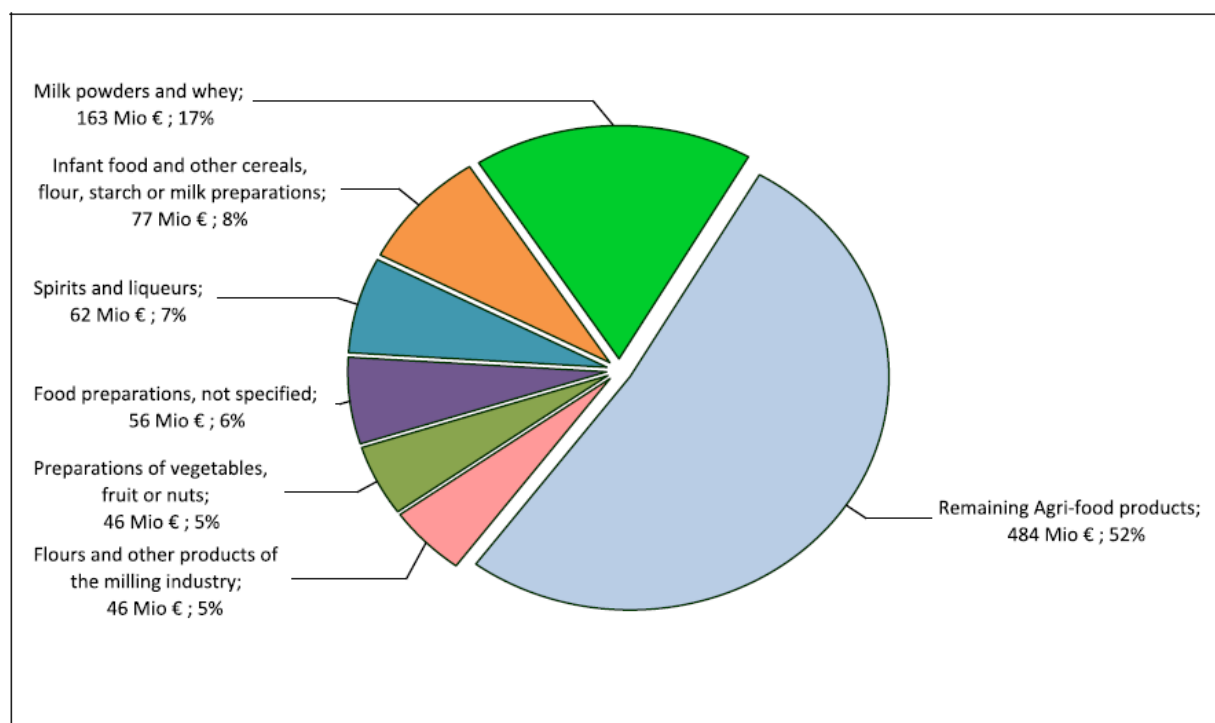
¹⁰ http://ap.ftc.agnet.org/ap_db.php?id=1021; <https://www.export.gov/apex/article2?id=Malaysia-Agricultural-Sector>; <https://www.austrade.gov.au/Australian/Export/Export-markets/Countries/Malaysia/Industries/Agriculture>; <https://www.foodexport.org/import-us-products/get-started/country-market-profiles/southeast-asia/malaysia-country-profile>

The major exports from the EU to Malaysia in 2019 were, in terms of value:

- Dairy products, led by milk powders and whey. Dairy products as a group account for around 25% of EU exports, with milk powder and whey exports worth some EUR 163m or 17.5% of exports.
- Infant foods – EUR 77m or 8% of exports.
- Spirits and liquors – EUR 62m or 7% of exports.

Other notable groups include meat (poultry, pork) with 7% and wine with around 3% (Figure 3-2).

Figure 3-2: Top EU-27 agri-food exports to Malaysia in 2019



Source: European Commission: agri-food trade statistical factsheet, European Union – Malaysia. Based on Eurostat-COMEXT data

3.1.3 The market for imported F&B

Malaysia has a multi-faceted market for imported food and beverages. In broad terms, three groups of food and beverage products can be identified:

1. **Primary or minimally processed agri-food products for consumption in which Malaysia has a structural shortage.** These notably include certain types of meat as well as some fruit and vegetables.
2. **Ingredients for the domestic processing industry.** As noted above, not all ingredients for the domestic processing industry are available locally, so many have to be imported. The range of such products is varied in nature and level of processing; and includes meat, fruit/vegetables, cereals and dairy products, among others. Halal certification is of increasing importance for many products in this group.

3. **Processed products which are not produced in Malaysia / not produced sufficiently to meet domestic demand.** Despite the large domestic processing industry, some products are not produced in sufficient quantities in the country for whatever reason. Most notably, such products include alcoholic beverages.

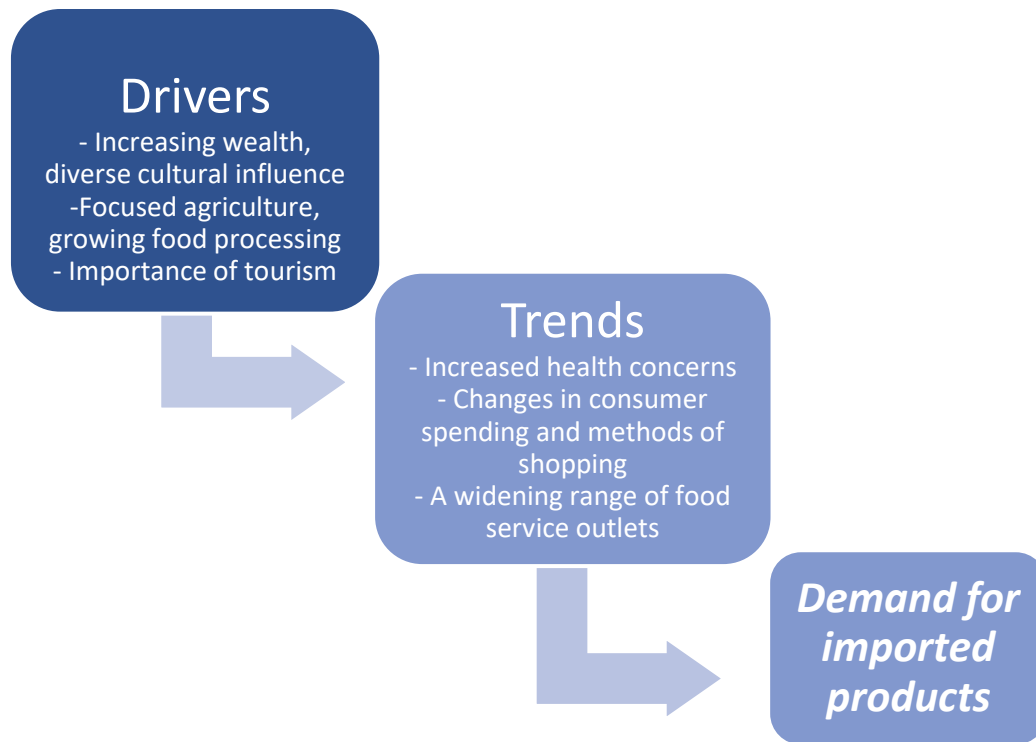
There is inevitably some overlap between the products falling under these three broad groups; and for the first and third group, there are various different end-markets (retail – mass consumption; retail – specific consumer groups; food service; tourists) which create different market opportunities. In addition, there are several products which Malaysia produces sufficiently in quantity, but for which some specific niches for imports exist; chocolate confectionery is a good example of this. Some of these aspects mentioned above are examined in more detail in section 3.2 below.

3.2 Growth Drivers and Trends

The key factors affecting the food and beverage market in Malaysia are:

- **Increasingly wealthy population with diverse cultural influences.** As seen in section 2.1, the economy of Malaysia has developed significantly over the last decades and the country is now considered upper-middle income. This economic development has inevitably had some impacts on demand for food and beverage products (see trends below). As previously noted, Malaysia is a country which combines various cultures and cultural influences; and these affect the market for agri-food products. As already seen, the combination of cultural influences has impacted cuisine and created demand for food and beverage products beyond those which are produced locally on a large scale. One of the most important cultural influences to bear in mind is that of religion; while the country is multi-confessional, the official religion is Islam, and this is followed by about 60% of the population. One of the impacts of this is that halal certification is important.
- **Focused agricultural production and growing food processing.** As seen in section 2.3 and 3.1, while Malaysia is a major agricultural producer, its production is very much focused on certain commodities. Subsequently there are significant shortfalls in some agri-food products. Despite these shortfalls, the food processing industry in Malaysia is notable and still growing in importance. The result of this is that, as well as importing various agri-food products for final consumption inside the country, some are imported as inputs for the food processing industry.
- **The importance of tourism.** Like other countries in the region, tourism is important for Malaysia; the country welcomes some 26m tourists per year. While this is behind China, Thailand and Japan in Asia, it must be remembered that Malaysia's population is much lower than that of these countries; so each year it welcomes approximately 8 tourists for every 10 residents, compared to 4 tourists for every 10 residents in Thailand and 2 tourists for every 10 residents in Japan. Therefore, the tourist sector is of high relative importance for Malaysia; indeed, it is estimated to account for up to 15% of GDP. In terms of food and beverages, the tourist industry is an important driver of Malaysia's fast-growing hotel and food service industry. Nonetheless, it is to be seen how the tourist industry evolves in the future following the COVID-19, which has had a notable impact on it at the time of writing.

Figure 3-3: Growth drivers and trends – the Malaysian food and beverage market



Source: Agra CEAS based on European Commission agri-food factsheet; USDA GAIN reports, Euromonitor International: Economics and Consumers, 2020; and various (see footnotes).

In terms of current trends, the following stand out:

- **Increased health concerns.** With increased consumption of readily available food and less active lifestyles, there has been an increase in weight related issues in Malaysia in recent years. Almost 1/5th of the population is currently obese, and this is expected to increase to almost 1/3 by 2030. This has led to an increased focus on diet, with over half of consumers saying they actively monitor what they eat. In this context, increased attention is being paid by consumers to food labels; and some government initiatives, including a sugar tax, have been introduced.
- **Changes in consumer spending and methods of shopping.** With the increases in wealth, consumers – particularly the middle class and more affluent ones – have increased spending in recent years and had a positive outlook regarding future spending. Given the current situation with COVID-19, it is obviously difficult to say how this trend will continue into the future, but the trend in recent years has been clear, though the introduction of a 6% goods and service tax in 2015 did have some primarily short-term impact. The methods of shopping have evolved along with the consumer spending, with modern supermarkets and hypermarkets growing in popularity at the expense of more traditional outlets (though the latter still account for a bit over 50% of food distribution at national level). Higher end grocery stores have also increased in popularity among some consumers; and while in person purchases are generally preferred, e-commerce is gaining some traction. Loyalty programmes have become popular among Malaysians, largely for the perceived assurance they provide.

- **A widening range of food service outlets.** The combinations of increases in income levels, increasingly busy lives, diverse cultural considerations and the importance of tourism have impacted the range of food services outlets available. Food service outlets not only cover the whole range of outlet types – from stalls to fast food outlets to full-service restaurants – but also a wide range of cuisines. While the various types of Asian cuisine are most popular overall (with Chinese restaurants particularly popular at the mid to higher end), western cuisine is also popular. Fast food has and is growing in popularity among middle income consumers.¹¹

3.3 Consumer profiles and preferences

3.3.1.1 Consumer profiles

Certain aspects of the Malaysian population that were touched upon in sections 2.1 and 2.2 are worth bearing in mind when considering Malaysian consumers. Most notably:

- **Economic development and income levels.** As already noted above, Malaysia has grown rapidly to achieve upper middle income status. Furthermore, this growth in income is considered to be fairly equal across income groups, and indeed there are some indications that the lower and middle income groups have recently benefitted from faster rates of growth in income than the richest 10%, and that income inequality has significantly reduced in recent years to e.g. below the level of the US. The Malaysian department of statistics – which splits income groups into the top 20%, middle 40% and bottom 40% - indicates that the average monthly household income of the middle group is around MYR 6 500 (EUR 1 350) – reflecting a strengthening middle class.¹²
- **Urbanised population.** Malaysia has one of the highest urbanisation rates in the region, with 77% of citizens living in urban centres. Alongside the increased levels of income noted above, this creates the opportunity for increased consumer spending on a wide range of products; and also is resulting in the changes in consumer spending patterns noted above, plus increased focus on convenience to combat busy lives.
- **Strong 20-40 year old demographic.** As noted in section 2.1, this age demographic is the largest, and with low and further falling birth rates, is likely to remain the largest as it ages in coming years.

Against the considerations set out above, notable consumer types in Malaysia are as follow:

- **Cautious but optimistic** (+/- 1/3 of consumers): these consumers tend to be more cautious with their money and hence focus to a high extent on price and value. As a result of this, brands are of less importance for these consumers; and indeed they are more likely to purchase private label

¹¹ Euromonitor International: Economies and Consumers, 2020; <https://vulcanpost.com/379421/consumer-behaviour-malaysia/>; https://www.ice.it/it/sites/default/files/inline-files/Nota%20Mercato%20Agroalimentare%20-%20Malesia%20-%20202018_0.pdf; <https://santandertrade.com/en/portal/analyse-markets/malaysia/reaching-the-consumers>; <https://import-export.societegenerale.fr/en/country/malaysia/market-consumer?>

¹² <https://www.comparehero.my/budgets-tax/articles/t20-m40-b40-malaysia>; <https://blogs.lse.ac.uk/businessreview/2019/09/11/income-inequality-among-different-ethnic-groups-the-case-of-malaysia/>

goods than branded ones, if the private label goods are of sufficient quality. Their purchases are more likely to be planned than spontaneous. The average income level of this consumer group tends to be slightly on the low side.

- **Spenders** (+/- 1/4 consumers): these consumers are freer spending than the previous group. They are more likely to purchase branded products than private label ones; like to keep up with the latest trends; and may be more spontaneous with their purchases. Nonetheless, consumers in this group do pay attention to the amount of money they spend, and also enjoy bargains; subsequently sales and discounts of branded products can be effective tools for reaching them. While the income level of this group varies, on average it is more or less in line with that of the country as a whole.
- **Ambitious** (+/- 1/8th of consumers): these consumers tend to keep up with the latest trends and are more likely to purchase premium products or those with strong brands; sometimes fairly impulsively. In general, they have a high level of technological knowledge, and so will look both online and in stores for product information, expecting the message from the two channels to be coherent. Their income level tends to be considerably higher than average and they tend to be well educated.¹³

3.3.2 Cultural Sensitivities and Other Considerations

As is the case in every country, there are some very specific aspects to Malaysia and sensitivities that should be taken into account as well. Those particularly relevant to the market for food and beverage products are included below. More general pointers on business culture and do's and don'ts are included in section 7.2.

3.3.2.1 Ethnicity and religion

As noted in section 2.1.3, Malaysia is a multi-cultural and multi-confessional country. While the official religion is Islam is that of about 60% of the population, there are notable minorities of Buddhists (20%), Christians (9%) and Hindus (6%). While the majority of the population is ethnically Malay, over 20% is ethnically Chinese and around 7% Indian. This patchwork of religions and culture has various impacts on food:

- Halal certification is common; indeed, it is legally required for meat and in recent years it has become a pseudo requirement for some other products, with the range of products being certified expanding beyond just fresh meat.
- Pork is nonetheless available and indeed popular among the Chinese ethnicity. It tends to be separated into a non-halal section.
- The Buddhist and Hindu minorities may be affected by their respective religions; i.e. Buddhists may choose a lacto-vegetarian diet; while Hindus will not eat beef from cows.

¹³ Euromonitor International: Economies and Consumers, 2020

3.3.2.2 Alcohol

Following on from the previous section, the sale of alcohol to non-Muslims is permitted. However, two points need to be borne in mind nonetheless. Firstly, the size of the addressable market of alcohol is much smaller than the population of Malaysia; and in reality, it has been estimated that 80% of the population is lifetime abstainers, leading to an estimated consumption base of under 4m consumers. Secondly, taxation on alcohol in Malaysia is one of the highest in the world, and while income levels have grown in the country, they are still a fraction of the levels of countries with similarly high levels of taxation such as neighbouring Singapore (GDP per capita in Singapore is around 5.5 times higher than that in Malaysia). These two factors considerably constrict alcohol consumption.¹⁴

3.3.2.3 Gift giving

Etiquette around the giving of gifts in Malaysia has some complexities/sensitivities which should be borne in mind for any exporters interested in targeting the gift-giving market:¹⁵

- The exchange of **business gifts** is not very common as the gesture may be misinterpreted. In the case that gifts are exchanged, they tend to be more professional in nature (e.g. pens/stationery, desk accessories). Food and drink are not common gifts. In the specific case of elections, the gifting of food or drink to voters in a way that could be considered to influence their vote is illegal; and this may be considered an indication of how gifting of food and drink may be perceived in some more professional contexts.
- **Personal gift** giving is more common among friends, and in this context, the gifting of food is common. Most notably, fruit, sugar or high-quality chocolate confectionery and bakery products make popular gifts. Nonetheless, it is necessary to be aware of certain rules for gifts by population demographic:
 - For Malay **Muslims**, gifts must be halal (and hence by default should not be alcohol). The colour white is a sensitive colour for this demographic as it represents death, so white wrapping or predominantly white packaging will not be well received.
 - For **other groups**, while alcohol may be gifted, it is still a sensitive item given the high level of abstention in the country, therefore the aforementioned food categories are more popular. There are sensitivities around colours/packaging; as a general rule it is best to avoid wrapping paper or packaging that is predominantly white, black or blue. Odd numbers are bad luck for the Chinese, so for products which come grouped in a box (e.g. chocolates) intended for gifting, it is prudent to include an even number.

3.3.2.4 Colours

The meaning of colours in Malaysia is complicated by the multicultural nature of the country, meaning there is no absolute “one size fits all” rule, making colour choice challenging. However, some points to bear in mind are:

¹⁴ <https://www.reuters.com/article/us-malaysia-alcohol-idUSKBN0TK46P20151201>

¹⁵ http://www.giftypedia.com/Malaysia_Gift_Giving_Customs; http://factsanddetails.com/southeast-asia/Malaysia/sub5_4b/entry-3639.html

- **White** is generally associated with mourning/death; though in the context of the Malaysian flag it is associated with honesty and nobility.
- **Yellow** is a colour which is associated with royalty, and in the context of the flag, with loyalty to the country and the king. While these associations are fundamentally positive, care must be taken with the use of the colour as Malays for example will consider it a colour that should be reserved only for royalty and not used widely.
- **Red** is associated with happiness by Chinese Malaysians, and with good fortune by Indian Malaysians. It also has positive associations in the context of the Malaysian flag, with persistence and boldness some of the associations.
- **Green** generally has positive associations with nature and religion. For Muslims it was said to be the favourite colour of the prophet Muhammed; for the Chinese it symbolises new growth and for Indians, nature.
- The association of **black** varies greatly between groups, with it seen as a sign of loyalty and perseverance by Malays but associated with funerals by the Chinese and negativity by Indians, for various reasons including its association with death.
- Similarly, the association of **blue** varies. It represents beauty and freedom for Malays, but generally sadness for Indians and Chinese.

3.3.2.5 Festivals and holidays

Once again, the diverse nature of Malaysia affects the range of festivals and holidays in Malaysia. Notable ones include:

- **Ramadan and Eid** (*Hari Raya Aidil Fitr* in Malaysian). As a majority Muslim country, this is arguably the most important festival. Eid comes after the month of dawn to dusk fasting that is Ramadan. It is celebrated by a two-day holiday which includes various festive foods including meat based dishes and bakery products. Indeed, food is a major part of Eid. Food based gifts, including fruit and confectionery, may also be given.
During Ramadan, Muslim Malays are not allowed to eat during the day; and this includes eating and drinking in public places. However, non-Muslims are theoretically allowed to eat and so some restaurants stay open. Alcohol availability may be limited during this period.
- **Chinese New Year**. A key festival for the Chinese population and a two-day nationwide holiday exists for this period (although traditionally it is 15 days long). Once again, food is a key part of celebrations, with sweet treats popular as well as dishes traditionally eaten at Chinese new year (e.g. fish, spring rolls).
- **Deepavali** is an important festival for the Indian population. Once again, food is important, though sweet treats – often based on exotic spices and fruits – are particularly popular.
- Finally, **Wesak** is an important festival for the Buddhist population, and **Christmas** for the smaller Christian population.

4 Market access and entry

This section provides details on the necessary requirements for entry into the Malaysian market, outlining existing market access restrictions and explaining procedures. A summary of market access and entry is presented in section 4.1 in the form of a SWOT analysis.

4.1 Summary SWOT analysis

STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Population is quite diverse, creating demand for a variety of products. ▪ Despite strong agricultural production, there is an overall deficit in agri-food products due to the strong focus on some partly non-food commodities. ▪ Overall, tariffs are quite low for agri-food products, with 0% tariffs on many products. ▪ On balance, legislation for food is fairly straightforward compared to in many other countries in the region. 	<ul style="list-style-type: none"> ▪ Small population size (~33m) combined with heterogeneity creates small target markets for some products. ▪ Halal certification is essential for meat and desirable for other products; the meat certification system is specific and therefore may create challenges for importers. ▪ Access for meat in general can be challenging. ▪ Processing sector is strong and further strengthening, creating strong domestic competition for many processed goods.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ Despite strong overall agricultural production, a reliance on imports to meet demand for many agri-food products; and to provide inputs for the processing industry. ▪ Notable reliance on imports for most alcoholic beverages. ▪ Increasing wealth and a high relative level of tourism creates increasing niche demand for various high quality products. ▪ Increasing awareness of health issues provide an emerging, interesting trend across multiple product categories. 	<ul style="list-style-type: none"> ▪ Domestic food processing industry is strong and still strengthening, creating considerable competition to imports in some sectors. ▪ Other South East Asian countries, as well as Australia and New Zealand are strong competitors. Several of these have FTAs with Malaysia, though the benefits they provide for agri-food tend to be limited. ▪ Distant market (40 days+ sailing time) creates challenges compared to nearby competitors.

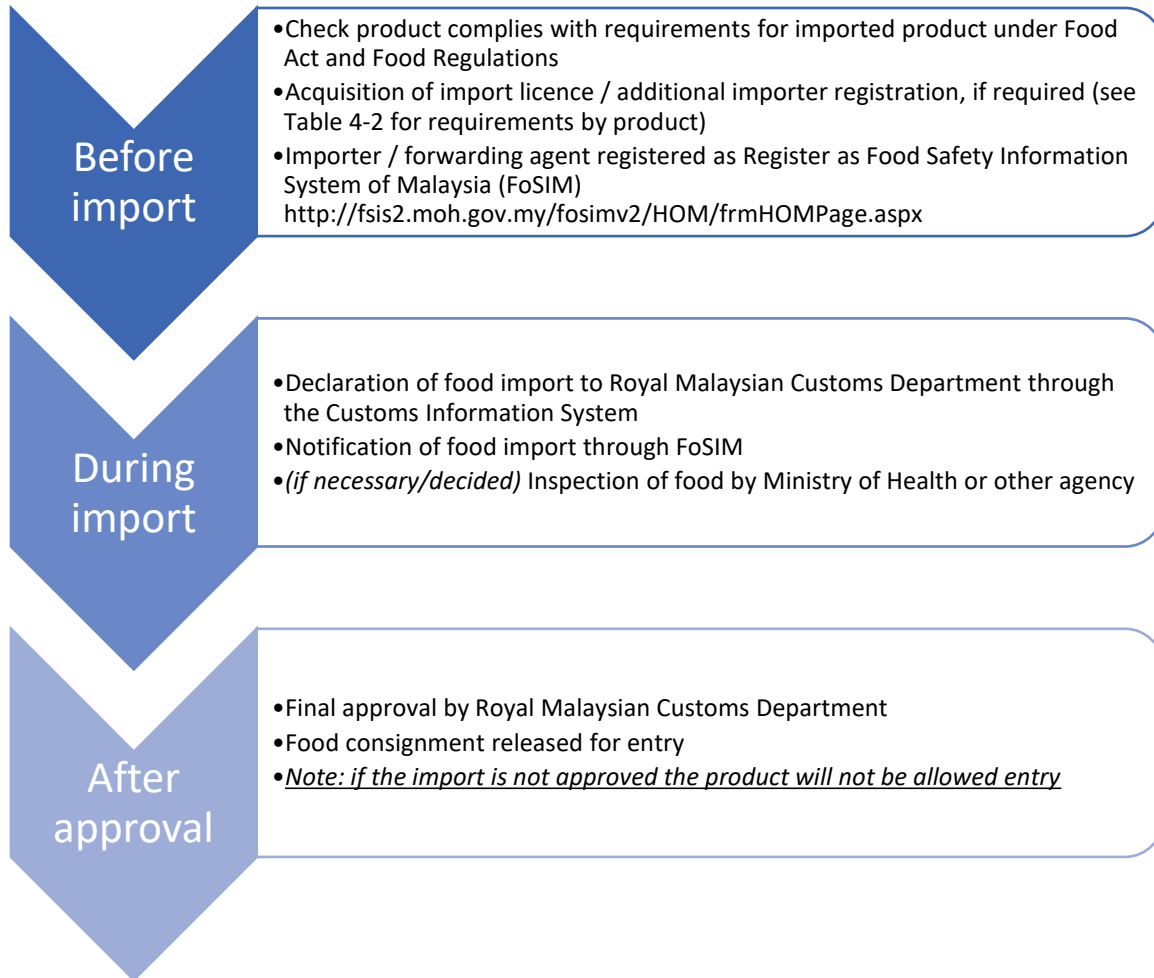
4.2 Food and beverage legislation and regulations

4.2.1 Import requirements/restrictions, customs procedures and documentation

All food consignments are subject to random checking and sampling at the 28 entry points throughout Malaysia to ensure food items imported into the country are safe and comply with the prescribed standards and regulations.

The general steps which must be followed for importing goods into Malaysia are set out in Figure 4-1 below.

Figure 4-1: Flowchart presenting main steps for importing agri-food products into Malaysia



Source: Agra CEAS based on Malaysian Ministry of Health

General documentation requirements for goods imported into Malaysia are set out in Table 4-1. There are additional documentation requirements for specific products/HS codes (e.g. veterinary health certificate for meat products). Links to the list of documents specific for each product / the portal to check requirements is provided in each product snapshot in section 5.

Table 4-1: General requirements for goods exported to Malaysia (including F&B)

Name	Description	To be prepared by	Language
Air Way bill	A document containing the details of the transportation of products by air and proving the transport contract between the consignor and the carrier's company. One Air Waybill may be used for the multiple transshipment of products.	Carrier (or his agent)	Usually EN
Bill of Lading	A document containing the details of the international transportation of products by sea.	Carrier (or his agent)	Usually EN
Commercial Invoice; pro forma invoice	Commercial invoice: a document containing the details of the transaction. To be submitted to customs in triplicate. Pro forma invoice – contains details of this transaction prior to a proper invoice. The latter may be required due to additional details it contains.	Exporter	EN
Customs import declaration	A document declaring the goods to be imported Customs. To be completed online or manually with triplicate submission.	Importer	EN or MY
Declaration of dutiable value	A document containing all information for the assessment of the dutiable value of a shipment. Required for commercial imports with a value greater than MYR 10 000.	Importer	EN or MY
Insurance Certificate	A document proving that a contract for the insurance of the goods has been signed. May be required for customs clearance.	Insurance company of the importer/exporter	EN
Manifest	A document notifying the authorities of the arrival of a vessel/an aircraft and summarising the goods loaded therein.	Freight forwarder (or his agent)	EN or MY
Packing List	A document containing the details of the shipment, including content of the packages, description of the goods, marks and numbers.	Exporter	EN
Company registration	A document proving the company is registered in Malaysia.	Importer	EN or MY
Certificate of non-preferential origin	A document confirming the non-preferential origin of the goods to be imported. While not always necessary, it may be requested by customs for goods without preferential origin for which customs has doubts.	Exporter	Usually EN

Source: European Commission Market Access Database.

Furthermore, specific categories of agri food product have specific entry requirements. A summary of these requirements for the 14 food categories covered in section 5 is presented in Table 4-2 below. Requirements for non-human pet food are not included in the table but are detailed separately in section 5.12.3. In the specific case of meat, there are requirements for the exporting country to have access, and in most cases, establishments to be approved. More details are provided in section 4.2.2.

Market Entry Handbook

Table 4-2: specific market entry requirements mapped to handbook food product categories

Name and description	Fresh meat	F&V	Dairy	Alcohol*	Olive oil	Confectionery	Proc meat	Ice cream	Baby food	Pasta	Bakery, biscuits
Importer registration with MAQIS: a document confirming that the importer of the product is registered with MAQIS. Required for customs clearance and market access.	X		X				X	X	X		
Halal certificate: a document proving that foodstuffs conform to food standards required by Islamic regulations.	X		c				X			c	
Veterinary health certificate for animal products, issued by the appropriate authorities of the exporting country and must be translated into English or Malay.	X						X				
Import permit for animal products: to be applied for by the importer from the department of veterinary services of the ministry of agriculture.	X						X				
Import permit for endangered species <i>if the animal is subject to CITES.</i>	c						c				
Import permit for wildlife animals / their products <i>if the animal is considered protected wildlife.</i>	c						c				
Import licence for tobacco and alcohol: a document confirming the (local) importer is authorised to import these products. Obtainable from the Customs department.				X							
Certificate of fumigation confirming that fumigation treatment has been conducted in accordance with Malaysia quarantine requirements. To be prepared on company letterheaded paper (no specific template).		X			X						

Market Entry Handbook

Phytosanitary certificate issued by the plant health authorities of the country of export and must be translated into English or Malay.		X			X						
Pest risk analysis for new plants and plant products.		X									
Import permit for plants and plant products obtainable from MAQIS against application and a MYR 15 fee. Valid for single importation.		X									
Certificate of conformity for agricultural produce to be applied for by the importer from the federal agricultural marketing authority (FAMA).		X									

Source: Agra CEAS based on MADB

Note: as a non- human food product, pet food requirements are covered separately in section 5.12.3.

c denotes required in certain circumstances

* Alcohol includes spirits, wine and beer

FSQ guide to import requirement for food products by product

The FSQ of the Malaysian Ministry of Health also publishes a list of import requirements by food type for certain foods. This is available at:
<http://fsq.moh.gov.my/v6/xs/dl.php?filename=22ab1f17d3b004cff40ca3d244fc069b.pdf>

4.2.2 Food safety and other food certification requirements

The two main pieces of legislation which regulated food in Malaysia are:

- ***The Food Act, 1983***
- ***The Food Regulations of 1985***

It should be noted that both pieces of legislation have been amended several times since their original introductions (and may also be further updated going forwards). Both of these pieces of legislation are administered by the Food Safety and Quality Division (FSQD) of the Ministry of Health (MOH). Ministry of Science, Technology and Innovation (MOSTI) also has an important role as it develops and promotes food standards.

An overview of the content of the two pieces of legislation is provided below.

The Food Act, 1983

The Act is divided into five parts:

1. ***Preliminary matters***, which essentially contains definitions of basic concepts such as food, label, etc.
2. ***Administration and enforcement*** of the act.
3. ***Offences and Evidence***, which effectively includes provisions that protected consumers against unsafe/adulterated food, false labelling and misleading advertisement.
4. ***Importation, warranties and defences***, which provides certain possibilities for food to be imported if not fully compliant with certain requirements (e.g. labelling, processing) at entry but the necessary actions will be taken to make it compliant. It also includes the requirement of a written statement confirming compliance with the Act for any distributor or dealer of food.
5. ***Miscellaneous provisions***.

A pdf version of the Act can be found at the following website:

<http://www.agc.gov.my/agcportal/uploads/files/Publications/LOM/EN/Act%20281%20-%20Food%20Act%201983.pdf>

The Food Regulations of 1985

The Food Regulations form the main supporting piece of legislation for the Food Act, entering into more detail. The Regulations are extensive (over 160 A4 pages) but this is in a large part due to the fact that they cover standards and labelling requirements by food type for around 350 categories of food. The Regulations are divided into 11 parts:

- The early parts, 1 to 3, cover definitions, warranty and procedures for taking samples; and in this respect they largely build upon provisions of the Food Act.
- Part 4 covers, in detail, general labelling requirements. More information on these are provided in section 4.2.3.
- Part 5 covers food additives and nutrient supplements (more information is on this below).
- Part 6 covers packaging for food.

- Part 7 covers incidental contaminants.
- Part 8 covers the aforementioned standards and labelling requirements by product for over 350 product types. While some of the key relevant requirements by products are presented in the corresponding product snapshots in section 5, it is strongly recommended that the full requirements be checked (at the web link below) for the product in question.
- The final parts 9, 10 and 11 cover standards for water and miscellaneous provisions.

The text of the Regulations can be found (in English) at the link below as a .pdf file:

<http://fsq.moh.gov.my/v6/xs/dl.php?filename=730b5042d10be434b44c3165d1ec588b.pdf>

Or at the link below as a navigable webpage:

<http://fsis2.moh.gov.my/fosimtestsite/HOM/frmHOMFARSec.aspx?id=21>

Schedules to the Regulations

The schedules to the Food Regulations contain tables with important information such as authorised food additives, maximum residue levels for pesticides and contaminants. The most recently available version published in English can be found at the following website:

<http://fsq.moh.gov.my/v6/xs/dl.php?filename=c7c464435f41ff4aefec652b61eabc79.pdf>

It should be noted that the schedules may be amended and publication in English may lag publication in Malaysian; therefore in the case of any doubts it is worth contacting FSQD.

Certain specific requirements on food additives and pesticides/other contaminants are touched on in the sections below.

Food additives

As noted above, food additives requirements are set out in the Food Regulations. In general terms:

- substances that are not permitted as food additives cannot be used as food additives;
- the addition of food additives to foods should comply with the standards prescribed under the food regulations (including maximum use levels);
- food additive should not be used to conceal any damage to, or any inferiority in the quality of that food.

Food additives are divided into seven functional classes: preservatives; antimicrobial agents; colouring substances; flavouring substances; flavour enhancers; antioxidants; and food conditioners. This last category of food conditioners is further divided into 11 sub-categories including, among others, emulsifiers, stabilisers and enzymes.

Food additives cannot be added to food unless they are authorised in the food regulations (in which case limits set out in the corresponding schedules of the Regulations apply); permitted under the Codex Alimentarius or there is prior written approval of the Director of FSQD. It is possible to apply for authorisation to use new food additives (though it should be noted that this is not a simple procedure, as

some technical inputs are required). The most recently published version in English of schedule with the list of authorised food additives can be consulted at the link in the box above.

Full details of legislation on food additives can be found in the Food Regulations. For a more comprehensive overview of food additives in Malaysia, please refer to the following website:

<http://www.myhealth.gov.my/en/food-additives-what-you-should-know/>

Pesticides and other contaminants

Part 5 of the Food Regulations covers incidental contaminants including pesticides. Maximum residue levels (MRLs) are set out in Schedule 16 of the Food Regulations. The most recently published version in English of schedule with the list of MRLs by crop and pesticide can be consulted at the link in the box above; and a link specifically to schedule 16 is provided at the link below:

http://www.doa.gov.my/index/resources/aktiviti_sumber/sumber_awam/maklumat_racun_perosak/residu/jadual_16_akta_makanan_1983.pdf

If the pesticide is not specified in the Sixteenth Schedule but is specified in the Codex Alimentarius, the proportion is that set out in the latter.

With regard to other contaminants, limits exist for various ones including metal contaminants, monochloropropane, microorganisms and drug residues. The 14th and 15th schedules of the Food Regulations set out the limits and restrictions in force.

Legislation for specific products

In addition to the two main pieces of legislation identified above, there is additional specific legislation and requirements for some product categories. Where relevant, these are covered in more detail in the corresponding product snapshots in section 5.

- **Plants and plant products** are governed by the Agricultural Pests and Noxious Plants (Import/Export) Regulations 1981 and the Plant Quarantine Act 1976. This legislation falls under the Plant Biosecurity Division of the Ministry of Agriculture. Pest risk analyses are required for import of countries which have not previously exported a product to Malaysia.
- **Meat and meat products** must comply with the Control of Slaughter Rules 1975; the Animals Act of 1953 which also has relevance for carcasses; as well as the Abattoir (Privatization) Act 1993, and the Meat Inspection Rules 1985. These pieces of legislation determine that all imported meat products, except pork, must be certified as halal; and must originate from slaughterhouses that that have been inspected and approved by the Malaysian Department of Veterinary Services (DVS). Authorisations for countries/establishments to import these products into Malaysia must exist (see box below) and applications for permits made (see Table 4-2). The commonly accepted definition of meat and meat products in Malaysia can be found in Regulations 141 to 155 of the Food Regulations. While no specific reference to these definitions is made by DVS in their guidance, no alternative definition provided, implying that these definitions should apply.

- ***Animal based further processed products*** (including milk and eggs). An application for import into Malaysia of these products must be made; the form for this, which contains all requirements can be found at the link below:

<http://www.dvs.gov.my/dvs/resources/auto%20download%20images/560df048219c3.pdf>

In accordance with the above, foreign exporters of dairy products must therefore apply for registration with DVS.

Approval of countries and establishments for meat

In order for an establishment to be permitted to export meat products, certain procedures must have been followed / approvals granted. More specifically:

For non-pork meats (poultry, beef, mutton, etc):

1. A country level risk assessment must have been completed by DVS, based on information provided by the country. It is only necessary for this to be completed if a risk assessment has not already been done.
2. The establishment wishing to export must undergo an audit from DVS (for veterinary standards) and JAKIM (for halal standards). This requires the completion of forms followed by a site inspection (if the information in the forms, and the country's risk assessment are both satisfactory).

More information on the procedures can be found here:

http://www.dvs.gov.my/dvs/resources/user_1/DVS%20pdf/SQIE/2017/Prosedur%20Am/PROCEDURE_TO_IMPORT_RUMINANT_MEAT_POULTRY_MEAT_RABBIT_MEAT_PRODUCTS_TO_MALAYSIA.pdf

Information on halal requirements are presented in section 4.2.3.

For pork, the general procedure is similar but without the involvement of JAKIM (as halal requirements obviously cannot apply. More information on the procedure can be found here:

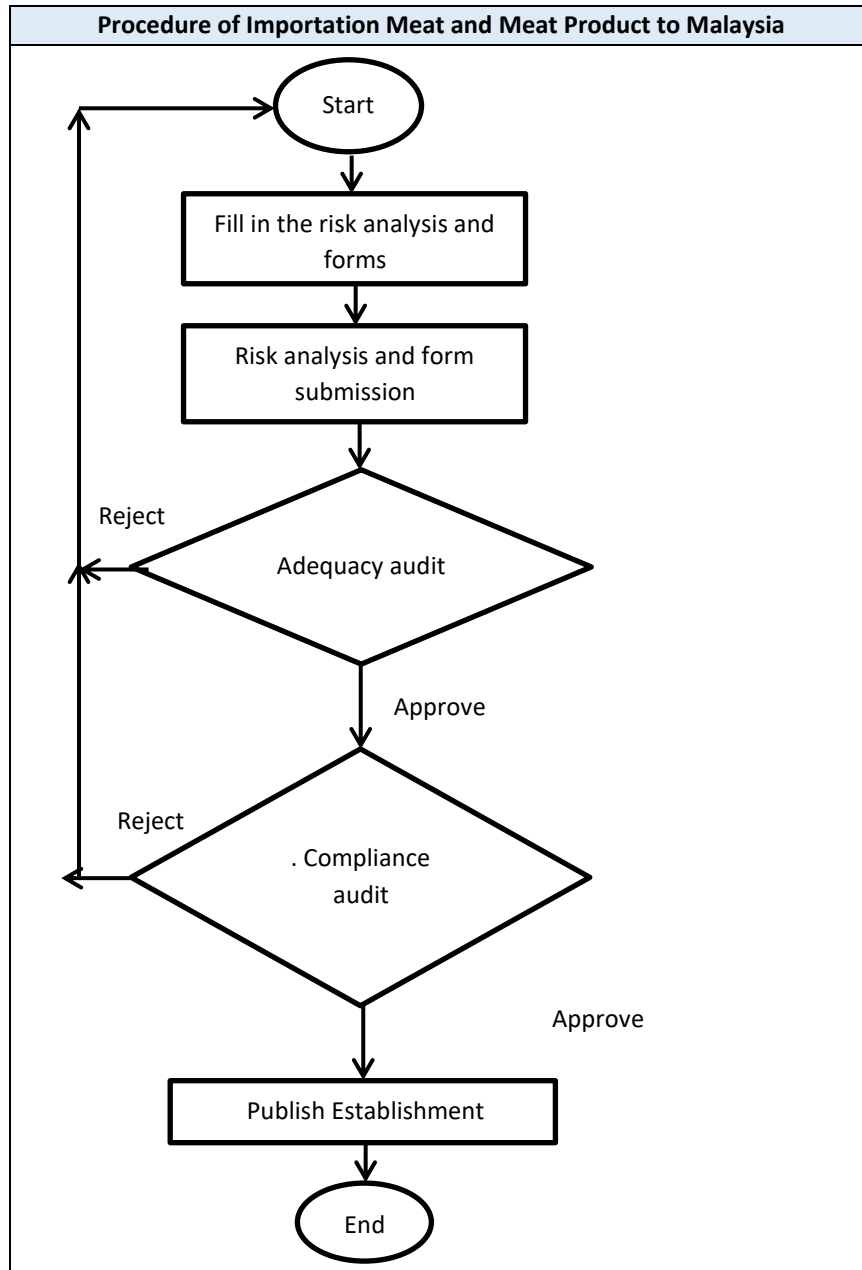
http://www.dvs.gov.my/dvs/resources/user_1/DVS%20pdf/SQIE/2017/Prosedur%20Am/PROCEDURE_TO_IMPORT_PORK_MEAT_TO_MALAYSIA.pdf

However, it should be noted that Malaysia adopted the prelisting of EU establishments for pork in 2012, and reaffirmed this system in 2016. As a result, establishments wishing to apply for the export of pork products to Malaysia should submit the application (in Member State applying for access for the first time) or request (in Member State with existing access) through their respective competent authority. This competent authority is in turn is audited by DVS. It should, however, also be noted that the acceptance of and procedure for pre-listing for pork for EU establishments may be changed by the Malaysian authorities.

The DVS has a webpage (in Malaysian) with various pieces of relevant information on the import and export of meat (and related products) into and from Malaysia. This can be found at:

<http://www.dvs.gov.my/index.php/pages/view/1941>

[An overview of the procedure for the import of meat and meat products into Malaysia is set out in the chart on the next page.](#)



Food Standards in Malaysia

Malaysian food standards are developed by Industry Standardization Committee under MOSTI. In general they are based on the standards and principles of International Standardization Organization (ISO), Codex Alimentarius and International Accreditation Forum. Standards cited by regulations are mandatory; other standards are voluntary. A certified mark can be indicated on the label by obtaining official certification.

4.2.3 Labelling Requirements

Labelling requirements for food are set out in part 4 of the Food Regulations. A summary is provided in Table 4-3 below. It should be noted that:

- Labelling for imported food may be in Bahasa Malaysian or English.
- All information on the label should be clear.
- Unless otherwise stated, all particulars on the label should be written in a font no smaller than 10 point; and there should be equal prominence with other information provided on the package. If the package is so small that this is not possible, they must be of the largest practicable size and not smaller than 2 point.
- All lettering must appear in a colour that strongly contrasts with its background so that it is clear and legible.
- Labels should be legible and durably marked; either on the packaging material itself or on a label which is permanently attached to the packaging material. A label may be placed inside the package if (1) the package is made of transparent material and (2) the food in the package is not ready for direct consumption (or if it is, there is separate interior wrapping so that it is not in contact with the label).
- Every word shall be either (1) all in capitals; (2) all in lower case letters or (3) in lower case letters with an initial capital letter. An exception exists for internationally accepted unit symbols of weights and measures.

Table 4-3: Summary of labelling requirements

Item	Description / notes
Appropriate designation of the food / common name	This means a specific name or non-generic description that indicates the true nature of the food to the consumer. Lettering must be done in such a way that the height, visual emphasis, and position must stand out in comparison with any other information appearing on the label. In the case that food contents are mixed or blended, these words should be added to the designation of the food.
CONTAINS statement (beef / pork / alcohol)	Must be indicated, followed by the corresponding content in the cases that food contains: <ul style="list-style-type: none"> • Beef, pork, their derivatives of lard • Alcohol For alcohol, a non-serif, minimum 6 point bold font must be used; and the statement must appear directly after the designation of the food.
Ingredients	The appropriate designation of ingredients shall be listed in descending order of proportion by weight (except where the food consists of just one ingredient).
Hyposensitivity statement	A statement indicating a food may cause hypersensitivity. This includes: a) cereal containing gluten, including wheat, rye, barley, and oat; <ul style="list-style-type: none"> • nut and nut product, including peanut and soybean; • fish and fish products; • milk and milk products (including lactose); and • egg and egg products.
Presence of edible oil/fat statement	In the case the food contains these: a statement as to the presence in the food of such edible fat, edible oil or both, together with the common name of the animal or vegetable from which the fat or oil was derived.

Item	Description / notes
Food additives statement	In the case a food contains these: a statement as to the presence of such food additives - "contains permitted (state type of the relevant food additive)". For colouring or flavouring substances, it is sufficient to state the common name or the appropriate designation of that food additive rather than the chemical name.
Weight/volume	Minimum net weight or volume. In the case a food is packed in liquid, the minimum drained weight.
Name and address; origin	For imported foods, two names / addresses are needed: <ol style="list-style-type: none"> 1. That of the manufacturer, packer or owner of the rights of manufacture, or their representative. 2. That of the importer in Malaysia. The country of origin of the food should also be stated.
Date marking	One of the following dates must appear on packaging in a bold non-serif, minimum 6 point font: <ul style="list-style-type: none"> • EXPIRY DATE or EXP DATE • USE BY • CONSUME BY or CONS BY • BEST BEFORE or BEST BEF It must be permanently marked or embossed on the package. If the validity of the date marking is dependent on storage, directions for storage must also be included.
Nutritional labelling	<i>Compulsory for the following foods: prepared cereal foods, bread, milk and powdered milk, canned meat, canned fish, canned vegetable, canned fruit, fruit juices, salad dressing, mayonnaise, soft drinks, soya bean milk, and soya bean drinks.</i> Information to provide as follows (per 100g or 100ml): <ul style="list-style-type: none"> • Energy in Kcal or KJ* • Protein (grams) • Carbohydrates (grams) • Fat (grams) • <i>(ready to drink beverages only)</i> sugar • <i>(if claim made about amount or type of fatty acid)</i> amounts of saturated, monounsaturated, polyunsaturated and trans-fatty acids

* Energy should be calculated using the following conversion factors: Carbohydrates 4kcal/g (17 kJ); Protein 4kcal/g (17 kJ); Fat 9kcal/g (37 kJ); Alcohol (Ethanol) 7kcal/g (29 kJ); Organic acid 3kcal/g (13 kJ); Dietary fibre 2kcal/g (8.5kJ).

In addition to the labelling requirements set out above, it should be noted that there are restrictions on what can be shown. Notably:

- Descriptive items appearing on / attached to any food package shall not include statements contradicting, qualifying or modifying the content of the label (either directly or indirectly).
- Words to indicate grading, quality, superiority or any other words of similar meaning shall not appear on the label of any package of food unless the description conforms with those established by the relevant authorities responsible for such grading, etc.
- No label which describes any food shall include the word "pure" (or any other words of the same significance) unless the food is of the strength, purity or quality prescribed by the relevant regulations.

Claims are allowable on labels in certain circumstances. An overview of claims is provided in Table 4-4. If there is strong interest in making claims on a particular product, it is recommended that the Food Regulations be fully consulted first.

Table 4-4: summary of the types of permitted claims

Item	Description / notes
Nutrient content claim	Permissible claims are listed in Table I and Table II of the Fifth A Schedule of the Food Regulations 1985. The conditions specified in the tables for the claim in question will apply.
Nutrient comparative claims	These can only be used on foods based on various conditions including those below: <ul style="list-style-type: none"> • The food being compared to must be clearly identified. • Statement of the amount of difference in the energy value or nutrient content shall be provided. The amount of difference related to the same quantity, expressed as a percentage, fraction or an absolute amount, must be displayed close to the claim. • There should be a difference of at least 25% in the energy value or nutrient content, or 10% for micronutrients.
Nutrient function claim	This is a nutrition claim that describes the physiological role of the nutrient in the growth, development and normal functions of the body. It cannot include any statement implying that the nutrient would be a cure, treatment for, or protection from a disease. Nutrient function claims can only be made if the food contains at least an amount that would be considered sufficient as a source of that nutrient; reference amounts for this are set out in Table II of schedule 5A of the Food Regulations 1985.

Halal certification and labelling

Halal certification is either important or essential for food and beverage products exported to Malaysia, with requirements set out in the Malaysian standard for Halal food. More precisely, it is a requirement for some products (meat other than pork), and often requested by end markets (shops, HORECA) for many other products. JAKIM is the body in Malaysia which is responsible for halal certification. It accredits certain foreign certifying bodies for a period of two years; and so these foreign bodies can certify goods as halal if they comply with JAKIM's requirements. A list of accredited bodies as of February 2020 can be found at the link below:

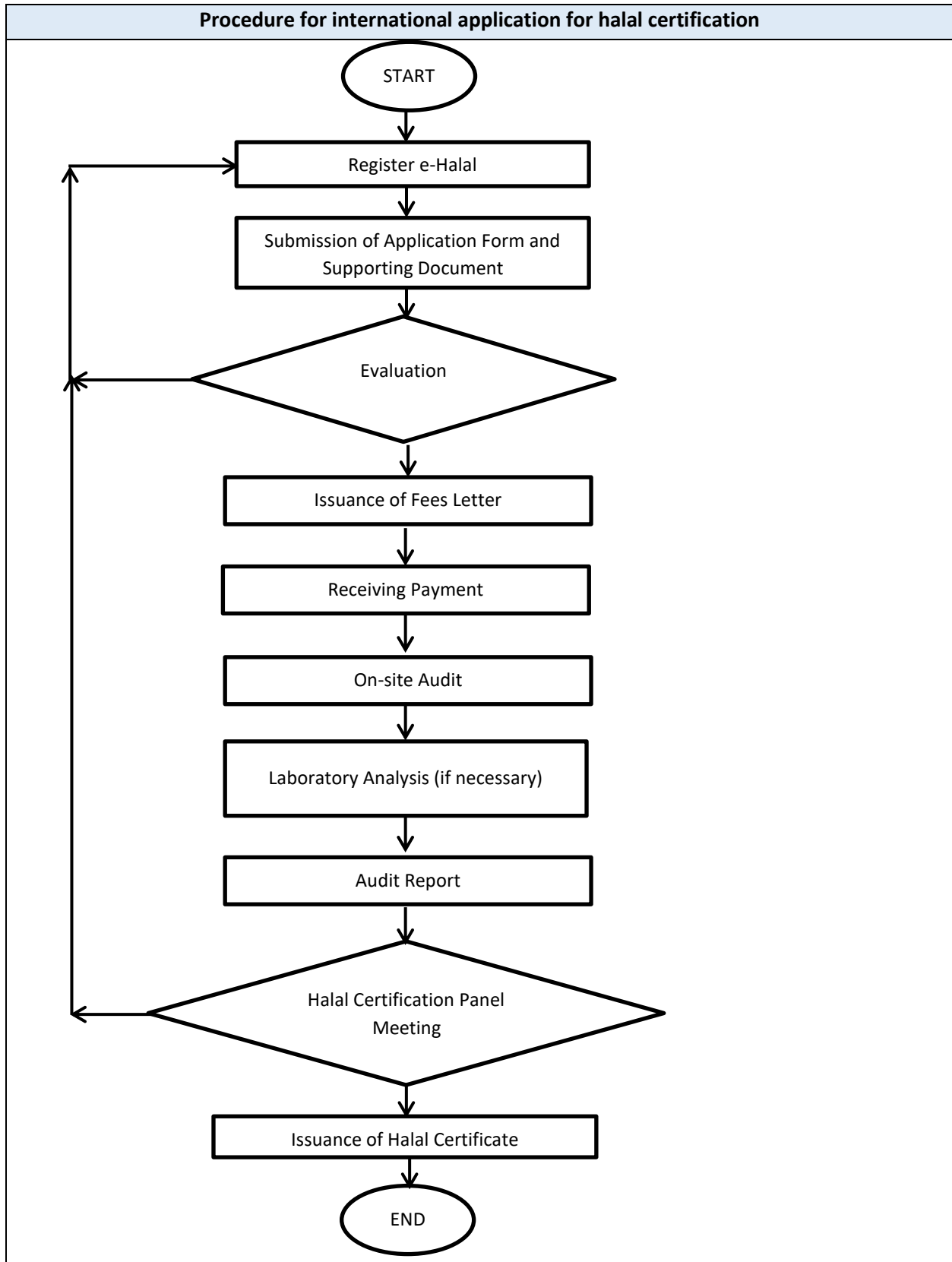
http://www.halal.gov.my/v4/ckfinder/userfiles/files/cb2/CB_LIST_FEBRUARY_5TH_2020.pdf

It is important to note that products can only be labelled as halal if either (1) they comply with the requirements of JAKIM or (2) are certified as halal by the foreign halal certification body recognized by JAKIM. In theory, halal certification is only obligatory for meat; however, some cases of requests for halal certification during the registration process for other facilities (notably dairy) have been reported.

More detailed information on JAKIM and its requirements can be found at the JAKIM website: <http://www.halal.gov.my/v4/index.php?h=&lang=en>

More information on the Malaysian standard for halal can be found at the following link: <http://www.jsm.gov.my/ms-1500-2009-halal-food#.Xuh3nkUzZPY>

An overview of the procedure for international application for halal certification – which may apply if the product is not certified by an aforementioned body – is set out in the chart on the next page.



Packaging requirements

Part 6 of the food regulations sets out packaging requirements. In brief, packaging:

- Should not transmit to its contents any toxic, injurious or tainting substance, or a substance which could contribute to the deterioration of the food.
- Should not be made of enamel or glazed earthenware that can transmit lead, antimony, arsenic, cadmium or any other toxic substance to the food.
- Should not be made of a polyvinyl chloride which contains more than 1 mg/kg of vinyl chloride monomer.
- Should not have been used or be intended to be used for a non-food product.

There are also restrictions on which packaging can be recycled (sugar, flour or meal sacks; bottles and containers for edible oils/fats; containers used for products of swine origin; and plastic bottles cannot be recycled).

Specific labelling and packaging requirements for alcohol

There are specific labelling and packaging requirements for alcohol. The main ones, contained in Regulation 361 of the Food Regulations 1985 are (as stated in the Regulation):

(2) ... there shall be written in the principal display panel in the label of package containing alcoholic beverage, in capital bold-faced lettering of a non-serif character not less than 12 point size lettering, the words "ARAK MENGANDUNGI - % ALKOHOL ; "

(2A) There shall also be written in the label on a package of a non-serif character not less than 12 point size lettering, the words "MEMINUM ARAK BOLEH MEMBAHAYAKAN KESIHATAN".

(3) Alcoholic beverage shall be packed in glass bottles, aluminium cans, plastic bottles or porcelain bottles.

There are also packaging and labelling requirements for compounded hard liquor; these are contained in Regulation 386A. Most notably, such products should be packed in a glass bottle and the minimum volume must not be less than 700 ml. The regulation can be consulted for full details.

4.2.4 Protection of industrial property rights (trademarks and geographical indications)

IPR protection framework of key relevance for food products (trademarks, GIs)

The Intellectual Property Corporation of Malaysia (MyIPO) is responsible for IP registration in Malaysia. The Malaysian Trade Marks Act 2019 is the main piece of legislation that protects trademarks and brand names. The new piece of legislation aligns trademark registration in Malaysia with most international standards. Notably:

- Malaysia is now signed up to the Madrid protocol.
- Applications can be made for collective marks and non-traditional marks.
- The grounds for revocation of a trademark have been expanded to include cases where a trademark misleads the public as to the nature, quality or geographical origin of goods.

Registered trademarks are protected for 10 years, and protection is renewable. Registration normally takes 12-18 months.

Searching for trademarks

Trademarks registered in Malaysia can be searched online through the following portal:

<http://www.myipo.gov.my/en/search-trade-marks/>

Malaysia's GI system

The piece of legislation relating to geographical indications in Malaysia is:

1. the Geographical Indications act of 2000. This has been subsequently amended two times. A link to the act and its amendments can be found at: <http://www.myipo.gov.my/en/geographical-indications-act-2000/>
2. the GIs Regulations 2001, amended by the PU (A) 225 GIs (Amendment) Regulations 2013. A link to this can be found at: <http://www.myipo.gov.my/wp-content/uploads/2016/09/GEOGRAPHICAL-INDICATIONS-REGULATIONS-2001.pdf>

Under the legislation, a GI is defined as an indication identifying a good as originating in a country, territory, region or locality for which a given quality, reputation or other characteristics of the goods is essentially attributable to their geographical origin. Registered GIs are protected for 10 years, and this protection is renewable. The fee for application is MYR 250 (EUR 50 approx); however, other processes related to the protection of a GI (such as dealing with opposition; or requests for changes, modifications or rectifications) may also incur additional fees. A list of forms and fees can be found at the following link: <http://www.myipo.gov.my/en/geographical-indications-form-fees/?lang=en>

Applications can be made manually or online. Foreign GIs can be protected but must both be protected and in active use in their country of origin. The online portal for GI applications can be found at: <http://www.myipo.gov.my/en/apply-for-geographical-indications/?lang=en#filing-geographical-indications-online>

Over 80 GIs have been registered in Malaysia, however the vast majority of these are domestic GIs. The only notable EU GIs registered are:

- Barolo (Italy)
- Parmigiano Reggiano (Italy)
- Cognac (France)
- Champagne (France)

Scotch Whisky (UK), Tequila (Mexico) and Pisco (Peru) are the non-domestic GIs that have been registered.

Searching for registered geographical indications

Geographical indications registered in Malaysia can be searched online through the following portal:

<http://www.myipo.gov.my/en/search-geographical-indications/>

4.2.5 Relevant authority for IPR and GI protection and further contacts

<p>Intellectual Property Corporation of Malaysia Unit 1-7 Ground Floor Menara UOA Bangsar, No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur, Malaysia ☎ (+60) 322998400 ✉ ipmalaysia@myipo.gov.my / badiah@myipo.gov.my / ryzul@myipo.gov.my 🌐 http://www.myipo.gov.my/</p>
--

4.3 International trade

4.3.1 Malaysia and foreign trade

Malaysia is home to one of the world’s most crucial international shipping routes, the strait of Malacca this combined with membership of ASEAN result in Malaysia being a largely open country to international trade, indeed international trade is a crucial component of the Malaysian economy. The Ministry of International Trade and Industry (MITI) is the primary responsible for negotiating trade agreements.

4.3.2 Key trade agreements, present and future

As Malaysia is a largely open market situated in a key geographic location combined with membership in ASEAN, the country has signed free trade agreements with over 10 trading partners. Key ones are presented in Table 4-5. In addition to those listed here, Malaysia is also a signatory to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), though ratification remains pending so it has not entered into force.

Table 4-5: Chronological list of Malaysia’s trade/economic agreements with selected key third countries/regions

Partners	Type of agreement	Entry into force
ASEAN Free Trade Area	Free Trade Area	1993
China (a)	Free Trade Agreement (ACFTA)	2003
Malaysia-Japan Economic Partnership Agreement	Economic Partnership Agreement (MJEPA)	2006
Korea (a)	Comprehensive Economic Cooperation Agreement	2007
Pakistan	Economic Partnership Agreement	2008
Japan (a)	Comprehensive Economic Cooperation Agreement	2009
Australia, New Zealand (a)	Free Trade Agreement	2010
India (a)	Comprehensive Economic Cooperation Agreement	2010
Chile	Free Trade Agreement (MCFTA)	2012
Australia	Free Trade Agreement (MAFTA)	2013

Partners	Type of agreement	Entry into force
Turkey	Free Trade Agreement (MTFTA)	2015

(a) Signed under the ASEAN umbrella.

Source: Agra CEAS based on Asia Regional Integration Centre, <https://aric.adb.org/fta-country> and <https://fta.miti.gov.my/index.php/pages/view/4?mid=23>

Driven by the considerations set out in section Table 4-5 above, Malaysia continues to reach out to third countries in pursuit of trade deals. The country is currently in pursuit of trade deals with the following entities:

- **Regional Comprehensive Economic Partnership**, with Australia, Brunei Darussalam, Cambodia, China, India, Indonesia, Japan, Korea, Lao PDR, Myanmar, New Zealand, Philippines, Singapore, Thailand and Vietnam. Negotiations were launched in 2013.
- Malaysia – Iran preferential trade agreement (MIPTA)
- Malaysia – European Economic Area free trade agreement (Iceland, Norway, Switzerland and Liechtenstein) (MEEPA)
- Malaysia- EU Free trade agreement
- Transpacific partnership agreement
- ASEAN- Hong Kong free trade agreement

4.3.3 EU- Malaysia Free Trade Agreement (EUMFTA)

The negotiations between the European Union and Malaysia for a free trade agreement began in 2010 however these negotiations after several rounds were put on hold in 2012 at the request of Malaysia. A sequence of events such as government changes and the prioritisation of negotiations of other, regional FTAs has resulted in the negotiations remaining on hold; though there has been some stock taking in the interim to confirm that both parties remain interested in pursuing an FTA. In February 2020 negotiations between Malaysia and the EFTA resumed¹⁶, giving hope that the EU may also be able reach a consensus with Malaysia and resume negotiations in immediate future.

4.3.4 WTO disputes and other trade barriers

While there are no ongoing concrete WTO disputes at present with the EU, the following measures from Malaysia are currently considered barriers to EU agri food products:

- **Lack of regionalisation related to avian influenza;** Malaysia’s department of veterinary services imposed a total ban of poultry exports from France in late 2019, this was due to an outbreak of low Pathogenic avian influenza, this combined with not recognising the EU regionalisation policy makes the exportation of poultry to Malaysia particularly challenging.
- **African swine fever: country wide ban on pigs and pig meat Poland;** in early 2019 the Malaysian veterinary services department announced the prohibition of live pigs and pig meat from the countries of Belgium, Hungary and Poland due to the existence of African swine flu in these nations.

¹⁶ EFTA and Malaysia resume free trade negotiations, EFTA, Available at <https://www.efta.int/Free-Trade/news/EFTA-and-Malaysia-resume-free-trade-negotiations-517096>

This ban was extended in January 2020 for a further 6 months. During this time Belgium (with the exception of Limburg) has managed to have this ban lifted, Poland remains banned at the time of writing while documents are being analysed. Hungary was never formally banned as the country did not have access to the Malaysian market; however, the procedure for obtaining access was ongoing at the time of the outbreak, and subsequently it was put on hold. As is the case with poultry, Malaysia generally refuses to acknowledge the EUs regionalisation policy. The lifting of the Belgian ban with the exception of Limburg is a first sign that this situation may change going forwards, though until this approach is repeated for other cases it is not possible to draw any conclusions.

- **Beef and beef related products;** Malaysia did lift a previous ban on BSE (Bovine Spongiform Encephalopathy) in 2011; however, in 2015 Malaysia informed the European Commission that the exports of beef from nations with an OIE (World organisation for animal health) risk rating other than negligible wouldn't be allowed into the country. OIE risk statuses can be found on their website here; <https://www.oie.int/en/>
- **Excise tax on spirits;** after an internal review in Malaysia a new system for spirits taxation was established in 2016. This new system aimed to address some of the local concerns in the country concerning simplifying and addressing some discrimination issues from the previous system. Nonetheless, domestic producers' incorporation of domestic production into their spirits continue to be tax at a lower rate than imported alternatives raising concerns this may violate WTO rules; it is recognised as a notable barrier to trade.
- **Challenges with inspection conditions for meat exporting establishments;** the current inspection fee based system for foreign establishments seeking approval to export meat to Malaysia has raised several concerns which relate to the availability of inspectors. As Malaysia is a majority Islamic country, two bodies are involved for establishments producing meat other than pork. JAKIM is concerned with Halal matters while the Department of Veterinary Services also conducts inspections; having these two bodies implementing inspections often leads to delays. Malaysia also does not recognise any halal certifications from outside the country, unless certified by JAKIM, which gives JAKIM a monopoly in this regard. Should JAKIM approve a product this approval is only valid for either one or two years. Finally there are also concerns about a lack of detailed information regarding requirements and standards sought by inspectors which leads to confusion and unpredictability about their inspections.

Further information, as well as an up to date list of trade barriers can be found here:

https://madb.europa.eu/madb/barriers_result.htm?isSps=false&countries=MY

4.3.5 Summary of key trade barriers

As Malaysia does not recognise the EUs regionalisation policy, there are challenges for meat producers in the case of disease outbreaks, as witnessed by the current situations for poultry in France and pork in Poland. Furthermore, in relation to meat products there are a number of additional challenges for meat producers seeking to enter the Malaysian market. The need for individual establishment to be approved, and for those producing non-pork products to be approved for Halal production by JAKIM every 1 or 2

years also presents a logistical challenge for producers in the EU. Imported spirits in Malaysia are at a competitive disadvantage in the country as taxes favour domestic products.

While the lack of an FTA with the EU does theoretically put the EU at a disadvantage compared to countries with an FTA, it is fair to conclude that there is little impact in most areas of agri-food. MFN tariffs for most agri-food products covered in this handbook are either low or 0%; though there are of course some exceptions. The general view is that the SPS chapters of the FTAs that Malaysia has with other countries do not introduce changes that give the other parties substantial changes (for example, the establishment audits and halal requirements still apply to other countries with FTAs such as Australia). Overall, the FTAs with these other countries tend to provide notable advantages in areas other than agri-food.

4.4 Operating in the Malaysian food and beverage market

4.4.1 Logistical services and transportation infrastructure

Due to its strong economy, Malaysia has a well-developed infrastructure system. Many international airports and seaports enable international trade and a well-developed inland railway and road system enable transportation to nearly any region within the country.

Shipping

Three fourth of Malaysia is enclosed by water, which is why it has many major ports and shipping is important for its economy. The main ports in Malaysia are Port Klang, Penang Port, Johor port including PTP, Kuantan Port and Bintulu Port. However, there are many others such as Lumut Port, Sabah Port, Kuching Port, Rajong Port and Miri Port, which are more of a regional importance and transport goods within the country. The most important ports for shipping are depicted in Figure 4-2. For imports from Thailand (an important origin for many agri-food products), goods are shipped to mainly two ports: Port Klang and Penang Port. Penang Port is in northern Malaysia, close to Thailand, whereas Port Klang is in the centre of the Malaysian peninsula only around 40km away from the capital Kuala Lumpur and close to the most populated regions of the country. The big PTP port is on the other hand mainly used for transshipments. In 2014 nearly half of all container traffic went through Port Klang, followed by about 37% through PTP and close to 6% through Penang Port. The main parts for shipments to Eastern Malaysia are Kuching Seaport in Sarawak and Kota Kinabalu Seaport in Sabah.

Shipping goods overseas is usually cheaper than using other channels such as air freight but also takes much longer. Shipments from Malaysia to Europe typically take around 40 days direct (longer if transshipment involved). Before shipping, an export declaration needs to be submitted (Customs Form No. 2) plus a list of everything that will be shipped. Before the goods are shipped a before calculated tariffs fee needs to be paid.¹⁷

¹⁷ International Shipping to Malaysia: A Guide for E-commerce Merchants, <https://janio.asia/articles/an-e-commerce-guide-to-international-shipping-to-malaysia/>; International Shipping from Malaysia, <https://www.shipafreight.com/shipping-from/malaysia/>; Chen, S., Jeevan, J. and Cahoon, S., 2016. Malaysian

Figure 4-2: Major Ports in Malaysia



Source: Agra CEAS based on various

Air freight

In Malaysia the whole aircraft-related sectors such as airlines, airport operators and aircraft manufacturers directly employ more than 100 000 people and are indirectly linked to more than 130 000 jobs in related fields. The country's facilitation of air cargo through its customs and borders regulations ranks 52nd out of 124 countries for their Air Trade Facilitation Index and 49th out of 135 countries for their eFreight Friendliness Index. Moreover, the Enabling Trade Index ranks the country 37th out of 136. Thus, Malaysia is quite well rated concerning air freight.

The country's three main cargo airports are all on the Malaysian peninsular close to Kuala Lumpur and George Town as depicted in Figure 4-3. The Kuala Lumpur International Airport is Malaysia's biggest cargo (and passenger) airport and an important aviation hub within Southeast Asia. The airport is, like its name suggests, close to the capital Kuala Lumpur and close to the Klang Valley region as well. In 2017 more than 710 000 tonnes of cargo moved through the airport. Since the establishment, the airport has received international recognition for its very good professional services. Penang International Airport is Malaysia's second-biggest cargo airport with more than 145 000 tonnes of handled cargo in 2018, followed by Sultan Abdul Aziz Shah Airport (formerly Subang Airport) with more than 32 000 tonnes of handled cargo in 2018. The two biggest cargo airports on the island of Borneo are Kuching International Airport in Sarawak with close to 27 000 tonnes of handled cargo and Kota Kinabalu International Airport in Sabah with more than 28 000 tonnes of handled cargo.¹⁸

Container Seaport-Hinterland Connectivity: Status, Challenges and Strategies. *The Asian Journal of Shipping and Logistics*, 32(3), pp.127-138.

¹⁸ IATA, The importance of air transport to Malaysia, <https://www.iata.org/en/iata-repository/publications/economic-reports/malaysia--value-of-aviation/>; Kuala Lumpur International Airport (KLIA), Malaysia's main International airport and a leading aviation hub in Asia, <https://www.klia2.info/klia/>; International

Figure 4-3: Major International Cargo Airports in Malaysia



Source: Agra CEAS based on various

Rail freight

Rail transportation started in the late 19th century in Malaysia and fast became one of the most important modes of transport. Many new developments are introduced on an almost annual basis. In 2015 the first electric train started its service and since 2018 it is possible to purchase tickets electronically. Heavy rail is mainly used for freight transportation and the rail network, in general, is used more for freight than for passengers. The rail system links many airports and seaports to the bigger railroads to allow a smooth flow of freight within the country.

In general, the rail network covers most areas of the country as shown in Figure 4-4. KTMB (Keretapi Tanah Melayu Berhad) is the main operator of freight transportation via rail on Peninsular Malaysia and covers attack length of more than 2 200km. The connections include terminals at dry-ports, inland container terminals, seaport and air freight terminals and generally connects the main (air-)ports of the peninsula. Sabah has a small railway connection along its west coast. Sarawak on the other hand is the only Malaysian state without a proper railway system, however, the government has plans to change that.¹⁹

Shipping to Malaysia: A Guide for E-commerce Merchants, <https://janio.asia/articles/an-e-commerce-guide-to-international-shipping-to-malaysia/>

¹⁹ Rail transport, <http://www.mot.gov.my/en/lands/rail-transport/>; KTMB history, <https://www.ktmb.com.my/About.html>; Malaysia: Key Logistics and Transport System (Road and Rail) <https://www.unescap.org/sites/default/files/10.7.Malaysia.pdf>

Figure 4-4: Major Railway Connections in Malaysia



Source: Agra CEAS based on various

Road Freight

Land transport is a good transport solution internally because it is faster than sea freight and cheaper than air freight. Malaysia's road network spans over about 150 000 km and is forecast to grow due to the importance of trade to the Malaysian economy. Most roads (circa 116 000 km) are paved, whereas the remaining 34 000 km are unpaved. Close to 2 000 km are expressways. Malaysian federal roads are the main national road system in the country. These roads are managed by the Malaysian government. Malaysian state roads are similarly managed like the previous ones. For road freight the Malaysian expressways are of main interest.

The country's longest highway spans from the north of the Peninsula Malaysia close to the Thai border all the way down South to the Singaporean border and is about 800 km long. This North-South expressway connects most important cities and areas in western Malaysia such as Penang, Ipoh, the Klang Valley and Johor Bahru. Private companies under the supervision of government agencies develop the highway system step by step to ensure even more connectivity between places. This expressway is among the best in the region and in Asia after those in China, Japan and South Korea.

Generally, the roads are better on the Malaysian peninsula than in Sabah or Sarawak in northern Borneo. However, both states have expressways as well such as the Pan Borneo Highway which goes through East Malaysia and connects it with Brunei.²⁰

Waterway freight

There has been a renaissance in cargo inland waterway transport in many areas in Asia. Malaysia has a total of 7 200 km of inland waterways mainly in form of natural rivers. 3 200 km are situated on Peninsular Malaysia, 2 500 km in Sarawak and 1 500 km in Sabah. However, usage for freight remains very limited.²¹

²⁰ Malaysia Road Freight Transport Market - Segmented by Destination, <https://www.mordorintelligence.com/industry-reports/malaysia-road-freight-transport-market>; Malaysia: Roads, <https://malaysia.asiatradeshub.com/Infrastructure/1476/Roads>

²¹ The World Fact Book, <https://www.cia.gov/library/publications/the-world-factbook/fields/386.html>

4.4.2 Distribution

4.4.2.1 Retail channel overview

Malaysia's food retail market is expanding and supplied by many local but also imported products. The whole market for food and beverages was about EUR 73 billion in 2019. Most retail food sales (about 56%) occur through traditional stores such as grocery stores, provision stores, specialty food stores and sundry shops. However, modern stores retail, such as hypermarkets, department stores and supermarkets, account for more or less 43% of the retail food market. Convenience stores, with a share of only circa 1% are not very popular at present.²²

Supermarkets and Hypermarkets

Most commercial Hypermarkets and supermarkets are situated within the major cities of Malaysia and their bigger urban surroundings and in bigger towns. Most consumers visiting these markets have middle or high incomes. The largest food retailer of Malaysia is the **Cold Storage Group**, which operates many hypermarkets and supermarkets such as Giant, Cold Storage and Jason brands. **Giant** markets are the biggest supermarket chain in Malaysia. It effectively targets the mass market because it offers good value products for good prices. **Cold Storage** and **Jason markets** target middle to high income consumers as well, however, in particular focus on higher income groups and expatriates. Both offer many local products as well as imported varieties. Sale-wise **Tesco** is one of the biggest food retailers in Malaysia as well. Its markets focus on local cheap products suiting the mass market. Most Tesco markets are situated within big cities as well. Tesco even offers online shopping within areas of the Klang Valley and own several private brands, which are liked by many Malaysian consumers. Other supermarkets offering a range of imported products (over 50% of total products offered) are for example **Jaya Frocer**, **Hock Choon**, **Village Grocer**, **Ampang Grocers**, **BIG** and **Sam's Groceria**.

Department Stores

The most popular and high end department store chain in Malaysia is Jusco, which is owned by AEON Malaysia. **Jusco** markets include fully stocked supermarkets within their department stores. Like the other supermarket and hypermarket stores, it mainly targets middle and high income consumers and lists a mix of local and imported products. AEON is the second biggest Malaysian retail group since it bought Carrefour Malaysia in 2012. Examples of other well-known Malaysian Department stores are: **Parkson**, **Mydin**, **Metrojaya**, **Isetan**, **Sogo**, **Robinsons** and **Tangs**.

Local shops and convenience stores

Local shops in Malaysia usually have only a limited range of products, but often are open 24h every day of the week (or at least longer than other stores). **7-Eleven** is the biggest convenience store and sells products such as magazines, newspapers, candies, crisps and various other snacks, ice cream and single serve food and beverage products. Such shops are very much made for on the go shopping, for consumers who seek a quick snack or meal. It is common for stores to be strategically located so they easily can

²² Euromonitor International: Economies and consumers, 2020.

capture their consumer groups. Stores often are found in petrol stations and generally in big cities close to highways. Other local shops and convenience stores in Malaysia are **Mobil, Shell, BHP, Esso** and **Caltex**.

Wet markets

Wet markets (often sometimes called street markets in Malaysia) are the most traditional store setup in Malaysia and account for the biggest number of food retailers in the country. They can be found everywhere across the country; from big cities and towns down to small villages. These kind of shops are mainly open fronts stores in shop houses or in dry markets. This sector is mostly run by small family owned businesses and targets, unlike most other markets, price sensitive consumers and such who only need a few commonly used and widely available grocery items. Street market stores mainly stock local products such as fish, fruit and vegetables as well as household items. It is unlikely to find a lot of imported product except a few rare highly popular ones. In addition to standard wet market, there is a specific kind of street market which takes place at night in residential areas known as *Pasar malam*; and these have proven popular for grocery shopping among some Malaysians with busy lives who appreciate the convenience of shopping late.

E-commerce

Internet retailing in Malaysia is more popular than in most other Asian countries and currently makes up close to 2% of sales in Malaysia. The sector is expected to grow very fast in the near future. In 2018 the online market accounted for about EUR 1 250 million and is forecast to grow up to EUR 2 400 million in 2022. Most Malaysian online shoppers shop products from within Malaysia, however some still shop cross-border and overseas. The main reasons for consumers to not shop online is their preference to go to the actual stores in combination with their lack of confidence in the online system and their skills.²³

4.4.2.2 Intermediaries

Most exporters who export their products to Malaysia report that finding a local distributor or agent is the best step forward to successful enter the Malaysian market. Local distributors can help to handle customs clearance, to deal with retailers and wholesalers, to market the product on the local market and to handle after-sale service. The nature of the chain and potential intermediaries does vary slightly between end markets²⁴:

- **Retail:** for some products – notably alcoholic beverages – it may be possible to supply larger supermarket chains directly. However, as a general rule, wholesalers, suppliers and distributors hold a strong position in the retail food chain in Malaysia (particularly in the case of fresh produce); and for many products it will be necessary either to work directly, or through an importer, with one of these intermediaries. In some cases, retailers may work with different intermediaries in different regions of the country.
- **Food service and hospitality:** most end users in this (restaurants, hotels, bakeries etc) prefer to source supplies from a small number of importers or distributors. If targeting the food service

²³ Malaysia: Distributing a product, <https://santandertrade.com/en/portal/analyse-markets/malaysia/distributing-a-product>

²⁴ Doing Business in Malaysia, <https://2016.export.gov/malaysia/doingbusinessinmalaysia/index.asp>

segment, it is therefore worthwhile trying to find importers with a strong position in the food service area, offering a range of products to end customers. Halal certification is essential – in the food service industry, the end users' premises are almost always halal certified, and hence they can only handle halal certified products.

- **Food processing:** As requirements and specifications are important, food manufacturers tend to import larger volumes of product directly themselves, or smaller volumes through short chains that only include an importer or local agent. In view of this, the best method for targeting the food processing market is likely to be through the appointment of a local representative. This representative can liaise with end clients on requirements and specifications for products as well as purchasing policies and volumes.

As a general observation, there has been an increasing trend in vertical integration in distribution in recent years; leading to larger distributors gaining in importance. This is most visible in the retail channel. The online market place has opened a new channel for some manufacturers and distributors to enter in to contact more directly with customers. In view of this, the size of the intermediary and the extent of their established network are important general considerations when considering potential partners. In the specific case of wine, the established reputation of the intermediary is particularly important and arguably trumps the importance of their size.

With regards specifically to **halal certification**, its importance varies from moderate to essential, depending on the end market and product category. More specifically:

- As noted above, halal certification can be considered essential for products imported for use in the food service sector, as almost all end users are certified as halal and hence may only handle halal ingredients.
- Retailers are likely to ask for halal certificates for certain products. Food processors may also ask for halal certificates, but ultimately whether or not they ask depends on their input requirements / specifications.
- It should be remembered that halal certification is also mandatory for imported meat other than pork to enter Malaysia.
- Among product categories other than meat, the categories for which certification is most likely to be requested by retailers (and in some cases food processors) are confectionery, followed by dairy.

For the majority of products and end markets, there is no consistent **minimum order quantity**. Larger retailers and the distributors supplying them tend to have high levels of bargaining power, and prefer flexible ordering. Smaller, independent wholesalers and distributors are likely to have differing preferences depending on their precise position in the market. Nonetheless, some broadly indicative minimum order quantities are presented in Table 4-6.

Table 4-6: Indicative Minimum Order Quantities (MOQs) by major product sector and end market

MOQ by sector	Local Foodservice	Local Retail
---------------	-------------------	--------------

Wine	No minimum order quantity due to ordering daily	No min. order quantity. Orders seasonal
Spirits	No minimum order quantity due to ordering on-demand	No min. order quantity. Orders seasonal
Beer	Min. 1 carton (12 units per carton)	Min. 1 carton (12 units per carton)
Fresh fruits and vegetables	Between 1-5kg	For large HORECA, min 100kg
Dairy - Cheese	Mini. 1 carton (12 units)/ 25kg	Mini. 1 carton (12 units)/ 25kg For large HORECA, min 50-100kg
Chocolates & Confectionery	Min. 1kg/ 10 units	Min. 1kg/ 10 units
Olive Oil	Min. 1 carton (3-12 units per carton)	Min. 1 carton (3-12 units per carton)

Source: Agra CEAS / Euromonitor

Some final considerations worth bearing in mind when working with intermediaries are:

- Business relationships tend to develop slowly in Malaysia, partly due to the society being somewhat hierarchical. As a result, discussions can extend over a long period and it may take several months to forge a successful partnership.
- It is important to maintain strong communications with partners once a relationship is established. Personal visits can help in creating trust.
- Communication should be sensitive and courteous. Malaysians generally prefer to do business with honest and humble partners; exaggerated claims may not be well received.
- When meeting partners, in many cases Malaysians will arrive on time to business meetings. While it is possible that some Malaysians may arrive a little late, arriving on time is generally seen as a good thing which shows respect for the hosts.

Some more general do's and don'ts, some of which are relevant for working with intermediaries, are presented in section 7.2.

Business Contact Database:

A database of importers, wholesalers, retailers and distributors can be found in [section 8.5](#)

N.B. due diligence will have to be performed for any contacts on this database as no warranty is given as to the standing of these individuals, organisations or firms and no corresponding responsibility or liability is accepted by the authors.

4.4.3 Business environment

Malaysia's market-oriented economy in combination with its supportive government policies and a big local business community and many international companies makes the country a good place for doing business in general. Malaysia has reached a place among the best 15 countries in the world for doing business, due to several business reforms the country carried out. The reforms enabled improvements in areas such as dealing with construction permits, registering property, obtaining electricity, resolving insolvency and the trade across borders. The country even ranks among the best five in various categories. However, in the category for starting a business it ranks only 122, even after the reform. This means for

example that it takes 13.5 days to register a new business in Malaysia whereas it only takes 1.5 days in its neighbour Singapore. Besides this, Malaysia furthermore is economically resilient, has a well-educated multi-lingual workforce, a well-developed infrastructure system and a good quality of life – all attributed important to create a good business environment.

There are no clear do's and don'ts in the Malaysian business culture because of the many different ethnicities in the country. Still, some general guidelines are important to remember:

- Out of politeness women are to be introduced to men, the older is to be introduced to the younger and the higher ranked person is to be introduced to the lower ranked one.
- Gift giving while doing business is not mandatory, but if gifts are to be given, they have to be chosen according to different criteria as well (see also section 3.3.2.3).
- Business cards are to be exchanged carefully after the greeting and have to be treated with respect.
- Being polite and talking in a calm tone are important in a business meeting to not have someone misinterpret what is being said due to cultural differences and language barriers.

Some more information on do's and don'ts is also provided in section 7.2.

Business hours in Malaysia are usually from 9 a.m. up to 5 p.m. at least Monday to Friday. It is moreover common to work Saturday mornings in government agencies and in some other fields even the whole day. Due to the labour law employees have the right to 10 paid holidays within a year, but due to the many different religious festivities Malaysia has a range of public holidays.²⁵

4.4.4 Key operational considerations and challenges: summary

Key challenges to bear in mind when operating in the Malaysian market are:

- Malaysia's infrastructure is well developed and thus there are many different ways to export products to and move them within Malaysia.
- When doing business the many cultural differences such as religions and languages need to be considered.
- Most imported products can be found in bigger shops such as supermarkets, hypermarkets and department stores in big cities or urban centres.

²⁵ Vibrant Business Environment, <https://www.mida.gov.my/home/vibrant-business-environment/posts/>; Malaysia Carries Out Significant Business Environment Reforms and Regains Place Among Top Ranking Economies, <https://www.worldbank.org/en/news/press-release/2018/11/01/malaysia-carries-out-significant-business-environment-reforms-and-regains-place-among-top-ranking-economies>; Doing business in Malaysia, <https://www.gaiyahconsult.com/en/business-integration/doing-business-in-malaysia.html>; Malaysian Business Etiquette, <https://etoninstitute.com/blog/malaysian-business-etiquette-greetings-and-meetings>; Working in Malaysia Hours, culture, working conditions, <https://www.justlanded.com/english/Malaysia/Malaysia-Guide/Jobs/Working-in-Malaysia>

4.4.5 Other relevant information

4.4.5.1 Methods of payment in Malaysia

As in most parts of the world consumers in Malaysia are interested in quick, safe and convenient payment methods. Currently close to 70% of Malaysian consumers have used one or another form of cashless payment before. In particular online banking and debit cards are favoured. However, besides online banking and debit cards the vast majority of consumers still value cash a lot. Over 60% of Malaysians use debit cards, close to 60% use online banking, whereas just under 30% uses credit cards and only less than 10% use so called mobile wallets. A mobile wallet is an payment option, which can be used to send and receive money via mobile devices. The most used e-wallet systems in Malaysia are Grab, Touch n'go, Boost and Fave.

However, Malaysians prefer different methods of payments for different kinds of transactions:

- **Regular and reoccurring expenses:** Malaysians mostly use online banking because it is more convenient for expenses such as phone and internet bills, utility bills or the rent, which reoccur every month. Yet, 1/3 of consumers still prefer to use cash for these expenses.
- **Day-to-day expenses:** Consumers mainly use cash for expenses such as dining out, buying groceries, buy tickets for public transport and petrol for their vehicles.

The internet penetration is comparatively high in Malaysia. Mobile wallets are not yet used on a regular basis by most of the population, however with increasing penetration this might change in the future and the COVID-19 situation definitely will have wider reaching impacts on cashless payment methods in Malaysia as well. The awareness about this payment option in Malaysia is high, with nearly 90% of the population knowing about its existence. This payment method is very convenient; however, consumers are concerned about the level of security those payment options provide.²⁶

4.4.5.2 Travel from the EU to Malaysia

To travel to Malaysia a passport that is valid for at least 6 more months at the time of departure is needed. All European Union citizens are allowed to visit Malaysia for up to 90 days visa-free. When traveling from the Peninsular Malaysia to Malaysian Borneo (East Malaysia) it is required to carry a passport and to get an entry stamp e.g. at the initial entry port in Malaysian Borneo.

To work in Malaysia a work permit must be obtained. To do so a passport valid for at least 18 more months is needed. Moreover the person has to be at least 27 years old (except the person is working in the IT sector, where the minimum age is 23 years). There are different kinds of work permits usually valid

²⁶ Mobile Wallet, <https://www.techopedia.com/definition/31599/mobile-wallet>; GrabPay, Touch n' Go among Malaysia's Most Used e-Wallets, Study Shows, <https://www.entrepreneur.com/slideshow/>; Are e-wallets in Malaysia on the money?, <https://e27.co/are-e-wallets-in-malaysia-on-the-money-20200326/>; Cash or Cashless? Malaysia's Shifting Payment Landscape <https://www.nielsen.com/my/en/insights/article/2019/cash-or-cashless-malaysias-shifting-payment-landscape/>

between 6 months and 5 years. To learn more about work permits visit the webpage of the Immigration department of Malaysia (<http://www.imi.gov.my/>).²⁷

Nonetheless, it is strongly advised that you contact the Malaysian embassy in your country well in advance of any travel to Malaysia to confirm current visa requirements. They are also likely to help find the easiest way to obtain any required visa.

²⁷ Foreign travel advice Malaysia, <https://www.gov.uk/foreign-travel-advice/malaysia/entry-requirements>; Work visas, <https://www.justlanded.com/english/Malaysia/Malaysia-Guide/Visas-Permits/Work-Visas>

5 Market Snapshots for Selected Products

This section provides specific information for various food and beverage categories and products. This information covers three main categories:

- **Consumption:** data on the evolution of consumption; consumer profiles and any notable consumer trends;
- **Offer:** domestic production; imports and exports; the competitive landscape; relevant specific customs procedures/import considerations;
- **Distribution:** main distribution channels used; domestic and imported offer.

Furthermore, each category contains a SWOT analysis and a key takeaways message.

Fresh meat	Fresh fruit and vegetables	Dairy
Wine	Spirits	Olive oil
Chocolate and confectionery	Beer	Processed meat
Ice cream	Prepared baby food	Pet food
Pasta	Baked goods	Biscuits and cereal bars

5.1 Fresh meat

5.1.1 SWOT analysis

STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Fairly high and growing levels of consumption of aggregate meat consumption. ▪ Fairly high structural shortage of meat as a whole. 	<ul style="list-style-type: none"> ▪ Market is dominated by poultry, of which demand is almost entirely met by domestic production. ▪ Many consumers have a preference for fresh meat and like to buy from trusted sellers to be certain of the halal status.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ Low levels of domestic beef production lead to big shortages and the need for imports. There is a notable market for premium beef. ▪ Food service of increasing importance for meat consumption. ▪ Niche opportunities in the pork market, and these extend to frozen pork. 	<ul style="list-style-type: none"> ▪ Wet markets remain popular distribution channels, and these do not favour frozen imports. ▪ Domestic poultry, which is already very strong, is becoming more concentrated and mechanised. ▪ Import competition in the bovine meat market is particularly strong.

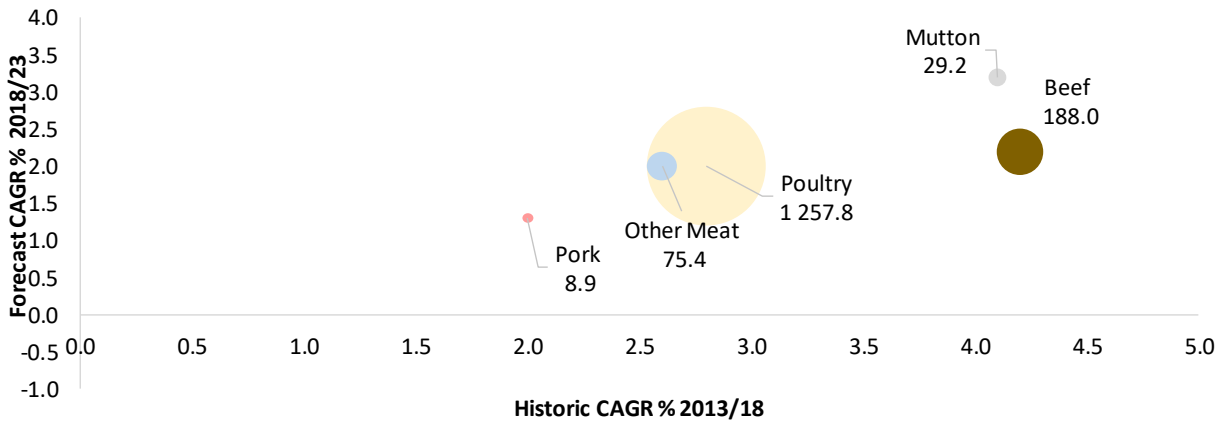
5.1.2 Consumption

5.1.2.1 Evolution of consumption

Poultry is by far the most popular fresh meat in Malaysia, accounting for almost 80% of meat consumption. The overall market for poultry was 1.26m tonnes in 2018, equating to per capital consumption of around 40kg per person per year. Consumption of poultry has increased rapidly over the last few decades, though in recent years this growth rate has slowed to just under 3% per year and is expected to remain at this level going forwards.

Beef is the second most popular meat, though at 188 000 tonnes, the market for it is about 1/7th the size of that of poultry. Nonetheless, demand for beef has grown rapidly in recent years at 4.2% per year; though going forward this growth is forecast to slow to just over 2%. Curiously, the third largest category of meat in Malaysia is that of other meat; though to put this in context, it represents under 5% of total meat demand in Malaysia. The market for mutton is small but quite fast growing; and that of pork is negligible at just 9m tonnes. (Figure 5-1).

Figure 5-1: Evolution and forecast of fresh meat market (000 tonnes) in Malaysia, 2013-2023; total volume



Source: Euromonitor International: Fresh Food, 2020.

5.1.2.2 Consumer profile and purchase criteria

Consumers

Meat is fairly universally consumed in Malaysia, with positive economic growth and improvements in income equality making it both affordable for and accessible to more or less the whole population. As seen above, poultry is by far the most popular meat; and indeed Malaysia is South East Asia's biggest consumer of poultry meat in per capita terms. This is at least partly driven by religion, with poultry being a meat that is not forbidden by any of the major religions in the country. Hindus on the other hand cannot eat beef, and Muslims pork. Another driver of poultry's popularity is price, with it being affordable to all.

With regard to pork, the primary consumer is the Chinese ethnic group. Beef, unlikely poultry is generally out of the reach of lower income consumers, and hence more likely to be consumed by those with middle to high income levels. Given the high reliance on imported beef to meet demand, this conclusion further extends to imported beef, with certain niches such as imported premium Australian beef generally consumed by high income consumers. Lamb is generally consumed by urban upper middle class consumers (and is often imported from Australia and New Zealand, while goat consumers are more likely to have lower to middle income.

There are, furthermore, some regional differences in meat consumption. Overall per capita meat consumption in peninsular Malaysia is considerably higher than in Malaysian Borneo. Poultry is the clear preference of consumers on the peninsula, followed by beef. In contrast, beef consumption in Malaysian Borneo is very low and outstripped by pork consumption. Indeed, in Sarawak, pork is particularly popular.

Drivers and method of consumption

Religious and ethnic considerations are a major driver of meat consumption in Malaysia. Indeed, poultry's status as by far the most popular meat in Malaysia is largely a result of the fact there are no religious dietary restrictions on its consumption among Malaysia's various ethnic groups (with the exception of

groups that abstain from meat consumption). Health concerns, and the comparative perceived healthiness of poultry are a further notable driver for this meat.

As noted above, a further factor which favours poultry, and subsequently impacts the market for other meats, is that of price. For example, in the case of beef, the average consumer tends to prioritise quantity over quality; which can be perceived as a side effect of consumers being used to cheaper poultry prices. Subsequently, non-lean, locally produced or imported buffalo bovine meat is fairly popular among beef consumers. Nonetheless, there are some higher income consumers who actively look for higher quality imported beef.

While meat is commonly consumed inside the home, it should be noted that the food service channel plays an important role – whether it be more traditional dishes at stalls, traditional restaurants or western fast food. This plugs in to the consumer trend of an increasing range of food service outlets in the country (see section 3.2). While all meats are consumed through food service channels to a fair extent – driven by the dishes each type tends to be used in - the channel plays a particularly important role in the distribution of beef. This is because many consumers find it challenging to cook beef well at home, and so prefer to eat it at food service establishments. Mutton and goat meat are also particularly popular in food service channels. As meats that are not commonly eaten, consumers are more likely to choose food service channels for trying these meats or for their occasional consumption. Finally, the developing western style fast food industry is a notable driver for the cuts – predominantly of poultry and beef - used by them.²⁸

Purchase criteria

For Muslim consumers – which form the majority of the Malaysian population – and even for some non-Muslim consumers, assurance of halal status is a key purchasing criterion. Overall, this criterion generally trumps all others, with freshness, quality and price the main secondary considerations. Historically, the relationship between client and butcher has been of key importance for the consumer's confidence in the halal status of the product, though in recent years the emergence and strengthening of certification from the government appointed body JAKIM has led to consumers being more confident in purchasing halal products from supermarkets. Nonetheless, a few consumers – some older ones in particular – may prefer purchasing from trusted butchers and may avoid purchasing imported meat due to historical concerns about the halal status.

There is a segment of consumers which prefers very fresh (i.e. very recently slaughtered) meat, and these consumers tend to purchase their meat from wet markets. Consumers tend to judge the freshness of the meat based on visual factors (e.g. the colour of the meat). This segment tends to prefer to purchase meat from wet markets. However, with increasingly busy lives, many younger consumers will focus on convenience related criteria such as the way the meat has been butchered and packed; and the shelf life of the meat.

28

https://www.researchgate.net/publication/251559210_Demand_for_beef_in_Malaysia_Preference_for_quantity_quality_or_lean ; http://www.dvs.gov.my/dvs/resources/user_16/MJVR%20Vol10.%20No.1/MJVR-V10N1-p87-94.pdf ; <https://scholarcommons.usf.edu/cgi/viewcontent.cgi?article=6257&context=etd>

Price is a notable further criterion. As noted above, part of the reason for poultry's popularity is its price advantage which makes it particularly popular with lower income demographics; while for beef in particular, the higher price limits its consumer group. Indeed, the generally higher price of beef and the consumers it attracts makes quality an important purchase criterion for this meat.

Finally, the type of cut will be taken into account, but preferences vary by consumer type. For example, while many consumers will prefer the leaner breast of chicken due to it being a healthier choice, those who are price conscious may actively choose thighs or legs. The intended use of pork will play a notable role in the cut chosen, with bone-in tail or ribs preferred for soups and boneless cuts for mince meat. Ultimately, while cuts play a role in the individual purchase decision, overall a range of cuts are consumed; and no one poultry or pork cut stands out as being notably more popular than others.²⁹

Meat on retailers' shelves in Malaysia

The price of imported fresh meat depends on various factors, including the type of meat, cut and its fresh or frozen status. As a very rough guide:

- Economy and mid range imported meat – which is often bovine (buffalo) meat from India or poultry – around MYR 25 (EUR 5) per kg
- Premium imported meat – often quality beef and pork cuts, or lamb – starting from MYR 50 (EUR 10) per kg, with prices on super premium cuts reaching in excess of MYR 150 (EUR 30) per kg.

Price discounts (expressed in absolute terms or relative terms) may be used. Some higher end imported products may be promoted through online channels around festive periods.

²⁹ <https://www.semanticscholar.org/paper/Factors-influencing-consumers-%E2%80%99-choice-of-retail-in-Chamhuri-Batt/38766be85b9b7f0a0b540ad1a7a77f440817e756> ;
<https://ageconsearch.umn.edu/record/156463/?ln=en>



Meat is most commonly packaged in plastic (rigid and flexible); regardless of the niche it targets. Most large supermarkets have butchery sections which allow customers to choose their fresh meat and have it packaged in front of them. However, there are also sections for frozen meat. These often combine both fresh (unprocessed) and processed meat / preparations (see above and below).



Finally, it should be noted that pork is most likely to be kept in a separate section from other fresh meat. This section, separated from the rest of the supermarket will be dedicated to non-halal products and hence may also contain alcoholic beverages.

Pictures: © Agra CEAS / Euromonitor International, 2020.

5.1.2.3 Recent market trends

Going forward, most of the major meats – poultry, beef and pork – are forecast to grow at around 2% over the period to 2023. Only mutton stands out as being forecast to grow at a higher rate.

On one hand, western fast food has grown to become a notable end market for meat (and hence a driver of its consumption) in recent years. While fast food is expected to continue to grow quickly in coming years and continue to be an outlet for meat, there is an increasing trend towards non-meat products in fast food outlets; which indeed is a reflection of increasing interest in meat alternatives in Malaysia.

5.1.3 Offer

5.1.3.1 Domestic production

Reflected domestic demand, production of meat is highly concentrated on poultry. Production has more than doubled since the year 2000. While overall poultry production from Malaysia's 2 600 poultry farms exceeds fresh poultry meat consumed, some of the domestically produced poultry is further processed and exported; meaning that the country has a marginal shortage of poultry meat for the fresh meat market. Poultry production in Malaysia is becoming more concentrated and mechanised, though an ongoing challenge for the sector is the obtention of animal feed, with imports historically required to top up domestic production.

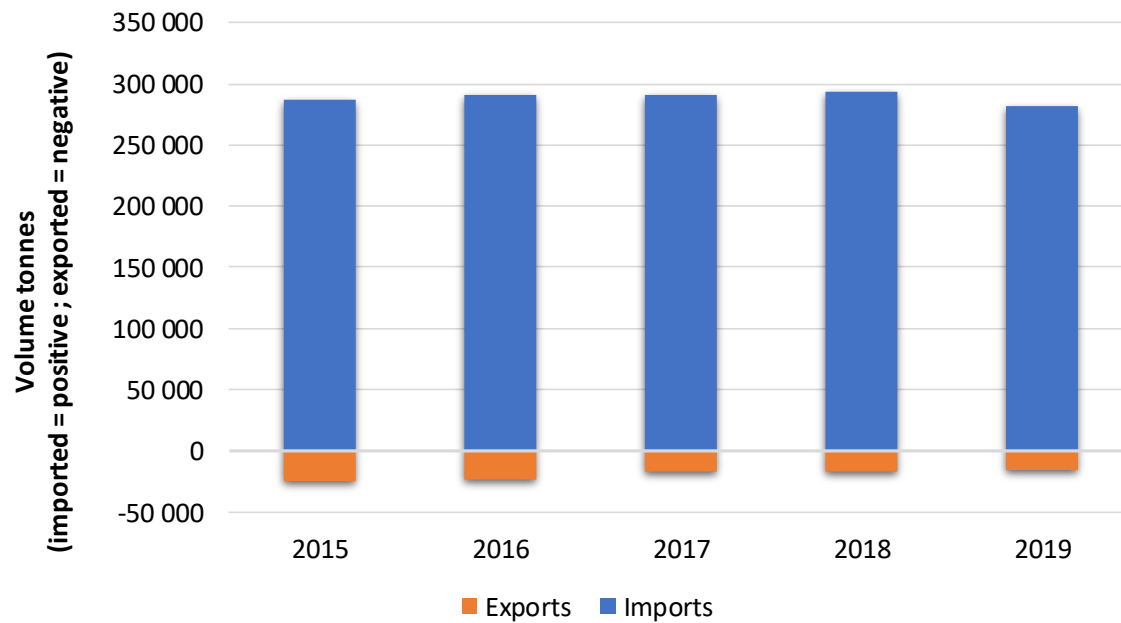
Production of other meats in Malaysia is generally limited. In particular, there is a low level of production of beef, with production around 50 000 tonnes, creating a massive reliance on imports. The situation is fairly similar in the mutton market, with domestic production around in the 5 to 10 000 tonne range, creating a massive reliance on imports.³⁰

5.1.3.2 Imports and exports

Malaysia is a notable net importer of meat, with imports outstripping exports by a ratio of around 10:1 in 2019. Imports remained fairly stable over the period 2015-2018 at just under 300 000 tonnes, before dropping slightly to around 280 000 tonnes in 2019. Exports on the other hand show a downward trend (Figure 5-2).

³⁰ <http://www.flfam.org.my/index.php/industry-info/the-poultry-industry/broiler-production>;
<https://www.feednavigator.com/Article/2018/04/25/Malaysia-looks-to-cut-back-on-poultry-feed-imports>;
<https://www.nst.com.my/news/nation/2017/08/272680/malaysia-will-continue-face-shortage-local-beef>;
http://ap.fftc.agnet.org/ap_db.php?id=950&print=1

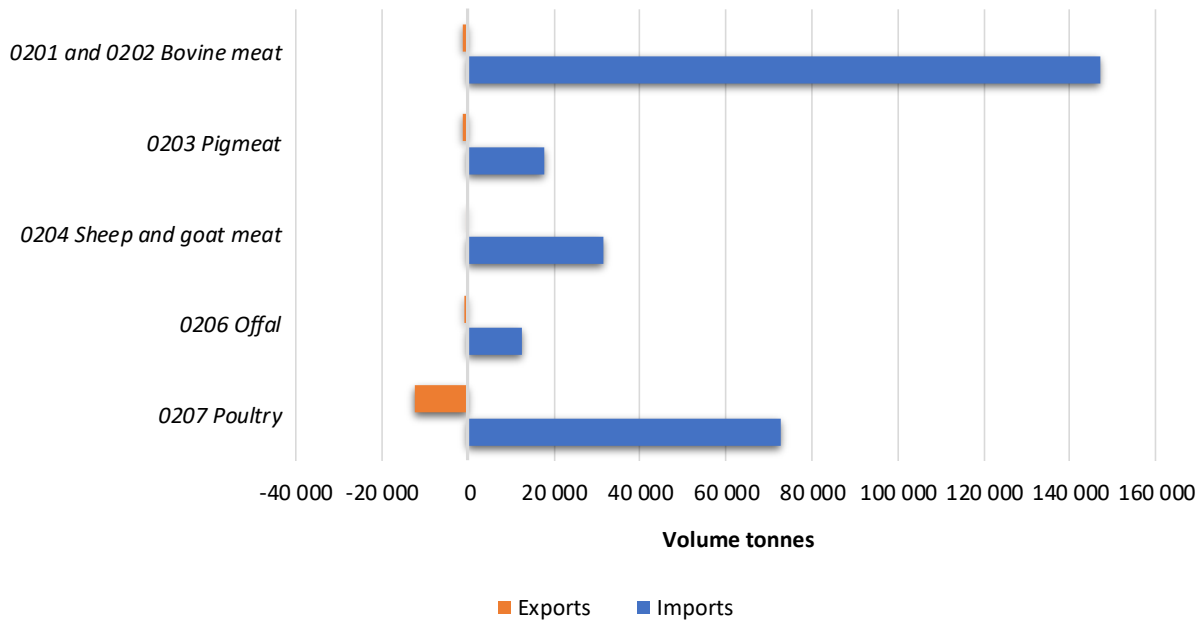
Figure 5-2: Trade balance (imports and exports) of fresh meat in Malaysia, 2015-19; 000 EUR



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 0201, 0202, 0203, 0204, 0206, 0207.

While Malaysia is a net importer of all types of meat, bovine meat accounts for over 50 % of imports (Figure 5-3). Poultry accounts for around ¼ of imports, though there are also notable poultry exports as well.

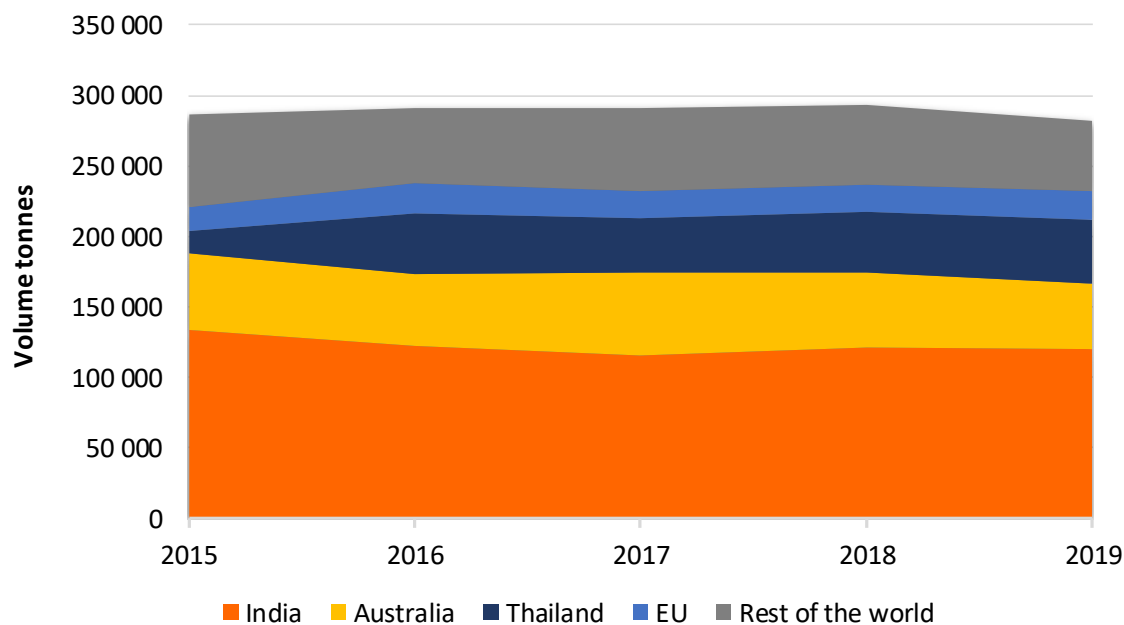
Figure 5-3: Trade balance (imports and exports) of fresh meat in Malaysia, by type, 2019; tonnes



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
 Data for CN code 0201, 0202, 0203, 0204, 0206, 0207.

In terms of origin, India accounts for just over 40% of imports due to its dominant position among imports of bovine meat (Figure 5-4). Australia is the second origin, accounting for just under 20% of imports, with the country dominating imports of sheep and goat meat; and being the second most important origin of bovine meat. Thailand is the third most important origin due to its strength in poultrymeat imports. The EU accounts for a bit under 10% of imports, with Germany the main origin due to its importance for pork (the number one origin).

Figure 5-4: Malaysian imports of fresh meat by country, 2015-19; tonnes



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
 Data for CN code 0201, 0202, 0203, 0204, 0206, 0207.

5.1.3.3 EU GI products

No GI registered for EU fresh meat in Malaysia.

5.1.3.4 Main competitors

Against the background that poultry is by far the most consumed meat in Malaysia, the main competition is the strong domestic production of poultry. However, for other meats there is a strong reliance on imports, with India and Australia the main competitors for bovine meat and Australia the main competitor for sheep and goat meat. EU countries Germany and Spain are the largest two origins of pork meat accounting for around 2/3 of imports combined; though it must be remembered that the market for pork in Malaysia is a small one.

5.1.4 Specific market entry requirements

Market Access and Entry

Countries and facilities must be approved before meat products can be exported. Details on this were provided in a box in section 4.2.2; in the case of pork products, a pre-listing system has been put in place by the DVS. In the case of non-pork products, this approval process includes the requirement for halal certification of the facilities. It is recommended to consult the aforementioned box for full details. More information on the procedures for non-pork meat can be found on the DVS website at the following address:

http://www.dvs.gov.my/dvs/resources/user_1/DVS%20pdf/SQIE/2017/Prosedur%20Am/PROCEDURE_TO_IMPORT_RUMINANT_MEAT_POULTRY_MEAT_RABBIT_MEAT_PRODUCTS_TO_MALAYSIA.pdf

A list of accredited facilities is held by DVS and is theoretically made public, though no list is provided on the DVS website at the time of writing. It is recommended that the embassy of your country be consulted to check if the risk assessment has been completed for the meat in question; and DVS be consulted in the case of questions regarding the approval status of individual establishments.

It should also be noted that, as set out in **Customs procedures** below, an import permit is required.

In terms of tariffs, many European fresh meat products do not face duties in Malaysia; though there are some products (including pork carcasses/half carcasses and some poultry cuts) which face tariffs of 20-50%.

Detailed information on import duties and Rules of Origin can be consulted on the European Commission website by entering the corresponding CN code:

e.g. pork: <https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=MY&hscod=0203>

Customs procedures

The customs procedures for importing foodstuffs are set out in 4.2.1. A full list of the general requirements for export set out in Table 4-1. A list specifically for fresh meat can be found on the website indicated in the box below; most notably, a veterinary health certificate and an import permit for products are required, among others.

Any other up to date information on appropriate documents concerning customs procedures can be consulted on European Commission website by entering the corresponding CN code:

e.g. poultry: <https://madb.europa.eu/madb/datasetPreviewIFpubli.htm?hscod=0207&countries=MY>

Standards, SPS measures

It is essential to know that fresh meat other than pork must be certified as Halal in accordance with the requirements of JAKIM, the national body responsible for halal certification in Malaysia. Full details of this can be found in a box in section 4.2.3. The key point to retain is that the requirements which apply are JAKIM's, though it does accredit certain foreign certifying bodies for a period of two years. A list of accredited bodies as of February 2020 can be found at the link below:

http://www.halal.gov.my/v4/ckfinder/userfiles/files/cb2/CB_LIST_FEBRUARY_5TH_2020.pdf

In addition to Halal requirements, there are a couple of challenges that EU exporters should be aware of:

- **Regionalisation.** Experience with previous disease outbreaks indicates that Malaysia generally does not accept the principle of regionalisation. However, that said it is important to note that (1) there is no overarching official line on this and (2) there is at least one case in which regionalisation has been applied. Therefore, while in the case of a disease outbreak it is fair to expect that

regionalisation will not be applied, the possibility of regionalisation being applied cannot be fully excluded.

- **Restrictions for disease outbreaks.** Restrictions on imports due to disease outbreaks tend to be quickly introduced but may take some time before they are removed. Notable recent examples include the following (information accurate at the time of writing):
 - **Avian Influenza in France;** DVS imposed a total ban of poultry exports from France in late 2019 due to an outbreak of low Pathogenic avian influenza.
 - **African swine fever country wide ban for Poland.** A ban on pork and pig imports was introduced in in early 2019. This ban was extended in January 2020 for a further 6 months. A ban had been introduced for Belgium at the same time as well, but this was lifted in 2020 for all regions except Limburg. Hungary was in the process of negotiating market access for pork when the outbreak occurred and this process was put on hold due to the outbreak.
 - **Beef and beef related products.** In 2015 it was decided that the exports of beef from nations with an OIE (World organisation for animal health) risk rating other than negligible
- **Establishment inspections.** These can provide several challenges. Most notably, the requirement for two inspections for meats other than pork (due to the halal requirement); along with the availability of inspectors are concerns.

Finally, the Food Regulations do contain some standards for meat which are relevant for fresh meat. It is recommended to consult regulations 141 to 155. Key points are:

- There are definitions for chilled meat and frozen meat (storage temperatures) plus minced meat.
- Meat may not contain oestrogen residue.

The full details can be consulted in the Food Regulations, a link to which was provided in section 4.2.2.

Up to date information on appropriate documents concerning SPS measures and provisions for meat can be found at:

<https://madb.europa.eu/madb/viewPageIFPubli.htm?doc=overview&hscode=0201&countryid=MY#h20>

Labelling

Prepacked fresh meat products must comply with generic labelling requirements set out in the Food Regulations, which were described in section 4.2.3. Furthermore, Regulation 155 of the Food Regulations contains an additional provisions on labelling for meat and meat products; more specifically this quotes:

There shall be written in the label on a package containing meat and meat product, in not less than 10 point lettering -

(a) the common name of the kinds of meat from which its content has been prepared; and

(b) where its content consists of two or more kinds of meat, the common name of the kind of meat present, in descending order of the proportion present.

5.1.5 Distribution

Overall an estimated 35% of fresh meat by volume is sold through on-trade channels; with the remainder believed to be sold through retail channels.

While modern retail channels have grown in popularity in Malaysia for food purchasing as a whole, in the case of fresh meat, more traditional wet markets of some sort (whether urban wet markets, farmers' markets, wholesale markets, etc.) remain the preferred channel and is the channel of choice for many consumers. This is due to the preference of consumers for more freshly slaughtered and/or cut meat. While there may be concerns around food safety and hygiene, consumers often offset this by buying from the same, known vendors at fresh markets.

It is estimated though around ¼ of retail sales of meat occur through supermarkets, while most of the remainder primarily occur through the various aforementioned types of wet markets. Specialised meat and butcher's shops do play a role – albeit small - in meat distribution, particularly for urban middle income consumers. The specialised meat shops are particularly important for high quality imported meat cuts targeting middle and upper income consumers. With regards to supermarkets and hypermarkets, these tend to stock wider ranges of meat than other outlets; including a wider range of imported meat, some of which may be frozen.³¹

5.1.6 Challenges for EU products

The main challenge is the nature of the market itself – consumption is dominated by poultry (80% of consumption by volume), yet demand is almost entirely met by domestic production. Given their low importance and the moderate size of the population (32m), the niches for other meats are small; and largely dominated by certain exporting countries. Most notably, the beef market, which relies heavily on imports, is dominated by India and Australia.

Market access can be challenging, with individual establishment approval needed before export. Halal certification for poultry, beef and mutton is essential, so any EU producers wishing to export should ensure that their product complies with the halal certification requirements set out by JAKIM, the government-appointed halal authority. Indeed, JAKIM perform an audit as part of the establishment approval process. Finally, while Malaysia has recently accepted regionalisation for an outbreak of ASF in Belgium, historically regionalisation has not been recognised; subsequently, there is a high chance that disease outbreaks will lead to country wide bans on imports.

³¹ http://www.dvs.gov.my/dvs/resources/user_16/MJVR%20Vol10.%20No.1/MJVR-V10N1-p87-94.pdf;
<http://www.flfam.org.my/index.php/industry-info/the-poultry-industry/broiler-production>

Market Takeaway: Fresh meat

Consumption: with its fairly universal acceptance and attractive price, poultry dominates consumption, accounting for over 80% by volume. Beef a distant second.

Competition: strong domestic production for poultry. India and Australia strong competitors in the beef market; Australia dominates mutton imports. EU countries have an important role in the small pork market.

Distribution: wet markets remain the most popular retail channel by some distance.

Challenges: poultry dominates the meat market, but domestic supply is strong. Niches for other meats are small. Halal certification necessary for meats other than pork. Market access has challenges.

Opportunities: niche opportunity in the pork market, including for frozen pork. If access for beef can be obtained, opportunities may exist, particularly given the low self-sufficiency of the country and the market for more premium beef; though competition is tough in this particular market.

5.2 Fresh fruit and vegetables

5.2.1 SWOT analysis

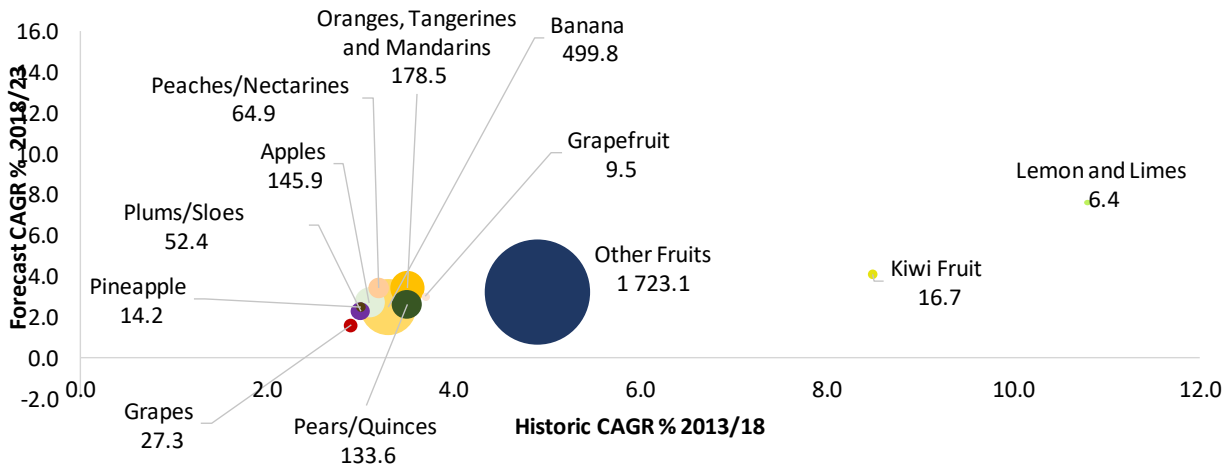
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Many Malaysian dishes incorporate vegetables. ▪ Vegetarianism is growing in the country. ▪ Malaysia imports far more fruit and vegetables than it exports. 	<ul style="list-style-type: none"> ▪ Other nations, including ASEAN members have had an FTA for longer allowing producers from these nations to develop relationships with Malaysian importers and distributors. ▪ Fruit and vegetable consumption is relatively low in Malaysia compared to other countries in the region, with meat consumption still high
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ The Malaysian government is actively encouraging the consumption of fruit and vegetables. ▪ Malaysian consumers are increasingly aware and demanding rarer fruit and vegetables such as kiwis. ▪ Vegan festivals are a growing occurrence in the country. 	<ul style="list-style-type: none"> ▪ Regional countries like Thailand and China can produce many of the same fruits and vegetables as the EU and have lower costs as a result of their geographic location. ▪ Popular fruits such as durian and mangosteen are not grown to scale in the EU. ▪ The Malaysian government has indicated it intends to boost domestic production.

5.2.2 Consumption

5.2.2.1 Evolution of consumption

Fruit and vegetable consumption continues to grow in Malaysia. Fruit consumption across each product has grown in recent years and all products are projected to grow at varying degrees for the forecasted future up until 2023, as shown in Figure 5-5. Other fruits is the largest category with a total volume of 1.7 million tonnes; these fruits typically include durians, rambutans and langsat fruit amongst other grown locally in Malaysia. Bananas are the largest solely consumed product in Malaysia with a volume of 500 000 tonnes. Oranges, apples and pears have roughly the same volume while peaches, plums and grapes are smaller with less than 100 000 tonnes respectfully. Cherries, cranberries and lemons all seen double digit growth through the years 2013-2018 and are expected to continue to be the fastest growing fruit products in the future with cherries growing the fastest at 13.3%.

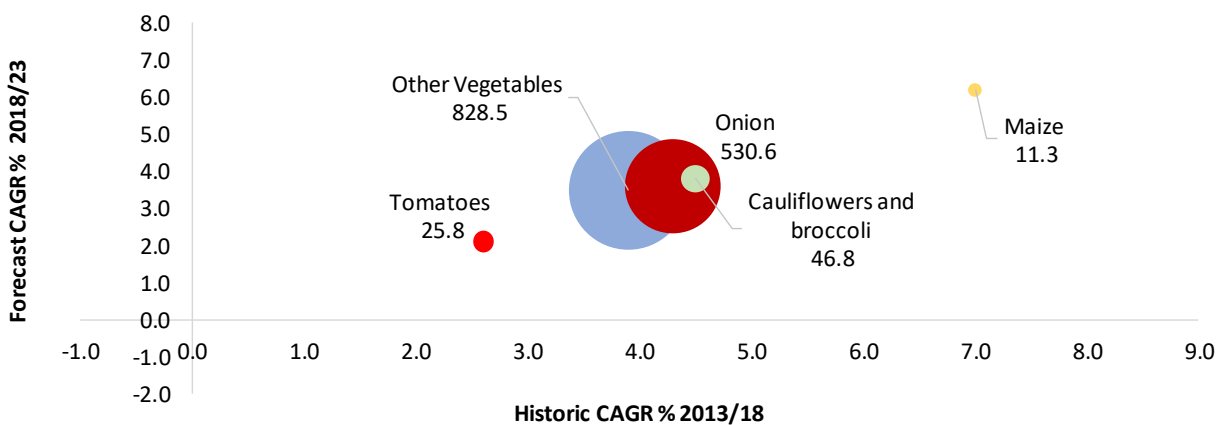
Figure 5-5: Evolution and forecast of fruits market (000 tonnes) in Malaysia, 2013-2023; total volume



Source: Euromonitor International: Fresh Food, 2020.

Vegetable consumption is also growing in Malaysia, with other vegetables being the largest consumed product in the country. This category includes vegetables such as amaranth, brinjals and bok choy. Onions are the largest single consumed vegetable in Malaysia with a total volume of over 0.5 million tonnes. Cauliflower and broccoli have both grown in the past number of years and are expected to continue growing in the future. Maize is the lowest consumed vegetable however it is the fastest growing product, growing at a rate of 7% between the years 2013-2018, and is expected to grow at a similar rate between the years 2018-2023.

Figure 5-6: Evolution and forecast of vegetables market (000 tonnes) in Malaysia, 2013-2023; total volume



Source: Euromonitor International: Fresh Food 2020.

5.2.2.2 Consumer profile and purchase criteria

Consumers

While consumption of both fruit and vegetables is growing in Malaysia, overall consumption rates are low in comparison to other countries in the region. According to a national health survey conducted by the ministry of health in Malaysia in 2015, only 6% of the population were consuming a sufficient amount of fruit and vegetables in Malaysia, though this proportion is growing.³² There are many factors that have been cited for explaining why consumption of fresh fruit and vegetables are lower in Malaysia, most notably the work-life balance of Malaysians. The Malaysian job market is highly competitive which causes many employees in the country to work many hours overtime in order to keep up with the workload, this in turns lessens the time available to purchase and consume fresh fruit and vegetables. Nonetheless, vegetarianism and veganism are growing in the country and today it is estimated that there are roughly 2 million vegetarians in the country which represents roughly 5% of the population. As is common with many nations in the region there has been a notable trend towards the consumption of health conscious products in Malaysia with the government actively promoting the consumption of fresh fruit and vegetables. In terms of ethnicity, there is evidence to suggest that Chinese ethnicity consumers have the highest level fruits and vegetable consumption, whilst Malays ethnicity consumers have the lowest.

Drivers and method of consumption

There are a wide variety of fruit and vegetables available in Malaysia. Many dishes in Malaysia incorporate vegetable products such as *Sayur lodeh* (vegetable soup), *Pepes* (cooked food in a banana leaf, typically incorporates mushrooms) and *Kinilaw* a type of salad. Vegetables can be incorporated into main meals of the day as a complement to meat, however, this practise is typically based on the preference of the consumer. Fruit and vegetables are readily available with night markets known as *Pasar malam* providing them, however as stated previously the work-life balance of Malaysians continues to impact consumption despite availability. Hindus and Buddhist restaurants are also widely available in Malaysian urban centres which generally will cater to vegetarians and offer a variety of vegetable dishes. Malaysian consumers are increasingly gifting each other fruit and vegetable products during events such as Tet which encourages a rise in demand for these products during such festivals.

Purchase criteria

Overall, price is a key factor in the purchase decision, with many low income earners are priced out of purchasing what is typically imported fruit and vegetables. Domestically produced fruits which include durian, mangosteen and rambutan are readily available and cheaper than imported fruits which helps compound sales of domestic products. Fruit and vegetables produced locally will appeal to low-income earners as they are readily available and it is not uncommon for fruits to grow in the middle of urban centres on small scales. Papaya trees are also usually grown in consumers back gardens or personal space which is a common practise. Cempedak is slightly more expensive than other fruits and are largely only available through night markets. Apples, broccoli and cauliflower are typically imported and as a result they are more expensive. Monsoon rains and the local climate of Malaysia play a large role in determining

³² National Health and Morbidity Survey, National health department of Malaysia Available at <http://www.iku.gov.my/images/IKU/Document/REPORT/nhmsreport2015vol2.pdf>

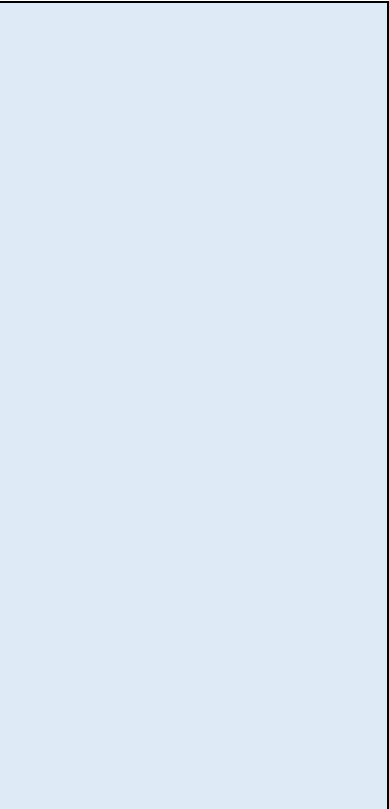
the sale price for fruits with poor monsoons causing a rise in price as supply is reduced, also a phenomenon in neighbouring countries such as Thailand and Singapore.

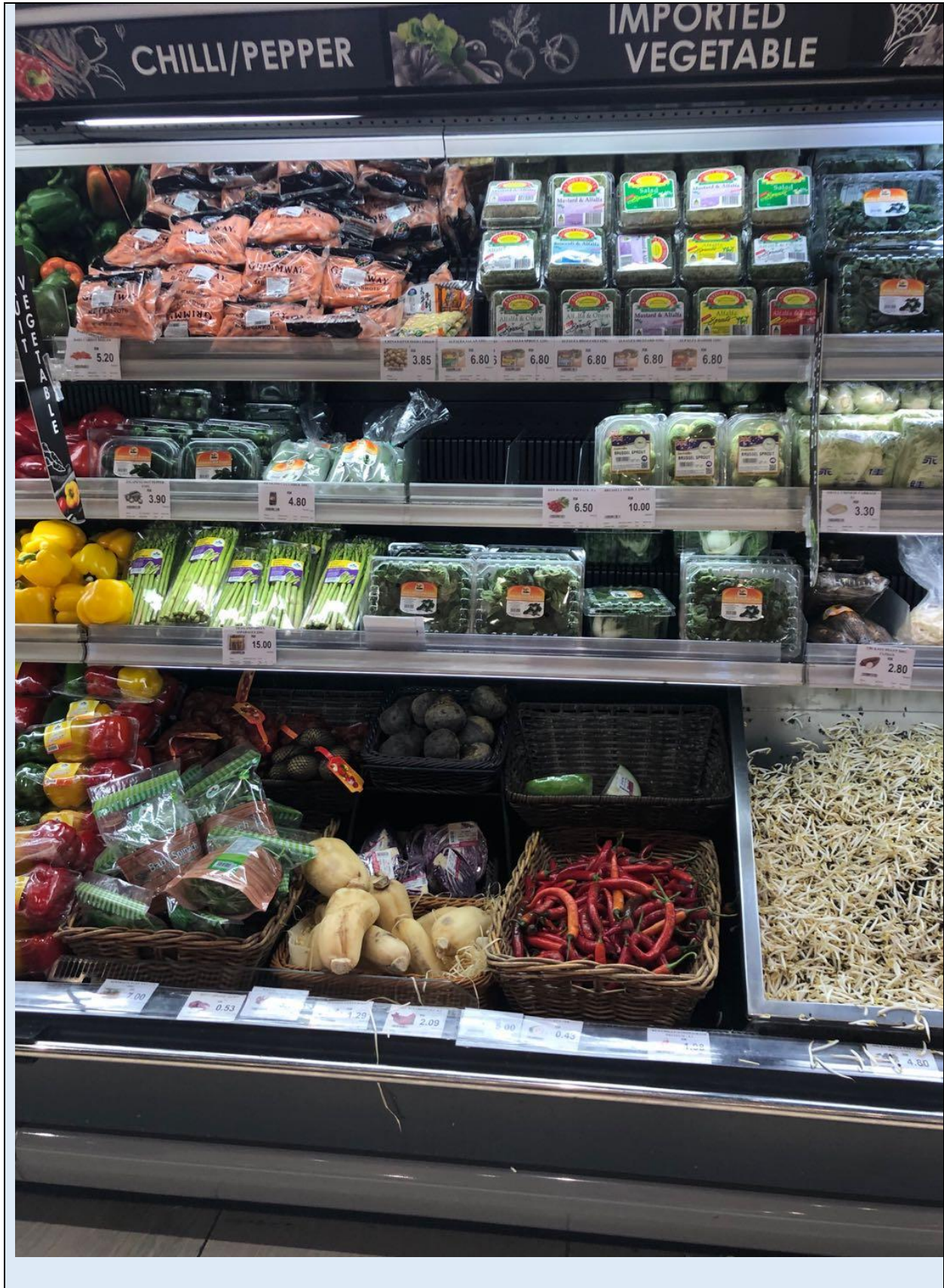
Fruit and Vegetables in Malaysian retailers

Fruits and vegetables are stacked in Malaysian shelves individually by product and its generally quiet easy for consumers to find the fruit and vegetable products they are looking for. Pricing obviously varies between different types of fruit and vegetables, but fruit and vegetables from further afield (Europe, US, Australia) tend to retail in the range MYR 9-20 (EUR 1.80 – 4) per 100 grams. In comparison, locally produced fruit and that from neighbouring countries typically sell in the price range MYR 2 – 9 (EUR 0.40 – 1.80) per 100 grams. Price promotions on premium imported fruit are rare.



While a lot of produce is sold loose, a large amount of fruit and vegetables come pre packed in a plastic container or packaging. The range of pre packed products is wide, from staples like potatoes to more specialist imported products.





It is common for the origin, along with any certifications/characteristics (e.g. organic) to be highlighted, particularly on more premium products. Imported produce may even be grouped together separately. (see photos above).

Pictures: © Agra CEAS / Euromonitor International, 2020

5.2.2.3 Recent market trends

Despite generally low levels of fruit and vegetable consumption in Malaysia when compared with other countries in the region, the consumption of these products has grown in recent years and is expected across the majority of products to continue growing into the forecasted period up until 2023. The government, on the back of a national survey report published in 2015 has, engaged in a national consumption campaign to raise awareness about the positive traits associated with fruit and vegetable consumption. The rise of vegetarianism across the world has resonated with Malaysians and Malaysia has been ranked as the world's 3rd friendliest country for vegetarians to visit³³. Vegan festivals have grown in popularity in Malaysia with the city of Kuala Lumpur hosting an annual tow day festival to celebrate vegetarianism.

Avocados have emerged as one of the more popular fruits in the country in recent years, aided by their nutritional values and a rise in health awareness in the country. Imported avocados are increasingly priced at a level that is obtainable to all income classes. European avocado exporters to Malaysia include Greece and Spain. With the health and wellness trend set to stay, affordable, nutrient-dense fruits and vegetables (including avocados) are likely to remain popular. There is also an increased interest in organic produce, partly driven by higher levels of availability through domestic organic production (see section 5.2.3.1).

Finally, vegetable prices have been rising slowly in Malaysia which threatens to impact total demand for them in the country. The imposition of a good and services tax in 2015 combined with rising production costs has led to an increase in price which were already perceived by many Malaysian consumers to be too high. This is placing some downward pressure on consumption volumes.

5.2.3 Offer

5.2.3.1 Domestic production

Malaysia is a tropical country and very favourable towards fruit cultivation. Tropical fruits are generally categorised as seasonal and non-seasonal. The main season in Malaysia is during the months of June-August. Seasonal fruits which are cultivated during the months in Malaysia include durian, mangosteen, duku, langsung and pulasan. Non-seasonal fruits grown in Malaysia include guava, papaya, banana and pineapple; all of which Malaysia produces substantial volumes of. Pineapple, papaya and durian are some of the only fruits grown on a large and commercial scale as these products have a demand abroad which

³³ Malaysia ranked 3rd most vegetarian-friendly country in the world, the world of buzz, available at <https://worldofbuzz.com/malaysia-ranked-3rd-vegetarian-friendly-country-world>

allow for them to be sustainably grown on a large scale. There is also fairly high production of watermelon. However, on the other hand domestic production of non-tropical fruits, as well of that of mango, is low.

Vegetables are domestically produced however producers face a number of challenges in making vegetable production sustainable which includes land scarcity and the influx of mostly cheaper vegetables imported from China and other neighbouring nations. Despite these hurdles Malaysian vegetables produced in the country include Chai sim, Chai Tao and Chan Choi. Nonetheless, production of various vegetables including most notably cabbage and onions, is very low.

There has been a recent push towards the increase in organic farming in Malaysia , compounded by increased consumer concerns towards the health of the foods the are consuming and the government of Malaysia investing in this farming model. Domestically produced fruit and vegetables grown organically will typically have a number of labels on their packaging to highlight this, which helps to compound growth in production through this method in the country.³⁴

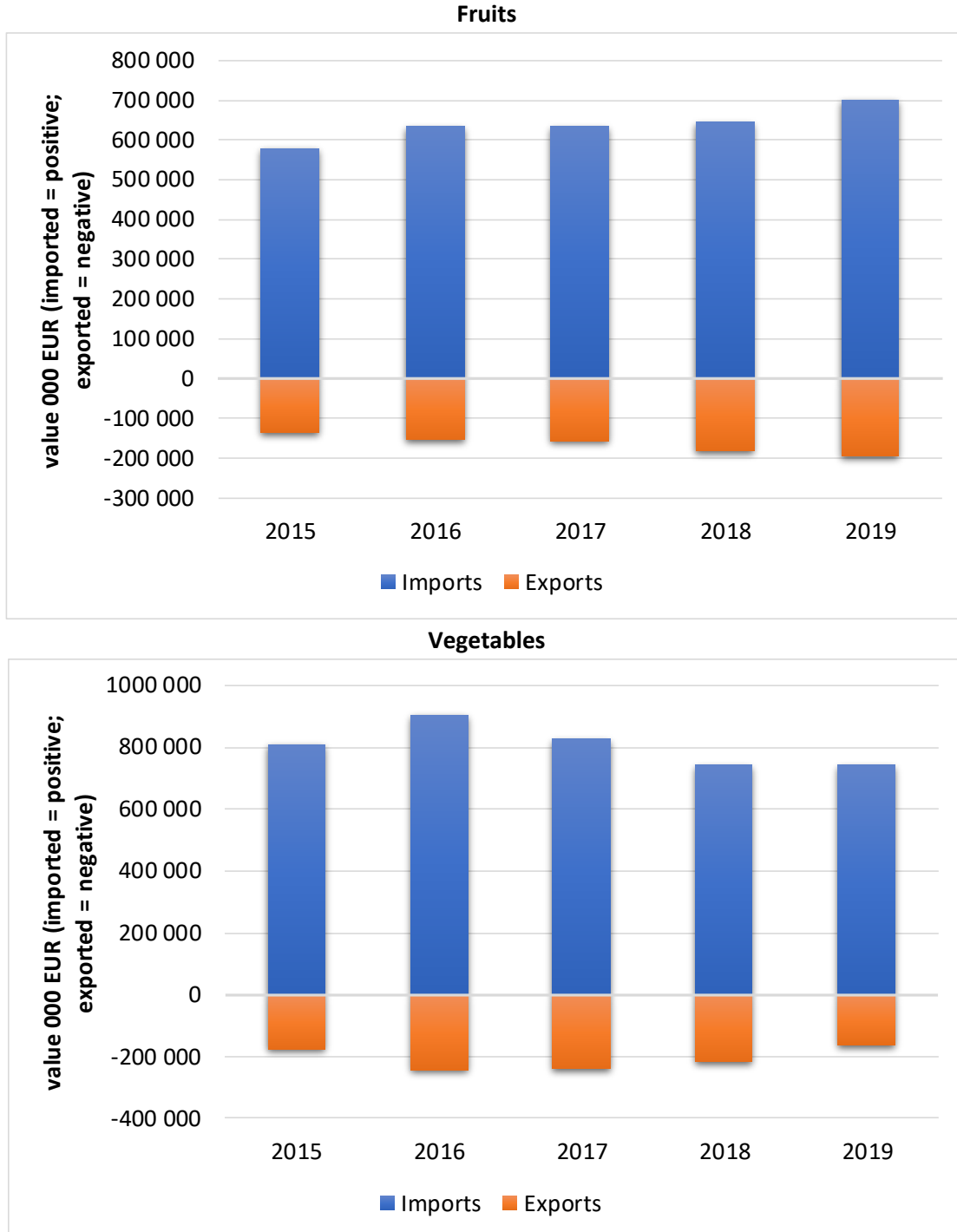
5.2.3.2 Imports and exports

As can be seen in Figure 5-7, Malaysia imports a much greater value of fruit than it exports. The influx of cheaper imported fruits from neighbouring countries combined with demand for more expensive imported fruits such as apples and cherries and focus of agricultural production on certain commodities help to explain why this is; so despite the theoretical capacity to produce fruits domestically in the country, Malaysia continues to import more fruits than it exports. Vegetables similarly are imported far more than they are exported from Malaysia as a result of many of the same reasons as for trade of fruits cited above. Vegetables imported to Malaysia will typically be cheaper than goods produced domestically as wages are higher in the country compared to neighbouring nations combined with land scarcity which puts pressures on producers in Malaysia to compete with imported alternatives.

34

https://www.dosm.gov.my/v1/index.php?r=column/cthemByCat&cat=164&bul_id=Tm50aVh6RFpFM2VGOTIrZzl tbWg3QT09&menu_id=Z0VTZGU1UHBUT1VJMFpaXRRR0xpdz09

Figure 5-7: Trade balance (imports and exports) of fruits and vegetables in Malaysia, 2015-19; value 000 EUR



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

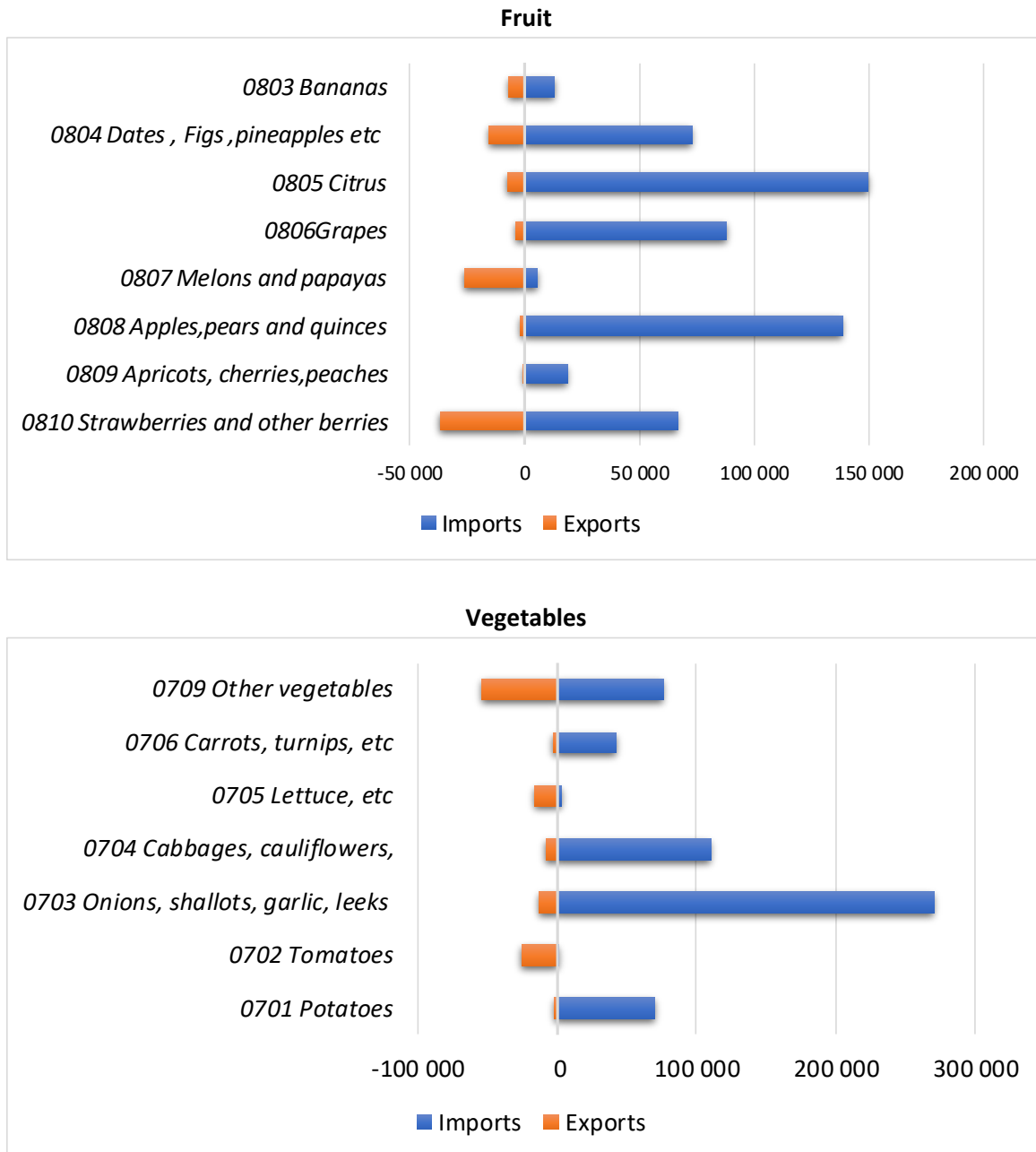
Data for CN code 07 and 08.

As shown below in Figure 5-8, the largest imported fruit into Malaysia are citrus fruits; this is followed by apples, pears and quinces. These fruits are not widely grown in Malaysia and consumers of these products are willing to spend a little more on them for quality and the perception that these goods are typically

imported. Pineapples, grapes, bananas, apricots, cherries and peaches are overwhelmingly imported in Malaysia despite the capacity for the country to domestically produce some of these products in the country. Malaysia's largest exported fruits are strawberries and melons which both are also imported into the country. The only fruit product group which provides a trade surplus for Malaysia is melons and papayas.

Vegetables similarly are vastly imported into the country rather than exported. Onions, which feature prominently in many Malaysian dishes are the most imported vegetable product into the country followed by cabbages and potatoes. Malaysia has a trade deficit with every vegetable product which further highlights to reliance of imports – often cheap ones - for consumers in Malaysia.

Figure 5-8: Trade balance of fruit and vegetables by type, 2019 (value 000 EUR; selected types only)



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Note: names for CN codes abbreviated in most cases.

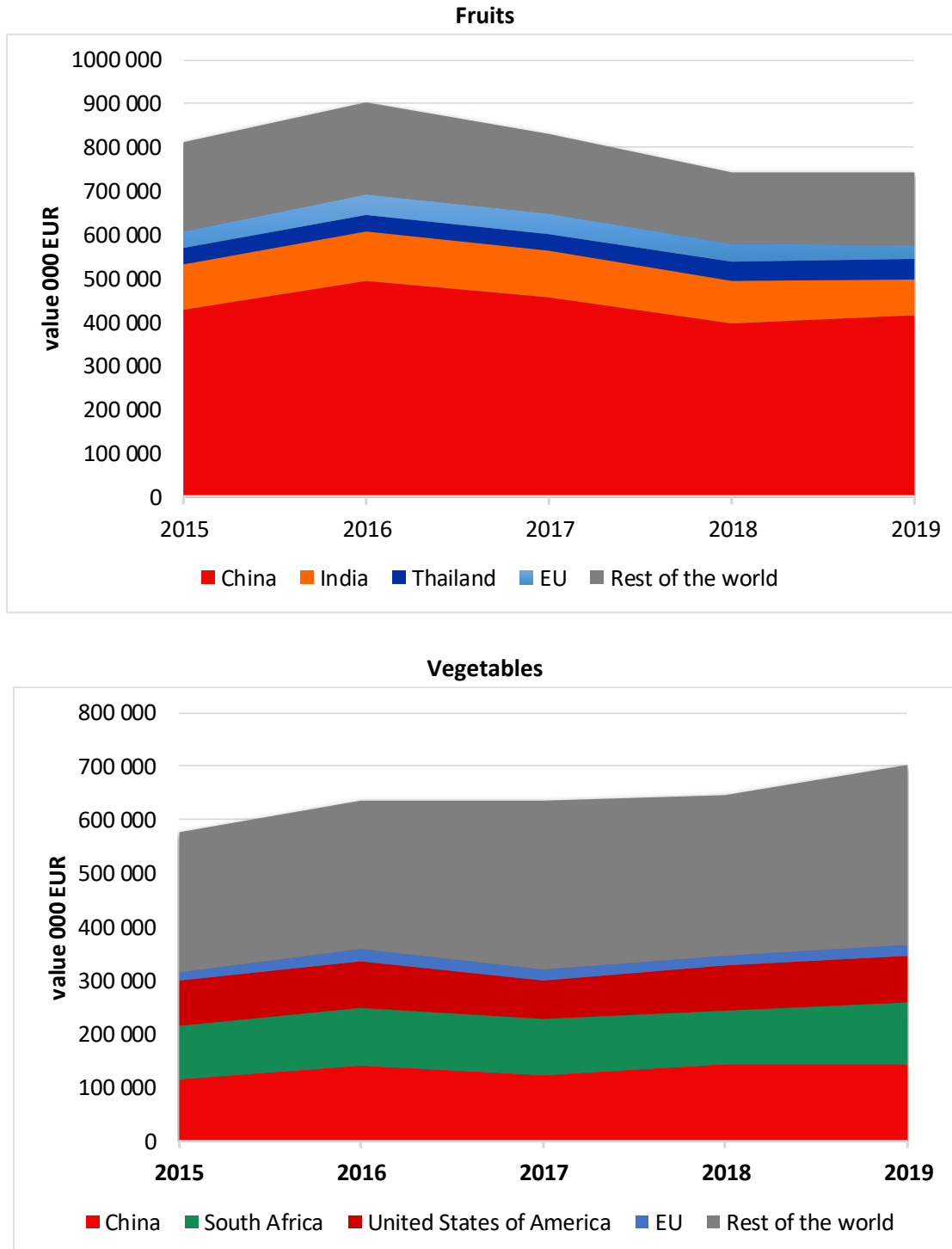
Only indicated CN codes presented in these figures. 6 codes for fruit and 7 codes for vegetables are missing, which is why individual figures do not add up to totals in previous graphs.

As illustrated below in Figure 5-9, China is the main nation Malaysia imports its fruit and vegetable products from. Indeed, China accounts for the majority of fruit exports to Malaysia with the demand for cheaper Chinese fruits helping to compound this trend. India and Thailand also export a significant amount of fruits to Malaysia with products from these countries also being cheaper than domestically

produced products. The EU is a small exporter of fruit to Malaysia with the largest EU countries exporting fruits to Malaysia being Spain (citrus and apricots), Italy (apples and strawberries) and France (apples and pears).

Vegetables are much more varied in relation to the origin of imports to Malaysia. While China has a significant percentage of vegetable the variety of geographies presents an interesting situation in Malaysia. South Africa and the USA are the second and third largest vegetable exporters respectfully. The Netherlands is the largest exporter of vegetables from the EU with onions being the largest exported vegetable from the country.

Figure 5-9: Malaysian imports of fruits and vegetables by country, 2015-19; value 000 EUR



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
 Data for CN code 07 and 08.

5.2.3.3 EU GI products

No GI registered for EU fresh fruit or vegetable in Malaysia.

5.2.3.4 Main competitors

The main competition for EU producers is other countries in the region with the capacity to produce fruit and vegetable products to scale. China exports a significant amount of both fresh fruit and vegetable products into Malaysia which are generally cheaper than domestic alternatives. Thailand and India are also growing competitors in the region and nations such as Vietnam and the Philippines are growing their domestic production capacities which may presents enhanced competition for EU producers in the future.

5.2.4 Specific market entry requirements

Market Access and Entry

A Pest Risk Analysis must be completed in certain cases prior to import; most notably in the case that a country has not previously exported the commodity in question to Malaysia. More information on Pest Risk Analysis can be found at the following link:

http://www.doa.gov.my/index/resources/aktiviti_sumber/sumber_awam/muat_turun/borang_pra_tum_buhan_bi.pdf

As per the section below on Customs Procedures, an import permit is required for each shipment.

In terms of tariffs, currently European vegetable products generally face no tariffs, though for a handful of products there are tariffs which can get as high as 90%. On the other hand, while some fruit products do not tariffs, several do. Many of these tariffs are combination of ad valorem and quantity, with ad valorem tariffs in the range of 5-20%.

Detailed information on import duties and Rules of Origin can be consulted on the European Commission website by entering the corresponding CN code:

e.g. Potatoes:

<https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=MY&hscod=0701>

Customs procedures

The customs procedures for importing foodstuffs are set out in 4.2.1. A full list of the general requirements for export set out in Table 4-1. A list specifically for fresh fruit and vegetables can be found on the websites indicated in the box below. Most notably a phytosanitary certificate, a certificate of conformity for agricultural produce and an import permit are required, among others.

Any other up to date information on appropriate documents concerning customs procedures can be consulted on European Commission website by entering the corresponding CN code:

e.g. citrus fruits:

<https://madb.europa.eu/madb/datasetPreviewIFpubli.htm?hscod=0705&countries=MY>

Standards, SPS measures

The Plant Quarantine Act 1976 and the Agricultural Pests and Noxious Plants (Import/Export) Regulations 1981 are the main pieces of legislation that are relevant specifically for fruits and vegetables. As noted above, a pest risk analysis is necessary for products which are exported from a country to Malaysia for the first time. Overall, no major challenges for European fruit and vegetable exporters with accessing the Malaysia market have been identified or reported of late; this relates both to a lack of identified problems with market access, and a lack of identified problems with pesticides.

The website of the ministry of agriculture contains further information (including legislation and links to permit forms). The web page is in Malaysian but several of the documents are in English. The webpage can be access at the following link:

<http://www.doa.gov.my/index.php/pages/view/341?mid=90>

The plant quarantine act (in English) specifically can be accessed at the following link:

http://www.doa.gov.my/index/resources/perkhidmatan/permit/myimport/akta_kuarantin_tumbuhan_1976.pdf

Lists of pesticides and MRLs

Maximum residue levels (MRLs) are set out in Schedule 16 of the Food Regulations. A link specifically to schedule 16 is provided below:

http://www.doa.gov.my/index/resources/aktiviti_sumber/sumber_awan/maklumat_racun_perosak/residu/jadual_16_akta_makanan_1983.pdf

A link to the annexes of the Food Regulations – which includes schedule 16 – is also provided in section 4.2. If the pesticide is not specified in the Sixteenth Schedule but is specified in the Codex Alimentarius, the proportion is that set out in the latter.

Up to date information on appropriate documents concerning SPS measures:

<https://madb.europa.eu/madb/viewPageIFPubli.htm?doc=overview&hscod=0701&countryid=MY#h20>

Labelling

Prepacked fresh fruit and vegetable products must comply with generic labelling requirements set out in the Food Regulations, which were described in section 4.2.3.

5.2.5 Distribution

Wholesalers primarily dominate the overall distribution chain for vegetables in Malaysia, and most of the supply is distributed through key distribution hubs in the central region. The Federal Agricultural Marketing Authority (FAMA) under the Ministry of Agriculture and Food Industries is responsible for the marketing of agro-food products such as vegetables, fruits, and agro-based industry products. Supermarkets, hypermarkets, and foodservice receive supply from wholesalers or directly from FAMA's operation centre (OC).

Around 50-55% of the total volume sales of fruits and vegetables in Malaysia occurs through retail channels (with the remainder occurring through food service and institutional channels). Wet and street markets are particularly popular for retail to consumers. Most notably, in urban areas, night market known as *Pasar malam* provide consumers with late night availability of fruit and vegetables and generally stock a wide variety of them. As a retail channel, grocery retailers are deemed to be of secondary importance to these market channels. Among grocery retailers, it is estimated that just over half of distribution occurs through traditional grocery retailers, with modern grocery retailers such as supermarkets and hypermarkets accounting for the remainder (just under 50%). It should be noted that online grocery retailers continue to witness substantial growth in Malaysia, which will likely continue due to the outbreak of COVID-19 and increased online retailing.³⁵

5.2.6 Challenges for EU products

The major challenges for EU producers include the ability of regional nations like China, Thailand and Vietnam to produce an abundance of fruit and vegetable products and export them cheaper to Malaysia than the EU. Malaysia has a number of free trade agreements with nations in the region which gives them favourable trading terms which effects the trade of fruit and vegetables from the EU. Non-mainstream consumers seeking imported fruits such as oranges, apples and even kiwis may appeal to EU producers while onions from the EU is also another sector that shows promise. Overall, market access requirements are not a major challenge when compared to the complexity of requirements of some other countries in the region.

Market Takeaway: Fresh fruit and vegetables

Consumption: Not as largely consumed by Malaysian consumers when compared to other countries in the region, vegetables from a portion of many Malaysian dishes which compounds consumption

Competition: Regional and established exporters of fruit and vegetable products to Malaysia present a major competition to the EU.

Distribution: While super and hypermarkets have grown in importance in recent years, wet and street markets remain most popular.

Challenges: Establishing and competing against other nations in a field where other countries have had a long-established free trade agreement in place.

Opportunities: The growth of veganism in Malaysia and the evolving acceptance and adoption of vegetarian dishes in Malaysian restaurants present opportunity for growth.

³⁵ The participation of Malaysian fresh fruit and vegetable farmers in contact farming, Man Norsha, Nolila Mohd Nawi, Journal of agribusiness marketing vol 3 (2010) available at <http://www.fama.gov./>

5.3 Dairy

5.3.1 SWOT analysis

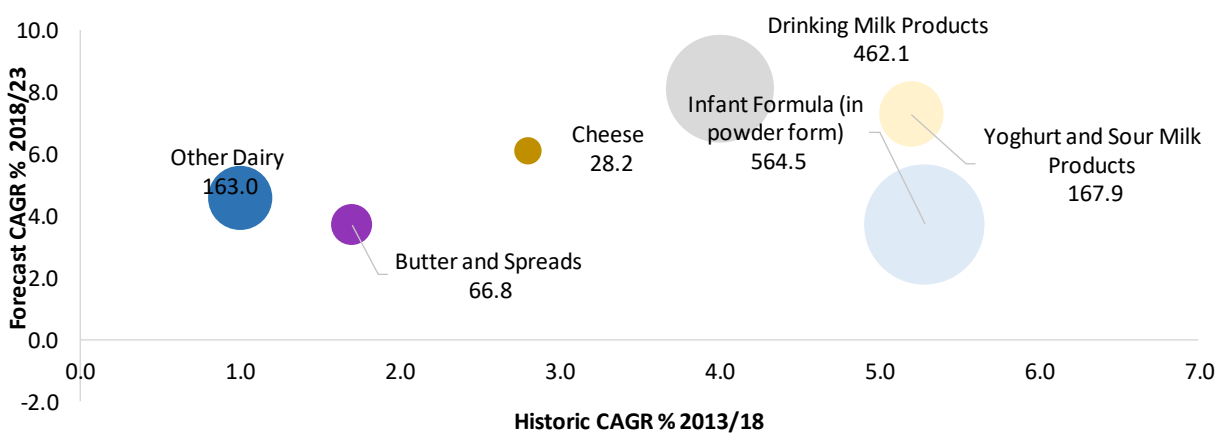
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Strong structural shortage; domestic milk production only fulfils around 60% of demand for dairy. ▪ The vast majority of dairy products do not face import tariffs. 	<ul style="list-style-type: none"> ▪ Milk is by far the most popular dairy product in Malaysia, and this segment is dominated by local producers. ▪ Traditional retailers – which are generally more difficult for imported products to reach – are of strong importance for the distribution of many dairy products.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ Dairy markets have grown strongly, and pre-COVID 19, were forecast to grow even more quickly going forwards. ▪ Processed dairy products are largely imported. ▪ The market for cheese is growing and evolving, spurred by increased exposure to different cheeses through food service channels. 	<ul style="list-style-type: none"> ▪ Plans are underway to substantially increase domestic milk production; if fulfilled, Malaysia should become theoretically entirely self-sufficient in dairy products. ▪ Nearby New Zealand and Australia hold strong positions among importers.

5.3.2 Consumption

5.3.2.1 Evolution of consumption

With the exception of infant formula – which are covered in detail in section 5.11 – the largest dairy product segment in Malaysia is that of drinking milk, which was worth some EUR 462m in 2018. The market has grown quickly at 4% per year in recent years, and based on pre-COVID-19 estimates, was forecast to grow rapidly at 8.1% per year in coming years. (Figure 5-10). It is followed by the markets for yoghurt (EUR 168m) and other dairy (EUR 163m); the former has grown rapidly at over 5% per year and was forecast to grow even more quickly going forward; while the latter has grown very slowly in recent years though was forecast to grow more quickly in coming years. The markets for butter and cheese remain quite small, worth EUR 67m and EUR 28m respectively, having grown at 1.7% and 2.8% per year respectively in recent years. Pre-COVID estimates of future growth of these markets were strong; particularly that of cheese which was 6.1% per year.

Figure 5-10: Evolution and forecast of dairy market (retail value, EUR millions) in Malaysia, 2013-2023



Source: Euromonitor International: Packaged Food, 2020.

5.3.2.2 Consumer profile and purchase criteria

Consumers

Dairy is not a strong historical consumer of dairy products, with the diet more based around starch based staples (e.g. rice), supplemented by meat and vegetables / fruit. While coconut milk does play a role in various traditional dishes, both savoury and sweet, dairy does not. The development of dairy consumption has largely gone hand in hand with the development of the domestic dairy industry, which took off in the 1970s. The school milk programme first introduced in the 1980s has expanded the range of consumers in Malaysia consuming dairy products.³⁶

Further specificities of consumers, where they stand out, are presented on a product by product basis below:

- **Milk** is gaining a growing following among consumers, with the growing middle class a notable consumer segment. Awareness of the health benefit of milk (e.g. calcium content) is a major reason for this.
- **Yoghurt**: consumers with busy lifestyles – who are predominantly urban – are notable consumers of this product.
- **Cheese**: the main consumers of cheese are: (1) the population which frequents food service outlets (western style fast food in particular), with such consumers both consuming cheese in the outlets and trying to recreate such foods at home; and (2) children, who consume processed cheese as a source of calcium. Both groups are predominantly urban/suburban, do not belong to lower income groups and tend to frequent supermarkets. There are also niches of consumers of imported cheese among expats, wine connoisseurs and a handful of high income millennials (singletons in particular, though also some couples).

³⁶ http://ap.fttc.agnet.org/ap_db.php?id=501; <https://ideas.repec.org/p/ags/aare12/124243.html>

- **Butter:** consumers of butter tend to be occasional with few people consuming the product on a regular basis in Malaysia. Subsequently no clear profile of consumers exists.
- **Other dairy:** condensed milk accounts for the vast majority of the other dairy category. It is widely used by Malaysians as an addition to hot beverages (e.g. coffee and tea).

Drivers and method of consumption

As noted above, awareness of health benefits is a notable recent driver for **milk** consumption. Furthermore, Malaysia has run a school milk programme since the mid-1980s. Part of this scheme is paid and part is free. Nonetheless, it has the impact of encouraging milk consumption through drinking from an early age; a habit that some children then carry over into their adult life. Indeed, drinking remains the main method of consumption of milk.

Impacted by the long standing methods of marketing in Malaysia, **yoghurt** is most commonly consumed as a snack or as part of a light meal e.g. at breakfast, sometimes with oats or fruit. Increasingly busy, more western style lifestyles are cementing this method of consumption. Historical awareness of the gut health benefits of yoghurt is low, though it is now beginning to increase among some consumers.

The food service industry is a major driver of, and outlet for **cheese** consumption. It has a strong usage in western fast food in particular. This usage of cheese in food service is beginning to drive purchases through retail channels as well, with cheddar, parmesan and mozzarella all benefitting from increased retail sales due to consumers' awareness of these products through food service channels. Some cheeses such as cheddar, parmesan and mozzarella are now sometimes being used as toppings to traditional Malaysian dishes such as Pisang Goreng, Keropok Lekor, Lemang and Murtabak. Processed cheese on the other hand may be consumed for convenience reasons, with spreadable processed cheese increasingly popular as a spread for toast, particularly at breakfast; and processed cheese in general seen by some parents as a good source of calcium for children.

With regard to **butter**, the main driver of its consumption is seasonality; consumption tends to peak around festivals, when it is bought for use as an ingredient in home baking / desserts. Outside peak seasons, other products tend to be preferred through retail channels, with price and the product's perception as being high in fat working against it. Indeed, butter makes up only ¼ of all sales through the butter and spreads category, with margarine and similar spreads dominating the broader category. There is nonetheless some demand for butter from the food service channel, with the product used as a cooking/baking ingredient, or in some cases a bread accompaniment.

As noted above, condensed milk dominates the **other dairy** category. It is most commonly consumed in coffee, tea and other beverages; to the extent that condensed milk is preferred over coffee whiteners for this purpose. As cream is not widely used in Malaysian dishes, the market for the product is rather limited.

Purchase criteria

Key purchase criteria by product are identified below:

- **Milk:** driven by the awareness of health benefits of milk, nutritional / health aspects are an important purchase criterion for milk.
- **Yoghurt:** following on from its consumption primarily as a snack, key purchasing criteria for yoghurt tend to be taste and freshness. Some attention is also paid to the use of natural ingredients and convenience is also taken into account. As awareness of the gut health benefits of yoghurt begins to increase, some consumers do actively look for pro-biotic yoghurts.
- **Cheese:** familiarity and use are key purchasing criteria for cheese. This explains the popularity of processed cheese – which accounts for the vast majority of the cheese market. It also explains the popularity of cheese popular through food service channels, such as mozzarella, cheddar and parmesan. The popularity of these cheese types extends to the retail market for unprocessed cheese; cheddar is the most popular unprocessed cheese accounting for over half of all sales; followed by parmesan and mozzarella. Retail consumers generally prefer packaged cheese to unpackaged cheese for reasons of both hygiene and convenience.. Price is also often a consideration given the fact that most cheese has to be imported.
- **Butter:** price - more specifically, the existence of special offers - is a notable purchase criterion. This is due to the fact that, as noted above butter is not commonly consumed, with other spreads preferred for reasons of price.
- **Other dairy** (condensed milk): brand is a notable purchase criterion, with consumers tending to repeatedly buy the same brand of condensed milk. Indeed, the four largest brands in the category account for over 60% of the market (and the most popular brand accounts for almost ¼ of the market).³⁷

Dairy products on retailers' shelves in Malaysia

Approximate retail price ranges for cheese are:

- Economy (e.g. sliced cheddar, cream cheese) MYR 5 (EUR 1) per 100g
- Mid range (e.g. mainstream mozzarella or gouda, shredded cheddar) MYR 5 – 20 (EUR 1-4) per 100g
- Premium (parmegiano Reggiano, feta, high end gouda) above MYR 20 (EUR 4) per 100g

In terms of packaging, pack sizes of 150-200g are the most popular for cheese; and 200-250g for butter. While bigger sizes of both can be found, these smaller sizes are popular as they are the most effective at enticing consumers into a purchase bearing in mind normal consumption volumes. Flexible plastic is the most common type of packaging for cheese, while foil paper is standard for butter (see below).

³⁷ Euromonitor International: Packaged Food, 2020; <https://ageconsearch.umn.edu/record/124243/?ln=en>; <https://web.malaysia-students.com/school-milk-program-smp>



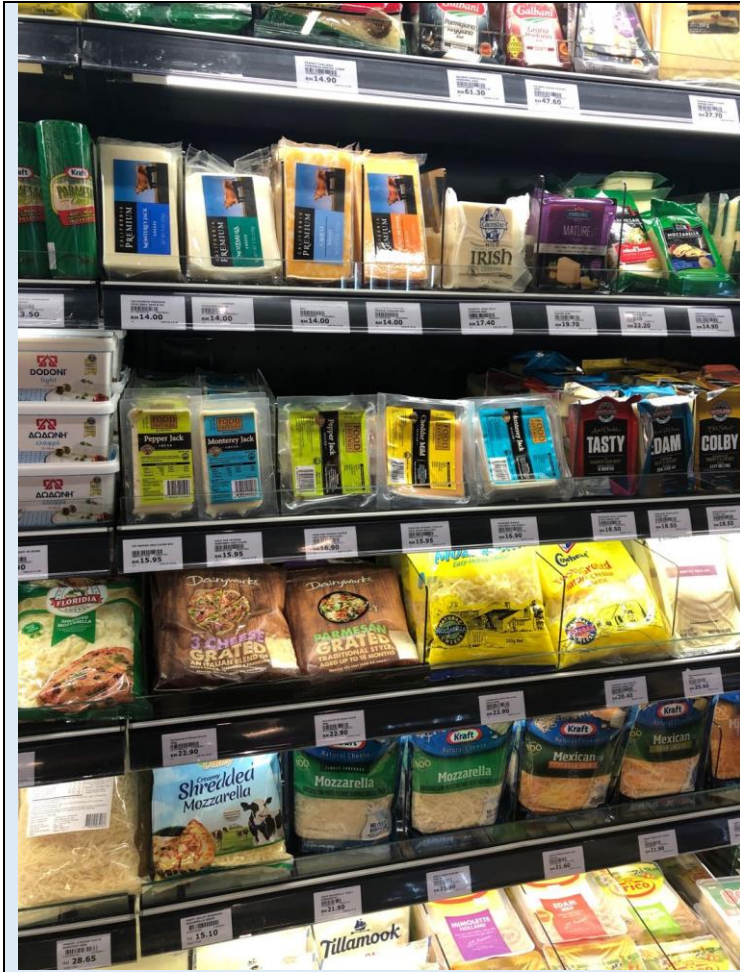
Packaging types for other dairy products vary, and there has been a lot of innovation of late as manufacturers try to attract consumers with convenient packaging types (e.g. resealable, on-the-go friendly) and provide a more premium image through the use of more durable plastics (see below).



The layout of products on the shelves varies between retail outlets, with the size of the outlet / extent to which it stocks dairy playing a major role. In outlets with a limited range of dairy products (e.g. picture below), all fresh dairy products may be stocked next to one another and also directly next to other refrigerated products.



In outlets with wider ranges of dairy products, different products such as cheese, butter and yoghurt will have their own clear sections (e.g. picture below). The range of each product on offer will also be more varied.



In terms of promotional methods, the most common methods are free samples (in the case of new product launches); and price discounts (see below).



Pictures: © Agra CEAS / Euromonitor International, 2020

5.3.2.3 Recent market trends

The recent introduction of a sugar tax for beverages which also applied to dairy beverages which fulfil the criteria has impacted the market for **milk**. With producers tending to pass the price increases on to consumers if they cannot reformulate, a shift to unflavoured milk products is expected. Some producers have taken advantage of the combination of consumer interest in milk for reasons of health and the sugar tax to launch new milk products which are fortified and/or offer health benefits. This includes the emergence of some soy based products.

For **yoghurt**, increasing attention is being paid to convenience related aspects, with single serving packs (some including straws); products combining cereals or fruits with yoghurt; and shelf stable yoghurt increasingly available on the market. Some fortified products are also emerging as part of a broader premiumisation trend, and there is increasing interest in Greek style yoghurt, which is often imported. At

the same time, drinking yoghurt is generally falling in popularity. Both Greek style yoghurt and more general spoonable yoghurt are increasing in popularity at the expense of drinking yoghurt.

Food service operators are using **cheese** in an increasing variety of dishes, expanding its use and introducing new varieties; for example, raclette has gained in popularity recently following its introduction through food service channels. Brie and camembert are further types of cheeses that are beginning to gain some popularity in Malaysia. While both types presently account for under 5% of the retail market for unprocessed cheese, their importance has rapidly grown as witnessed by some local producers entering the market for these styles of cheese. Feta is also showing increased potential, driven by its use in salads, appetisers and pastries in food service outlets. The increasing use of cheese in food service channels extends to its use in desserts, and most notably beverages such as bubble tea. The trend of consumers first trying cheeses in food service channels, and later trying to replicate dishes at home is expected to continue.

Manufacturers of **butter** are increasingly using small pack sizes in order to fit with consumers' limited seasonal use of the product while keeping the price of product attractive to consumers yet viable for manufacturers. Some manufacturers are producing very small (e.g. 10 gram) packets destined specifically for serving directly to customers in the food service industry. There has been some fortification and/or reduction of salt and fat in butter and spreads; with the intention to improve the perception of products from a health point of view.

Within the **other dairy** category, concerns about high sugar content has somewhat depressed the market for condensed milk recently. With consumers increasingly drinking hot drinks outside the home as their income increases, there has been some focus on providing condensed milk to the food service sector to build on this trend.

5.3.3 Offer

5.3.3.1 Domestic production

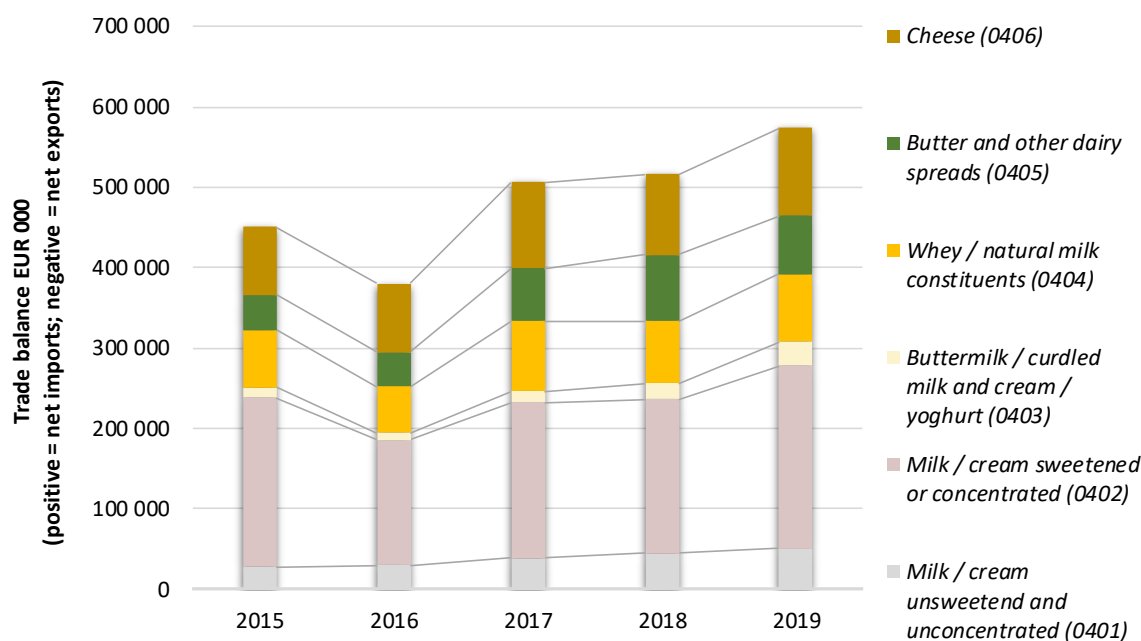
While Malaysia's government has long standing efforts to reduce the country's dependency on dairy imports, its dairy production still remains limited. Domestic milk production is just under 70m litres, which represents around 60% of domestic demand for dairy products. Despite considerable improvements over the years, low milk yields – partly due to challenges with quality feed – have been a notable limitation to domestic production. Nonetheless, there have been some recent private initiatives to try to increase Malaysia's self-sufficiency in milk, with the government as a whole aiming to double milk production in coming years. In 2019 the national agricultural development agency announced a collaborative project with a private Qatar company which aims to produce a further 50m litres of milk by 2021; and in early 2020 a government linked company announced plans to add some 6m litres of milk processing capacity

by 2022. Palm based animal feed production is being increased in order to help attain the overarching production aims.³⁸

5.3.3.2 Imports and exports

Malaysia is a strong net importer both of milk and of all dairy products, with net imports having increased fairly steadily in recent years and reaching around EUR 580m in 2019. Around 40% of these net imports are accounted for by sweetened / concentrated milk or cream. The categories of cheese, butter / dairy spreads and whey also account for a bit over 40% of net imports combined (Figure 5-11).

Figure 5-11: Trade balance (imports and exports) of dairy in Malaysia, 2015-19; EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
CN codes in brackets.

Origins of dairy products vary by category (Figure 5-12):

- **Sweetened / concentrated milk / cream:** this largest category for imports (EUR 450m 2019) is dominated by New Zealand, which accounts for around 60% of all imports. The EU, led by Ireland and Belgium, account for around ¼.

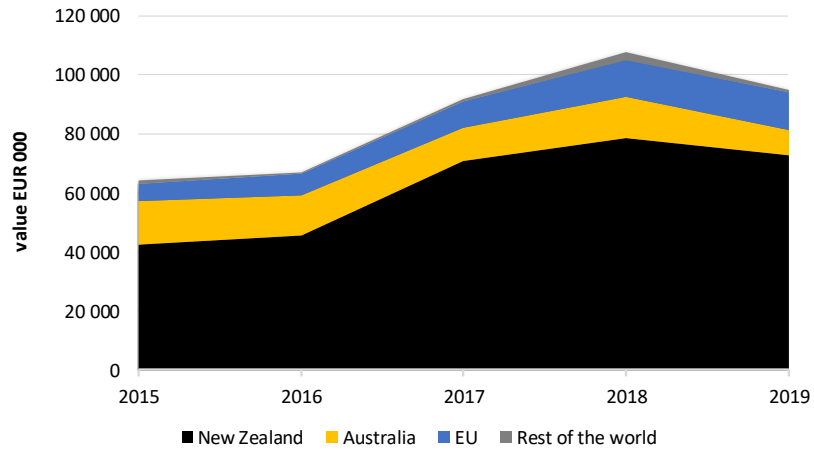
38

http://ap.ffc.agnet.org/ap_db.php?id=501#:~:text=The%20first%20Malaysia%20Plan%20began,to%20develop%20the%20dairy%20sector.&text=There%20were%20considerable%20milk%20yield%20differences%20between%20these%20two%20breeds; [https://www.dairyreporter.com/Article/2020/02/27/Investments-injecting-new-life-into-Malaysian-dairy-as-self-sufficiency-dream-gets-closer;](https://www.dairyreporter.com/Article/2020/02/27/Investments-injecting-new-life-into-Malaysian-dairy-as-self-sufficiency-dream-gets-closer) <https://www.dairyreporter.com/Article/2019/10/23/Malaysia-to-set-up-its-biggest-dairy-farm-with-help-from-Qatar>

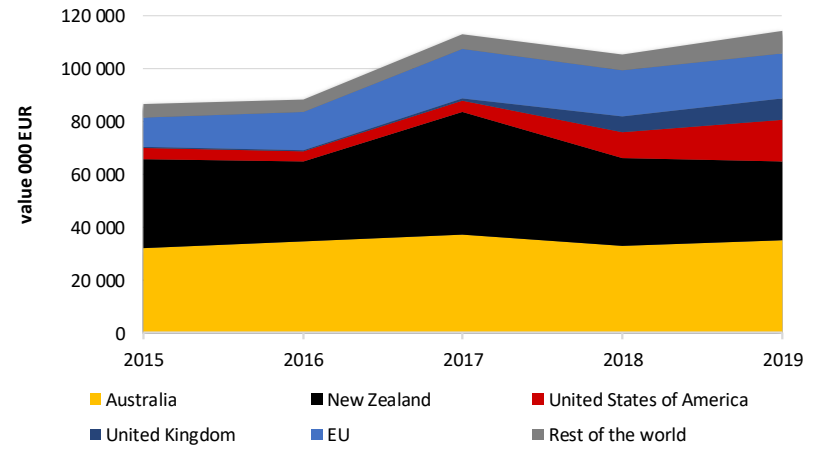
- **Unsweetened / unconcentrated milk / cream:** imports totalled EUR 55m in 2019, having steadily increased in recent years. Australia and New Zealand combined account for around ¾ of imports. The EU accounts for around 1/5.
- **Buttermilk, curdled milk and yoghurt:** imports have increased rapidly to reach just over EUR 35m in 2019. Origins are fragmented, while New Zealand is the single largest origin, it accounts for only 20% of the total. Germany is the second largest origin.
- **Whey and natural milk constituents:** imports remained steady over the period 2015-19 at around EUR 90m. Origins are highly fragmented, but EU countries, led by France, Germany, Poland and the Czech Republic, account for over 2/3 of imports.
- **Butter / dairy spreads:** after steady growth, imports dropped slightly to just under EUR 100m in 2019. New Zealand is the dominant origin accounting for around 80% of imports.
- **Cheese:** imports reached around EUR 110m in 2019. Australia and New Zealand account for a bit over half of imports. The EU accounts for around 20%.

Market Entry Handbook

0405 Butter/dairy spreads/



0406 Cheese



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

CN codes in brackets.

5.3.3.3 EU GI products

Only one EU dairy GI has been registered as a GI in Malaysia: Parmigiano Reggiano.

5.3.3.4 Main competitors

While Malaysia does produce around 60% of the milk it consumes through dairy products, it is highly reliant on imports to meet demand. Domestic milk production largely goes to drinking milk, with the market mainly split by local companies (albeit often subsidiaries of multinationals). Competitors in other segments vary:

- **Yoghurt:** local companies, led by Malaysia Milk, have a strong position, but there are also imports from various countries. .
- **Cheese:** while there is some local production, which has some advantages in terms of price, the main competition comes from imports. Australia and New Zealand account for half of imports. The companies Mondelez and Fonterra are estimated to hold 2/3 of the retail market combined.
- **Butter:** imports are important, and New Zealand dominates these with an 80% share.
- **Other dairy** (condensed milk): imports, most notably from New Zealand, are important.

5.3.4 Specific market entry requirements

Market Access and Entry

In 2018, the Malaysian DVS introduced a requirement for facilities producing milk to be registered before it can be imported into the country. It should be noted that there is a certain amount of ambiguity around the scope of application; the notification introducing the requirement identified milk and milk products (which according to the definitions of the Food Act of 1983 would effectively extend the requirement to all dairy products covered in this section plus ice cream). On one hand, there have been various reports that it may not be necessary for some further processed milk products; on the other hand, it can be seen from the link of listed plants below that various plants specialising in dairy products such as butter and cheese have been listed.

A list of plants from the foot and mouth disease free countries, dating from February 2019 can be found at the following link. There is an accelerated process for establishments that have historically exported to Malaysia; and subsequently established exporting companies, including European ones were easily added following application:

http://www.mytradelink.gov.my/documents/10179/17675/ANNOUCEMENT_DAIRY%20ESTABLIHSMEN T%20FMD%20FREE%20COUNTRIES_TILL%20FEB%202019.pdf

The application form for establishment registration can be found at the following address:
<http://www.dvs.gov.my/dvs/resources/auto%20download%20images/560df048219c3.pdf>

In the case of any queries on the status of, or need for registration it is recommended to contact:
skie@dvs.gov.my

In terms of tariffs, currently European dairy products currently face varying MFN tariffs:

- Milk/cream (0401, 0402): between 0% and 50%
- Buttermilk, yoghurt, whey (0403, 0404): 0%
- Butter, cheese (0405, 0406): 0%

Detailed information on import duties and Rules of Origin can be consulted on the European Commission website by entering the corresponding CN code:
e.g. cheese: <https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=MY&hscode=0406>

Customs procedures

The customs procedures for importing foodstuffs are set out in 4.2.1. A full list of the general requirements for export set out in Table 4-1. A list specifically for the main dairy products can be found on the websites indicated in the box below. Most notably, importer registration with MAQIS and a halal certificate are necessary.

Any other up to date information on appropriate documents concerning customs procedures can be consulted on European Commission website by entering the corresponding CN code:
e.g. cheese: <https://madb.europa.eu/madb/datasetPreviewIFpubli.htm?hscode=0406&countries=MY>

Standards, SPS measures

Establishment registration requirements exist and these were covered above in **Market access and entry**.

Regulations 82 to 117 of the Food Regulations contain standards and particular labelling requirements for milk based products. It is not possible to cover all standards in detail here, but by way of example, the standard for butter is set out below:

1. *In these Regulations, "butter" means the solid product derived exclusively from milk or cream, or both, and shall be free from rancidity.*
2. *Butter –*
 - a. *shall contain not less than 80 per cent of milk fat;*
 - b. *shall not contain more than 16 per cent of water; and*
 - c. *may contain salt.*
3. *Butter may contain permitted colouring substance of vegetable origin and permitted antioxidant.*

It is recommended that the corresponding standards be checked in the regulations directly. The text of the Regulations can be found (in English) at the link below as a .pdf file:

<http://fsq.moh.gov.my/v6/xs/dl.php?filename=730b5042d10be434b44c3165d1ec588b.pdf>

Or at the link below as a navigable webpage:

<http://fsis2.moh.gov.my/fosimtestsite/HOM/frmHOMFARSec.aspx?id=21>

Up to date information on appropriate documents concerning SPS measures:
<https://madb.europa.eu/madb/viewPageIFPubli.htm?doc=overview&hscode=0401&countryid=MY#h20>

Labelling

Prepacked dairy products must comply with generic labelling requirements set out in the Food Regulations, which were described in section 4.2.3.

In addition, the Food Regulations set out further labelling requirements for some specific products. These primarily relate to the name that must be written on the package for certain products as defined by the standards (see above). For example for products fulfilling the standard for cream cheese, *there shall be written in the label on a package containing cream cheese the words "cream cheese"*. It is recommended to consult the Food Regulations (see link above) for full details.

Furthermore, regulation 117 of the food regulations contains particular labelling products for milk and milk products. The text of this regulation is presented below:

(1) The term "fresh" may be used on the label or any package of pasteurized milk, UHT milk, sterilized milk and flavoured milk; provided that in the case of flavoured milk, the term "fresh" shall not be conjoined with the words "flavoured milk" except only to denote the milk from which it is prepared as specified in sub regulation 89(1).

(1A) There shall be written in the label on a package containing milk or milk products, other than cow's milk and the product prepared from cow's milk, in not less than 10 point lettering, the common name of the animal which is its source.

(2) The term "full cream" may only be used for milk product that complies with the standard for full cream milk powder prescribed in regulation 90, before or after dilution.

(3) Subject to sub regulation (1) and (2), no word other than the word or words "fresh" and "full cream" shall be conjoined with the word "milk" unless the product complies with the standard prescribed for such product in these Regulations.

(4) Except as otherwise provided in these Regulations, the word "butter" or "cream" shall not appear on the label of any package of food other than creamer, cream cracker, cream soda, cream soup, cream biscuit and confectionery cream.

(5) A picture of an infant or parts of an infant shall not be displayed in the label on a package containing milk or milk product.

(6) There shall be written in the label on a package containing milk or milk product or on the accompanying leaflet a detailed instruction or direction for its preparation and storage before and after the package has been opened.

(7) Notwithstanding paragraph 10(b), all particulars required to appear on the label on a package of the milk products specified in regulations 84, 90, 91, 94, 95, 97, 98 and 99 shall be in Bahasa Malaysia and may include translation thereof in any other language.

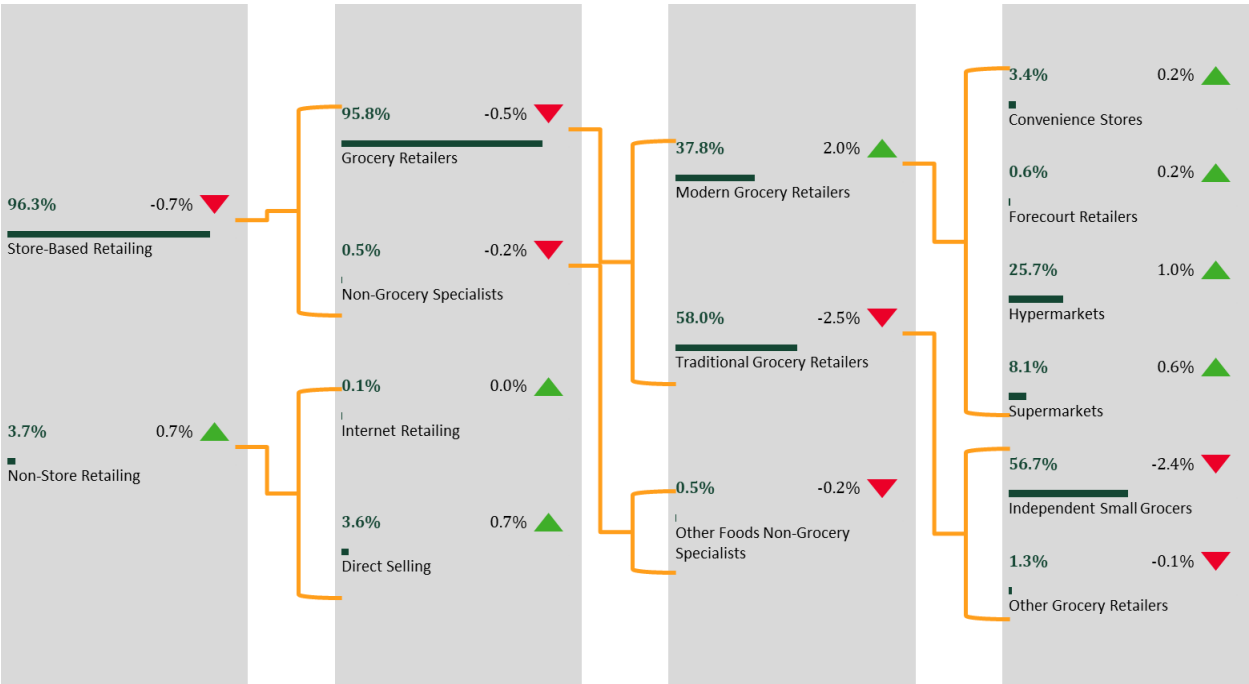
5.3.5 Distribution

Dairy products as a whole are mainly distributed through traditional grocery retailers (58%). Modern grocery retailers account for around 38% of sales, with non-store retailing – most notably direct selling accounting for just under 4% (Figure 5-13). However, this overall picture is somewhat skewed by the high

importance of drinking milk for the dairy market as a whole; and there are notable nuances by dairy product:

- **Milk:** traditional retail channels account for 70% of distribution, and modern retail channels the remainder.
- **Yoghurt:** direct selling accounts for almost 20% of distribution, while modern retail channels account for half. Traditional retail channels play a lesser role than for other dairy products.
- **Cheese:** overall, food service is more important for distribution than retail is; food service accounts for around 60% of cheese sales by volume versus 40% for retail. A wide range of food service channels use cheese, including fast food outlets, western style restaurants/bars, independent restaurants and bakeries / patisseries. Among retail channels, modern retail channels account for 50% of retail distribution; and non-grocery specialists a further 14%. Premium retailers and gourmet stores are particularly important for the retail distribution of imported cheese.
- **Butter and spreads, other dairy:** retail distribution patterns are broadly in line with those of dairy more widely. However, in the particular case of butter, food service channels are of much greater importance than retail ones; with the former accounting for around 85% of volume. Bakeries, patisseries and restaurants are the main food service butter users.

Figure 5-13: Distribution channel overview of dairy in Malaysia (2018); all dairy products; retail value



Source: Euromonitor International: Packaged Food, 2020.

5.3.6 Challenges for EU products

Drinking milk is the most popular dairy product in Malaysia, and domestic producers play a key role in this market. For multiple other product categories which rely on imports, nearby New Zealand and Australia

hold strong positions. Furthermore, there are plans underway for significantly boosting the level of domestic production of milk in Malaysia. If successful, this would result in Malaysia changing from a major net importer of dairy products to being more than self-sufficient in milk for its dairy consumption.

Market Takeaway: Dairy

Consumption: drinking milk is by far the largest non-infant milk segment. Consumption of most categories has grown rapidly recent and is forecast to continue to do so going forwards.

Competition: local production dominates the drinking milk market, but for most other products, imports are important; and New Zealand and Australia are key origins for these across multiple categories .

Distribution: overall, traditional retail channels are the most important, though modern retail channels also play a role. Non store retailing popular for yoghurt. Food service very important for cheese and butter.

Challenges: considerable competition, which could further increase if plans for the ramping up of domestic production are successful.

Opportunities: rapid increases in consumption had been predicted for coming years. Increasing range of cheeses consumed, providing new opportunities for manufacturers of this product.

5.4 Wine

5.4.1 SWOT analysis

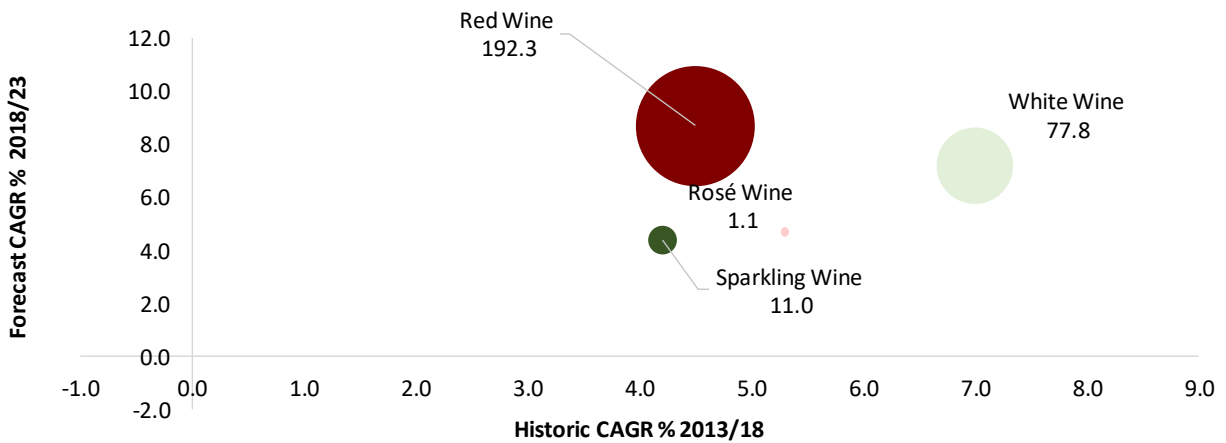
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none">All wine categories are forecast to grow.Malaysia is a net importer of wine and recently its export values have been decreasing drastically.The EU nearly accounts for half of the exported wines in value terms.	<ul style="list-style-type: none">The market for rosé wine is small and is forecast to grow the least.The Muslim part of the population (the majority) does not drink alcohol.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none">Red wine both has the biggest market size and is forecast to grow the fastest.High-quality expensive wines, as well as cheaper priced wines, are bought by consumers, providing opportunities across the market.The young and well-educated part of consumers mainly drives the growing trend of wine consumption.	<ul style="list-style-type: none">Australia is the main exporter of wine value-wise. Chile ranks 4th.Quantity MFN tariffs are substantial at about EUR 1.50 per litre and even EUR 4.80 per litre of sparkling wine.

5.4.2 Consumption

5.4.2.1 Evolution of consumption

In 2018 the wine market in Malaysia was about EUR 282m, with red wine accounting for more or less 2/3rd of the market with approximately EUR 192m as depicted in Figure 5-14. White wine, with a market size of close to EUR 78m ranked second, followed by sparkling wine with about EUR 11m. The market share of rosé wine was comparatively very small at just over EUR 1m in 2018. Between 2013 and 2018 the compound annual growth rates (CAGRs) of the different wine categories were between 4.2% to 7%, with sparkling wine having had the lowest CAGR and white wine the highest. Pre COVID-19, all wine sectors were forecast to continue to grow between 2018 and 2023 between 4.4% and 8.7%, with sparkling forecast to have the lowest growth rate and red wine to have the highest growth rate. Rosé wine is the only category where the forecasted CAGR is smaller than the historic one. Moreover, the growth rate of red wine was forecast to increase the most from about 4.5% historically to 8.7% between 2018 and 2023.

Figure 5-14: Evolution and forecast of wine market (million Euros) in Malaysia, 2013-2023; total value



Source: Euromonitor International: Alcoholic Drinks, 2020.

5.4.2.2 Consumer profile and purchase criteria

Consumers

In general wine consumers in Malaysia are very diverse, however, there are some important differences to consider:

- **Religion:** Most Malaysians are Muslims and thus due to their religion not allowed to consume alcohol. As a result, the wine market in the country is focused on the non-Muslim part of the population such as Chinese, Indians, expatriates and tourists.
- **Knowledge:** Malaysian wine consumers can mainly be grouped into two sets. In particular, consumers who are new to drinking wine and do not have a lot of knowledge about it as well as consumers with low to medium incomes prefer cheap wines. This group makes up the majority of wine consumers. The other group consists of those who prefer to choose higher-priced wines for at least one of two reasons: either they are very knowledgeable about wine and enjoy high-quality wines, and/or they are rich and buy high-priced wines in general.
- **Health:** a part of the Malaysian society is switching to wine consumption because it is deemed to be the healthier alcoholic beverage choice compared to spirits (and mostly cheaper as well).
- **Lifestyle:** In particular young professionals increasingly consume wine as a lifestyle product. They enjoy drinking wine together and relax after work. Drinking wine is seen as sophisticated and classy.

Consumers who purchase European wines are different from those who consume locally produced wines or cheaper imported wine from some other countries. Influenced by Western culture, the following consumer groups have a particular interest in European wine: wine enthusiasts with a high level of wine knowledge, high-income consumers; expatriates; and tourists. In general, other groups who usually do not choose European wines are likely to appreciate them once they have gained more knowledge of wine and/or a higher income.

Drivers and method of consumption

For the consumer groups identified above, drinking wine as an activity becomes more popular as a socializing activity as well as at home with family and friends. Malaysians enjoy dining out and the number of wine bars is increasing in the big cities. It is moreover also common for consumers to have a glass of wine at home by themselves to relax and unwind. Besides the pure aspect of socialising, wine consumption is increasing because of a need/desire to fit in and follow trends. The wine culture is growing and consumers become more and more knowledgeable about wines, which furthermore fosters the trend and consumption. In particular the young and well-educated part of alcohol-drinking society increased the demand for wine because it is related to enjoyable moments of life. A decade back Malaysians mainly preferred spirits, but the health trend makes more and more consumers switch to wine consumption because it is supposed to be the healthier choice. Consumers even increasingly start to serve wines at weddings and other social events. Moreover, the general number of women who drink wine is increasing steadily.

European wines in particular are more commonly consumed through food establishments like full-service restaurants and bars/ pubs. As a nation with a rich culinary heritage, Malaysia has inherited a vast array of cuisines with varied tastes from its ethnic and diverse population. Therefore, consumers often pair wines with their selected cuisine types. As a general rule, consumers tend to match light body wines with light food and medium to full body wines with rich food.

Furthermore, European wine in particular is often served for toasting in celebrations and also purchased as a gift option during Chinese New Year, New Year, and other celebrative occasions such as weddings, anniversary, annual dinners, birthdays, Valentine's Day, Mother's or Father's Day

Purchase criteria

Most Malaysians get their wine either in speciality wine shops, hypermarkets, duty-free shops or in dine-in places such as restaurants, bars or pubs.

Some of the most significant purchase criteria for wine consumers in Malaysia include the following:

- **Price:** Price is a particularly important criterion for consumers while making wine purchase. In Malaysia, affordability of still light wine is a factor that attracts amateur drinkers to explore wine and provide them with an option beyond beer and cider. Local wine consumers are, on the whole, very price-conscious. Low-to-medium range wines sold at retail outlets tend to attract budget-conscious consumers, looking for promotional pricing; and they also target novice wine drinkers who just want to have a taste of wine. More affluent and well-travelled consumers buy wines from speciality wine shops and private wine clubs, wine bars and fine dining restaurants. For young millennials and beginners willing to experiment with European wines, affordable price is an essential criterion at the time of purchase to encourage them further.
- **Wine type/variety:** Variety is another of the most important criteria for wine selection among Malaysians. It is important because Malaysians look for wines that pair well with food, though they are also open to new experiences. Hence, full-bodied wine with stronger taste such as red wine is preferred over white wine as it is best paired with traditional Malaysian dishes, which tend to be rich and spicy in flavour. In addition to taste, red wine also has perceived health benefits

such as its ability to improve blood circulation and prevent heart disease. Syrah/Shiraz, among red wines, is particularly popular for its full-bodied texture and intense fruits flavours. Other popular red varieties are Cabernet Sauvignon, Pinot Noir and Merlot. The most popular choices when it comes to white wines on the other hand are Sauvignon Blanc and Chardonnay.

- **Brand Awareness/Recognition:** Most consumers prefer international imported wines over local wines owing to their brand reputation and familiarity. Some local distributors offer private label wine, which is usually ordered for events such as weddings; however, private label sales remained negligible as it is perceived to be of lower quality.
- **Country of origin:** New World wine remains the most popular type in Malaysia, which was due to its more affordable price tag; and in the case of Australian wine, familiarity. Many Malaysian graduates who have studied in Australia at some point, tend to acquire a taste for Australian products and show a preference for them when they are available in the local market. Nonetheless, Old World wines are gradually gaining momentum, as consumers increase their knowledge of wine and tend to perceive Old World wines of a higher quality. French wines are well-established among the affluent and the older generation. In general, travel abroad for business, study, and tourism has exposed affluent Malaysians to wine culture overseas, thus, boosting demand
- **Packaging:** Packaging is often used as a criterion to decide if the wine is of good quality as it shows the country of origin, grape type and other valuable information exhibiting that the product is a premium. Glass bottle is popular packaging for wines in Malaysia because of its aesthetic and functional value. Higher-income group consumers look for classy and luxurious designs that can be displayed at social gatherings allowing them to have face among their friends and family.

Wine on retailers' shelves in Malaysia

In Malaysia, imported wines from Europe recently gained a notable rise in marketing efforts among wine retailers. In 2019, budget-friendly Spanish wines quickly emerged and rivalled the New World Australian wines – Shiraz and Cabernet Sauvignon, targeting budget and mid-priced customers. Imported wine commonly retails at the following prices:

- Economy between EUR 12-19 (MYR60-95) / 750ml
- Mid-priced between EUR 19-40 (MYR99-200) / 750ml
- Premium between EUR >40 (MYR200) / 750ml

-



EU wines are mainly mid- and premium-priced and thus can be found at eyesight level or touch in the wine shelves. However, sometimes they also can be found in a stretch or stoop position. Generally, EU wines take up quite some shelf space, with French wines taking up the most space in many stores. Glass bottles are the most common packaging type in alcoholic drinks, with glass almost exclusively used for wine in Malaysia. This can be attributed to its great ability at preserving product quality, durability when transporting goods, and premium image when displayed in urban areas. Almost all wines are in glass bottles of 750ml (as shown in the picture to the left) while a niche presence of 1-litre red wine caters to the budget of frequent drinkers.

As local consumers have honed their knowledge and appreciation of quality alcoholic drinks, manufacturers responded to shifting lifestyles by launching premium and refined packaging designs to enhance their product attractiveness. Special editions and premium designs as shown in the picture on the right distinctly drive consumer excitement and purchases at off-trade retail. Price promotions, as shown in the picture below, are very effective. Moreover, consumers appreciate lucky draw, free samples and gift packs with free items. Value for money naturally becomes the primary driver of sales of wine among the price-sensitive Malaysians. Hence, budget-friendly bundles, gifts, 'Under X Save Y' are common promotional tactics by wine retailers.





Pictures: © Agra CEAS / Euromonitor International, 2020.

5.4.2.3 Recent market trends

The wine culture in Malaysia is growing and consumers are increasingly educated about wine. This has led to the following recent trends on the market:

- **Wine Tasting and Pairing Events:** The wine-drinking culture is developing in Malaysia due to increasing awareness through media coverage and branding campaigns. Brand owners hold various tasting and pairing events throughout the year to promote new product variants as well as to educate consumers. For example, Moët & Chandon hosted its Grand Day in 2019, a champagne brunch party with M Group, which gave customers a chance for champagne tasting while enjoying music from leading DJs. Moreover, Malaysia witnessed three major wine events in 2018, namely Wine Fiesta 2018, the 9 Vine Wine Festival and the Sake Festival Malaysia 2018, all of which aimed to promote wine awareness and appreciation. Finally, the rising number of luxury hotels in Malaysia is, in turn, boosting fine dining restaurants, which are famous for pairing different foods with fine wines and champagnes that increase their sales.
- **Low or zero alcohol wines increasingly popular among females:** Malaysian females are increasingly switching to and consuming zero or low alcohol wines. This can mainly be attributed to reasons such as pregnancy, health issues, religious prohibitions as well as needing to drive, operate machinery or stay clear-headed at work. Recently, reduced or 0.0% alcohol wine brands were imported to Malaysia and gained a growing base amongst health-conscious female drinkers.
- **Rise of wine-focused bars and retail outlets:** the number of wine retailers and wine bars have rocketed in the last two to three years. This reflects the growing popularity of social drinking as well as home consumption, as consumers gain deeper knowledge and appreciation for wine.

-
- **Different varieties of wine:** As Malaysian customers become more aware of exotic wine offerings and sophisticated wine brands due to promotional efforts and exposure to internationally renowned wine houses, wine players come up with new brand offerings to keep consumers engaged. Malaysians increasingly look to experiment with different varieties, flavours and better quality. Major Spanish wine brands swiftly gained notable popularity in Malaysia during 2018-2019 due to this interest.

5.4.3 Offer

5.4.3.1 Domestic production

Due to the tropical climate in Malaysia, it is nearly impossible for vineyards to survive in the hot temperatures. Domestic wine production in Malaysia is therefore negligible; while reported as zero by some sources, there are a handful of small vineyards in the country, such as the Beris Lake Vineyard and Salleh Aguilla's Little England vineyard. Locally produced wines tend to have limited production and distribution. There are a few locally produced wines based on imported ingredients, such as Rozells Ipoh White Coffee Wine (97% wine - a 50-50 blend of Malbec and Cabernet Sauvignon from Italy and 3% white coffee powder used for the infusion of flavour) with a historical production of around 1000 cases a month.

In addition to wine made from grapes Malaysia offers other more exotic wine such as Palm wine. Also locally known as Toddy, is a local alcoholic drink made by the fermentation of the sap from a coconut palm with an alcoholic content between 4-6%. Other locally produced fruit wines such as ReissJaden, made of local tropical fruits target consumers with a preference for sweetness.

Therefore, international players certainly dominate the traditional grape wine market in Malaysia due to their robust brand equity and big distribution networks, which makes their products seem attractive in the eye of the Malaysian consumers. The big players continuously offer new tastes and try to make them fit the taste of the locals.³⁹

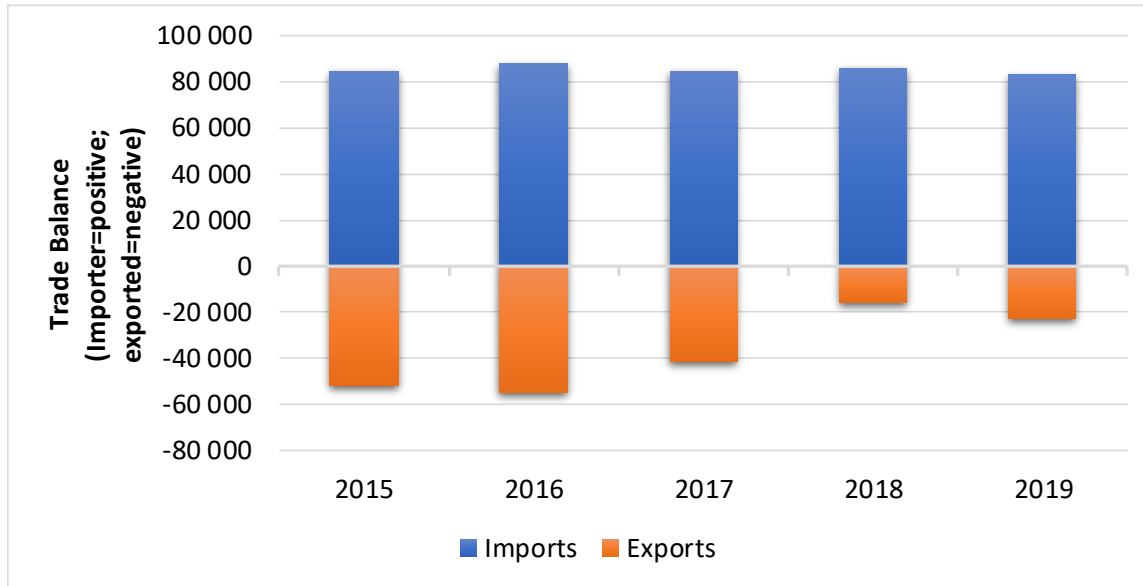
5.4.3.2 Imports and exports

As shown in Figure 5-15 Malaysia is a net importer of wine. In 2019 Malaysia exported wines worth approximately EUR 83m. Between 2015 and 2019 the value of exported wines remained mostly steady; going a little bit up and down in between the years. However, in 2019 Malaysia imported wine with the least value compared to the previous four years. The wine imports value was highest in 2016 when it peaked at over EUR 88m. The Malaysian wine export sector developed differently. Whereas in 2015 Malaysia exported wines worth of over EUR 52m, in 2019 this value shrank down by half to about EUR 23m. Since 2018 the value of exported wine from Malaysia is in particular low. Given the low domestic production, it is likely that some of the wine exports are re-exports.

39

https://apps.fas.usda.gov/newgainapi/api/report/downloadreportbyfilename?filename=Wine_Kuala%20Lumpur_Malaysia_10-8-2014.pdf; <https://www.expatsgo.com/my/2019/11/26/how-to-see-and-find-the-best-wine-in-malaysia/>

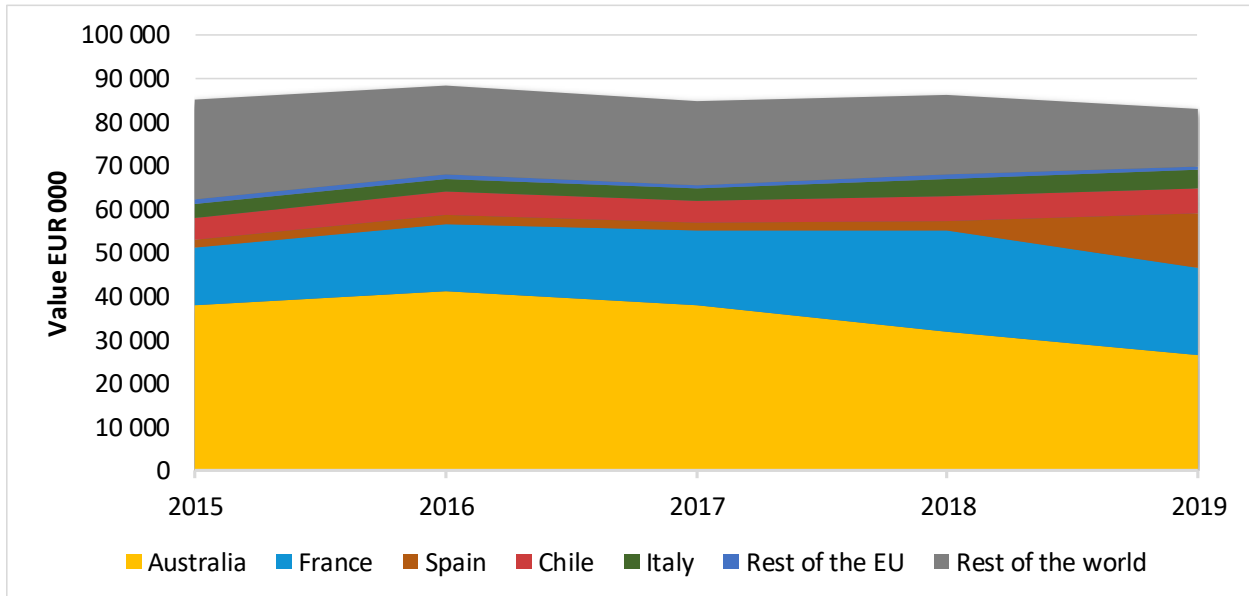
Figure 5-15: Trade balance (imports and exports) of wine in Malaysia, 2015-19; EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 2204.

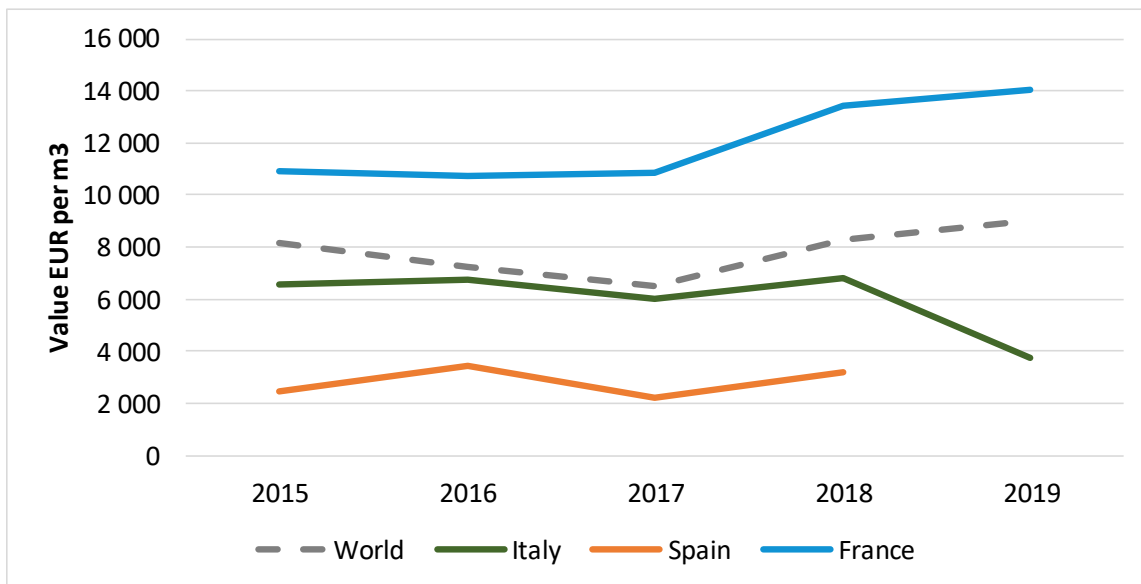
As depicted in Figure 5-16, three out of the top five wine exporters to Malaysia are from the EU. However, the biggest competitor, which ranks first with an exported value of over EUR 26m remains Australia. France was the biggest EU exporter in 2018 with a market value of more than EUR 20m, followed by Spain with close to EUR 13m. Italy is in the top five as and exported wine with a value of about EUR 4.2m to Malaysia. Since 2015 the Australian wine export value declined, whereas the Spanish one increased. Most others remained more or less the same. All EU wine exports together accounted for approximately 46% of the wine export markets total value.

Figure 5-16: Malaysian imports of wine by country, 2015-19; EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 2204.

Figure 5-17: Malaysian imports of wine by country, 2015-19; Value EUR per m3



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 2204.

Figure 5-17 shows that the world's average price of wine per m3 was about EUR 9 000. France is the only EU country out of the top five exporters which sells wine at a much higher price at circa EUR 14 000. Since 2015 the unit value of French wine increased from year to year. Italy's wine price used to be close to the world's average, however, in 2019 it declined to about EUR 3 700 per m3. The unit value of Spanish wine

remained more or less steady since 2015 was at EUR 3 200 in 2018, which makes it the lowest priced EU wine from the main exporters. For reference, the unit value of imported Australian wine is broadly in line with the world average.

5.4.3.3 EU GI products

Two EU wine GIs have been registered for protection in Malaysia: Barolo (Italy) and Champagne (France).

5.4.3.4 Main competitors

There little local wine production in Malaysia. Thus, competition from international wines is big. In particular wines from Australia are popular in Malaysia and wines from Chile are valued for their considerably low prices. However, the EU is well equipped to compete with other international wine brands and in particular, French, Italian and Spanish wines are popular. In terms of actors in the distribution chain, the Malaysian distributor Caldbeck Macgregor remained the leader in sales in the wine category in 2018 because of its massive distribution network and high amount of diverse wine brands. However, Pernod Ricard Malaysia is forecast to become one of Caldbeck Macgregor's biggest competitors in the coming years due to its immense marketing efforts and brand portfolio.

5.4.4 Specific market entry requirements

Market Access and Entry

As noted in the *Customs procedure* section below, there are documents required prior to the import of wine including an import licence.

In terms of tariffs, European still wines face quantity MFN tariffs of MYR 7 per litre; while sparkling wines face quantity tariffs of MYR 23 per litre.

Detailed information on import duties and Rules of Origin can be consulted on the European Commission website:

<https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=MY&hscod=2204>

Customs procedures

The customs procedures for importing foodstuffs are set out in 4.2.1. A full list of the general requirements for export set out in Table 4-1. A list specifically for wine can be found on the website indicated in the box below; most notably it includes an import licence for alcohol and tobacco products.

Any other up to date information on appropriate documents concerning customs procedures can be consulted on European Commission website:

<https://madb.europa.eu/madb/datasetPreviewIFpubli.htm?hscod=2204&countries=MY>

Standards, SPS measures

Regulations 361, 362, 365 and 366 of the Food Regulations contain standards relevant for wine. It is not possible to cover all standards in detail here, but by way of example, the overarching standard for wine (regulation 362) is set out below:

1. *Wine shall be the product of the partial or complete alcoholic fermentation of grape juice or grape juice and other portions of grapes or the reconstituted product of concentrated grape fruit juice and potable water or a combination of these. It shall contain not less than 7 per cent v/v and not more than 15 per cent v/v of alcohol.*
2. *Wine may contain –*
 - a. *urea and yeast;*
 - b. *fructose, glucose, glucose syrup, sugar;*
 - c. *carbon dioxide, nitrogen, oxygen;*
 - d. *volatile acidity calculated as acetic acid, not including preservative acids, in a proportion*
 - e. *not exceeding 1.2 g per litre; and*
 - f. *potable water.*
3. *Wine may contain permitted preservative and permitted food conditioner, including polyvinylpyrrolidone in a proportion not exceeding 60 mg per litre.*
4. *The word "wine" shall not appear in the label of any package containing food unless the food complies with the standard for wine as prescribed in this regulation.*
5. *The word "sparkling" shall not appear in the label of any package containing wine unless the wine contains no carbon dioxide other than that generated during fermentation.*
6. *The word "champagne" shall not appear in the label of any package containing sparkling wine unless it has been produced by the traditional method of fermentation in the bottle.*

It is recommended that the corresponding standards be checked in the regulations directly. The text of the Regulations can be found (in English) at the link below as a .pdf file:

<http://fsq.moh.gov.my/v6/xs/dl.php?filename=730b5042d10be434b44c3165d1ec588b.pdf>

Or at the link below as a navigable webpage:

<http://fsis2.moh.gov.my/fosimtestsite/HOM/frmHOMFARSec.aspx?id=21>

Up to date information on appropriate documents concerning SPS measures:

https://madb.europa.eu/madb/viewPageIFPubli.htm?doc=overview&hscod=2204&countryid=MY#20

Labelling

Wine must comply with generic labelling requirements set out in the Food Regulations, which were described in section 4.2.3. In addition, Regulation 361 of the Food Regulations 1985 includes some specific labelling requirements for alcoholic beverages. Notably (as stated in the Regulation):

(2) ... there shall be written in the principal display panel in the label of package containing alcoholic beverage, in capital bold-faced lettering of a non-serif character not less than 12 point size lettering, the words "ARAK MENGANDUNGI - % ALKOHOL ; "

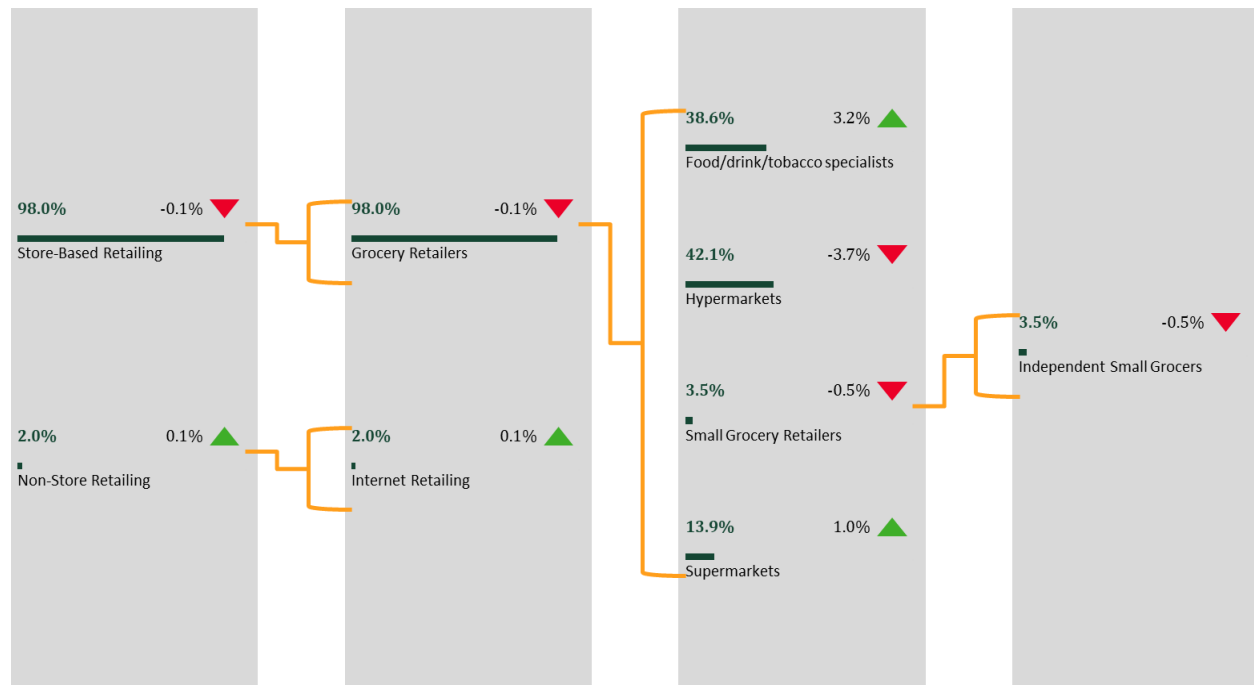
(2A) There shall also be written in the label on a package of a non-serif character not less than 12 point size lettering, the words "MEMINUM ARAK BOLEH MEMBAHAYAKAN KESIHATAN".

5.4.5 Distribution

Wine is distributed on-trade as well as off-trade. In 2018, the off-trade had a size of about 5.1m litres, whereas the on-trade market had a size of around 3.6m litres, and thus was about 30% smaller; making off-trade the main distribution channel by volume.

In off-trade channels nearly all wine (98%) is distributed through store-based retailing as shown in Figure 5-18, whereas non-store based retailing over the internet accounted for 2% of the volume distributed in 2018. Even though this distribution channel is not big, yet it is growing. In Malaysia hypermarkets are the most popular grocery retail option and accounted for 42% of total sales in 2018, followed by specialists stores with 38.6%. The volume shares of specialist stores increased by 3.2% in 2018 and the one of supermarkets by 1% up to a total of 13.9%. Small grocery retailers are the least popular store set up and only accounted for 3.5% of volume.

Figure 5-18: Distribution channel overview of wine in Malaysia (2018); off-trade volume



Source: Euromonitor International: Alcoholic Drinks, 2020.

5.4.6 Challenges for EU products

The Malaysian market is well-suited for European wines. Some consumers value expensive high-quality wines while others prefer cheaper priced wines, which means that there is a market for all price ranges. However, when it comes to the wine category the market for red wines is the biggest, whereas it will be most challenging to enter the market for rosé wines because of its small size. Moreover, tariffs on

sparkling wines are way higher than the ones for other wine categories, which makes it more challenging to distribute sparkling wines in Malaysia and furthermore the market size for sparkling wine is relatively small compared to the market size for red and white wines. The biggest non-EU competitors are Australia and Chile.

Market Takeaway: Wine

Consumption: Consumers (who are non-Muslims) preferably drink red and white wines, whereas sparkling wines and rosé in particular are less popular.

Competition: The main competitors are Australia and Chile; however EU wine exports nearly account for half of the value of the wine export market.

Distribution: Around 60% of volume distributed through off-trade channels. Most popular off-trade channels are hypermarkets and specialist stores, followed by supermarkets.

Challenges: Only a small part of the overall population consumes wine. Market for rosé and sparkling wines comparatively small and higher tariffs for sparkling wines.

Opportunities: In particular for red wine, but also white wines. New flavours and variations are appreciated by consumers. Opportunities to hop on the lifestyle trend.

5.5 Spirits

5.5.1 SWOT analysis

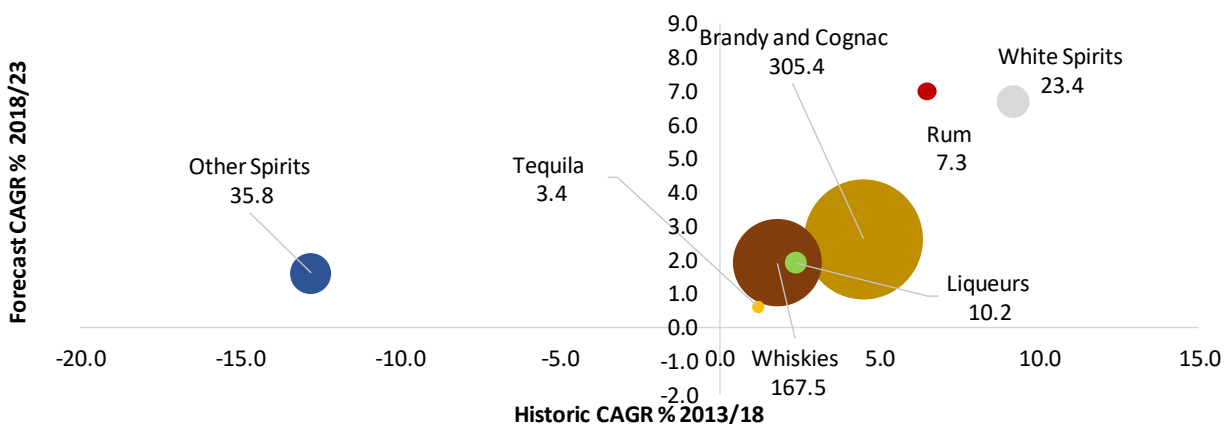
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Malaysia is a net importer of spirits. ▪ The EU accounted for around 39% of the exported market value in 2019, with France being the leading exporter. ▪ Consumers in all parts of non-Muslim society, with fairly high levels of per capita consumption from the consuming segment. 	<ul style="list-style-type: none"> ▪ The Muslim part of society is not allowed to consume alcohol and the minimum legal drinking age is 21 years. ▪ The price of spirits is a purchase criterion in particular for lower-income consumers. ▪ Strong regulations about advertisement.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ Brandies, Cognac and whiskies are the most popular spirits. ▪ Even though white spirits and rum have comparatively small market sizes, those categories are forecast to grow the most. ▪ Emerging cocktail culture offers opportunities to different types of spirits. 	<ul style="list-style-type: none"> ▪ The forecasted growth of the spirits market between 2018-23 is overall slightly declining compared to its historic growth between 2013-18. ▪ The government is not in favour of the country's high alcohol consumption and enforced regulations to decrease it. ▪ The United Kingdom is the biggest EU export competitor.

5.5.2 Consumption

5.5.2.1 Evolution of consumption

In 2018 the total market size of the spirits market was about EUR 553m as shown in Figure 5-19. Brandy and cognac are by far the most popular category and accounted for around EUR 305m in the same year. This means that only this one category alone made up more than 55% of the total market size for spirits in 2018. Whiskies had a big market size as well, however much smaller than brandy and cognac, and accounted for close to EUR 168m, which means 30% of the market value in 2018. The next categories of other spirits (approximately EUR 36m) and white spirits (with more than EUR 23m) were much smaller. The three remaining categories were nearly neglectable compared to the market size of the leading two categories. Liqueurs had a market value of over EUR 10m, followed by rum with around EUR 7.3m and Tequila with about 3.4m. Historically, between 2013-18 the market size of all categories grew, except the one for other spirits which declined by close to -13% per year. White spirits were growing the fastest at an annual rate of 9.2% and all other categories were growing in a range between 1.2% and 6.5%. Pre COVID-19, the market for rum was forecast to grow at the highest rate between 2018-23 at about 7%, followed by white spirits with a quite high growth rate of around 6.7%. Tequila is forecast to show the slowest growth rate with approximately 0.6% The forecasted growth rates of all other categories ranged from 1.6% to 2.6% and thus were not very high.

Figure 5-19: Evolution and forecast of spirits market in Malaysia, 2013-2023; total value, EUR millions



Source: Euromonitor International: Alcoholic Drinks, 2020.

5.5.2.2 Consumer profile and purchase criteria

Consumers

Spirits consumers can be found in nearly all parts of non-Muslim society. However, due to regulations consumers minimum drinking age is 21, which supposedly excludes people younger than that. Consumers come from low-income groups, middle-income groups and high-income groups. In particular young professionals and partygoers enjoy drinking spirits. That said, with spirit consumption becoming an increasingly common occurrence in Malaysia, notable groups experiencing a growth in consumption include male consumers between the ages of 25-50 which could now be considered as the primary consumers of spirits in the country. Female consumers of the same age group are also experiencing a growth in spirit consumption in the country which is compounded by their ever present role within the job market and at networking events which typically include spirit consumption. High income consumers are amongst the most likely to consume European spirit in the country due to connotations with success and prestige associated with the consumption of European spirit consumption.

Drivers and method of consumption

Consumers with certain amounts of disposable income enjoy drinking spirits on-trade in restaurants, clubs and bars together with friends or colleagues. Alcohol is a part of socialising and it is widely accepted to drink in for this occasion. Consumers also enjoy spirits at home with their family or alone to unwind from the day, however, it is mainly the lower-income group who is consuming more frequently at home because alcohol bought in shops is cheaper than in restaurants or bars. The Malaysian government is not in favour of Malaysia's high alcohol consumption and enforced a new law at the end of 2017 (Regulation 386A) which forbids hard alcohol to be sold in non-glass bottles and in volumes less than 700ml. Due to this new rule, only larger bottles of alcohol are sold, which makes the prices seem more expensive to consumers than before. Some of the lower-income consumers cannot afford spirits anymore or only on rarer occasions. This trend was visible in 2018 when the market for the other spirits category decreased

immensely. However, the general trend is still leaning towards a higher spirits consumption in the forecast time between 2018-23.

Business meeting and private functions are increasingly incorporating the consumption of spirits, with whisky being the most common imported spirit of choice. As Malaysia lies in the centre of many key trade routes many business meetings occur regularly in the country which helps to compound the consumption of spirits.

Purchase criteria

The government's efforts to reduce the consumption of hard alcohol has effects on consumers choices as well. It currently seems to make consumers switch to the consumption of less hard alcoholic beverages such as beer and wine or to the consumption of compounded liquors, which are way cheaper. Malaysian consumers also enjoy their local spirits such as soju (which means 'burned liquor') and the popularity of gin and rum is forecast to grow further as well. In particular young professionals, partygoers, the good positioned working class and expatriates increasingly prefer to drink gin and rum. Most poor consumers live in rural areas and often choose local liquors such as samsu. In particular, lower income groups are more price sensitive in this category and prefer cheaper options. Yet in general consumers pay attention to brand name and brand positioning when choosing a beverage.

- **Vodka:** Many known brands are mid-priced such as Absolut vodka. In 2018, most vodka sold by volume (around 83%) had standard prices and only between 7% and 8% sold were either economy or premium quality.
- **Gin and white rum:** English gin and white rum fit into this 'mainly standard' category as well, with about 70% of English gin sold in 2018 having had standard quality and even 100% of white rum sold having had standard quality.
- **Dark rum, whiskey:** Dark rum and whiskey including other blended scotch and whiskey on the other hand mainly sold premium products. 66% of sales of other blended whiskey including scotch were accounted for by premium products; for dark rum this proportion was approximately 45%. Thus, high-income groups are more likely to choose premium products, whereas middle-income groups choices can be mixed (depending on occasion for example) and low income groups mostly lean towards purchasing standard products.⁴⁰

⁴⁰ Euromonitor International: Alcoholic Drinks, 2020; Alcohol consumption in Malaysia, <https://www.malaysia-traveller.com/alcohol-consumption-in-malaysia.html>; Alcohol Consumption to be Further Curbed in Malaysia from Dec. 2017, <http://ASEAN.travel/2016/11/10/alcohol-consumption-to-be-further-curbed-in-malaysia-from-dec-2017/>; Alcoholic drinks in Malaysia, http://factsanddetails.com/southeast-asia/Malaysia/sub5_4b/entry-3653.html; Malaysia: Reaching the consumer, <https://santandertrade.com/en/portal/analyse-markets/malaysia/reaching-the-consumers>

Spirits Malaysian retailers' shelves

General retail price ranges for spirits in Malaysia are:

- Economy: 5-30 MYR (1-6 EUR) / 100ml
- Mid: 31-50 MYR (6-10 EUR) / 100ml
- Premium: 51-100 (10-20 EUR) / 100ml
- Super premium: above 100 MYR (20 EUR) / 100ml

Imported spirits are generally falling into the premium category, with a price tag within the region of 250 to 500 MYR (50- 100 EUR) per 700ml or 750ml bottle. That said, some mid range imported spirits can also be found.



Imported spirits in Malaysia are often packaged within a larger producer specific design box , this in turn helps to compound the idea of imported spirits being considered premium products and associated with luxury . Producers need to pay particular focus on the designs of their packaging in order to stand out in a colourful store shelf.



Imported spirits are also available as a lone bottle, however imported spirits purchased with the intent to be gifted will typically be pre-packaged. Spirits with protected geographical indications in Malaysia (scotch whisky, tequila, cognac) may mention the GI on the bottle.



5.5.2.3 Recent market trends

The biggest market trend in Malaysia is the continuing cocktail trend. In 2018 this trend was mainly boosted the on-trade consumption of cocktails consumed in restaurants, bars and pubs and new trending cocktail were based on gin or rum. Malaysian consumers increasingly gained knowledge about cocktails in the past and now a knowledgeable cocktail scene established itself, which is why bar owners or restaurants improve their sales by introducing new cocktails with local flavours, such local honey and fruits. Another strategy to keep customers interested is it to employ very good bartenders. Even outside the capital in bigger cities such as Penang, Johor and Melaka new cocktail-focused bars and pubs are opening. Marketing the cocktail concept through social media and digital journalism is also one important part that makes the cocktail scene seem more hip.

In addition to the cocktail trend, companies in general introduced new flavour variants in particular for cognac, blended scotch and whiskies and dark rum. A change in standards for some alcoholic beverages has facilitated this trend. Furthermore, companies tried to fill the market with different products for different price categories to address all available consumers. In particular the medium and higher- income

consumer groups are following the premiumisation and artisanal trend, which is why companies should put efforts into develop their premium segments.

The growth of on-trade sales of spirits has helped to normalise the consumption of spirits within the country. As on-trade distributors increasingly need to be able to offer an ever growing array of cocktails and liquors in their establishments, their demand for spirits continues to grow. Luxury spirits are increasingly popular and many high-end on-trade distributors will be expected to have imported spirits on sale, mainly those from Europe.

5.5.3 Offer

5.5.3.1 Domestic production

Production of spirits in Malaysia is focused on local specialities, with a lot of production in Malaysian Borneo due to the larger non-Muslim population. The local production of spirits in 2019 is estimated to stand at 2.7 million litres. The production of grape-based spirits and whisky in Malaysia is low largely due to the unsuitability of the tropical climate to produce the ingredients needed to produce these spirits.

The spirit market in Malaysia overall is therefore dominated mostly by international players. In 2018 Pernod Ricard Malaysia accounted for about 1/5th of the total volume of the market, followed by Moët Hennessy Diageo. However, there are a number of local spirits companies and a number of traditional alcoholic beverages such as *Samsu*, which is a spirit with an alcohol content between 37% and 70%.⁴¹

5.5.3.2 Imports and exports

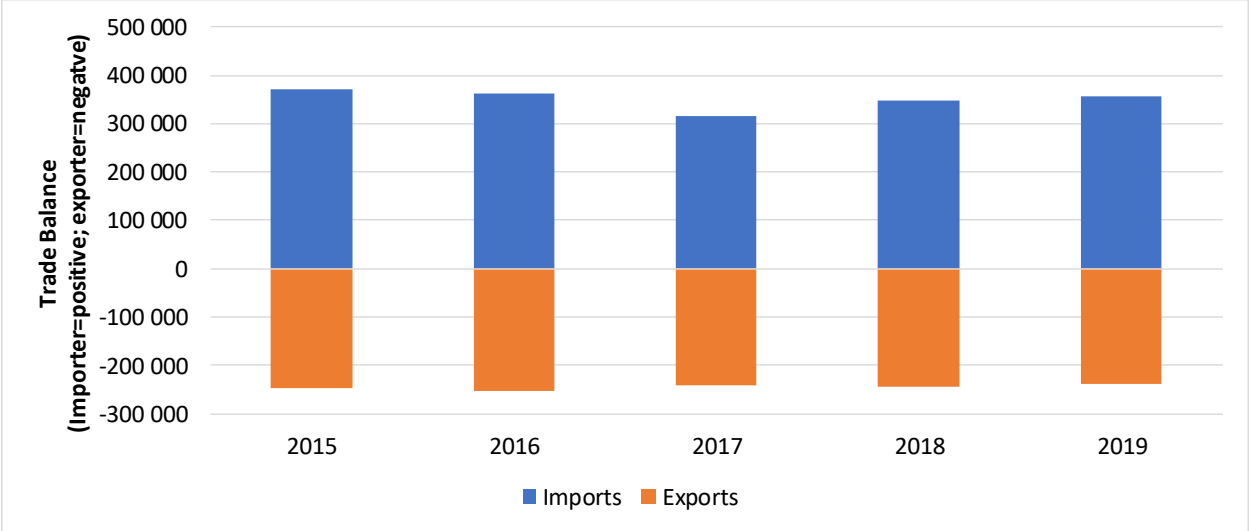
Malaysia is a net importer of spirits as depicted in Figure 5-20. In 2019 the country imported spirits worth of around EUR 357m and exported about EUR 238m. Since 2015 the market size of exports as well as of imports remained more or less stable. The export market value declined slightly since then and so did the imports value until 2017. In 2018 and 2019 the imported value started to increase again.

The majority of imports by spirit type are accounted for by whisky; and indeed Malaysia is a notable net importer of the product (Figure 5-21). There are also notable net imports of grape spirits, though overall imports and exports of this product are roughly equal, and indeed grape spirits account for the majority

⁴¹ Alcohol consumption in Malaysia, <https://www.malaysia-traveller.com/alcohol-consumption-in-malaysia.html>

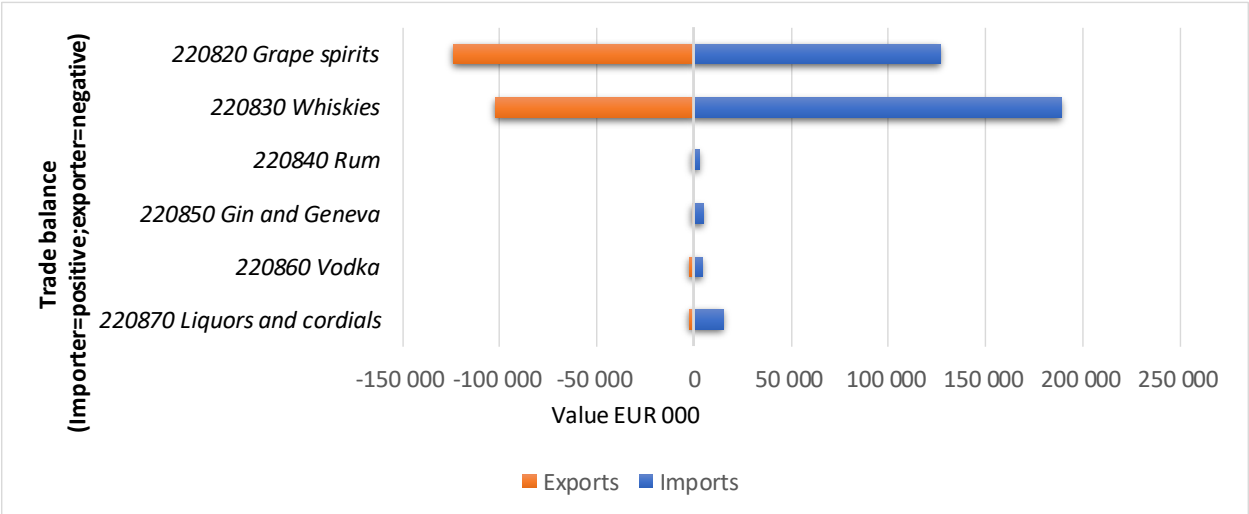
of Malaysia's exports. Malaysia has a deficit in various other major spirit types, though the levels of imports are small compared to those of whisky and grape spirits.

Figure 5-20: Trade balance (imports and exports) of spirits in Malaysia, 2015-19; EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 2208.

Figure 5-21: Trade balance (imports and exports) of spirits in Malaysia, by type, 2019; EUR 000

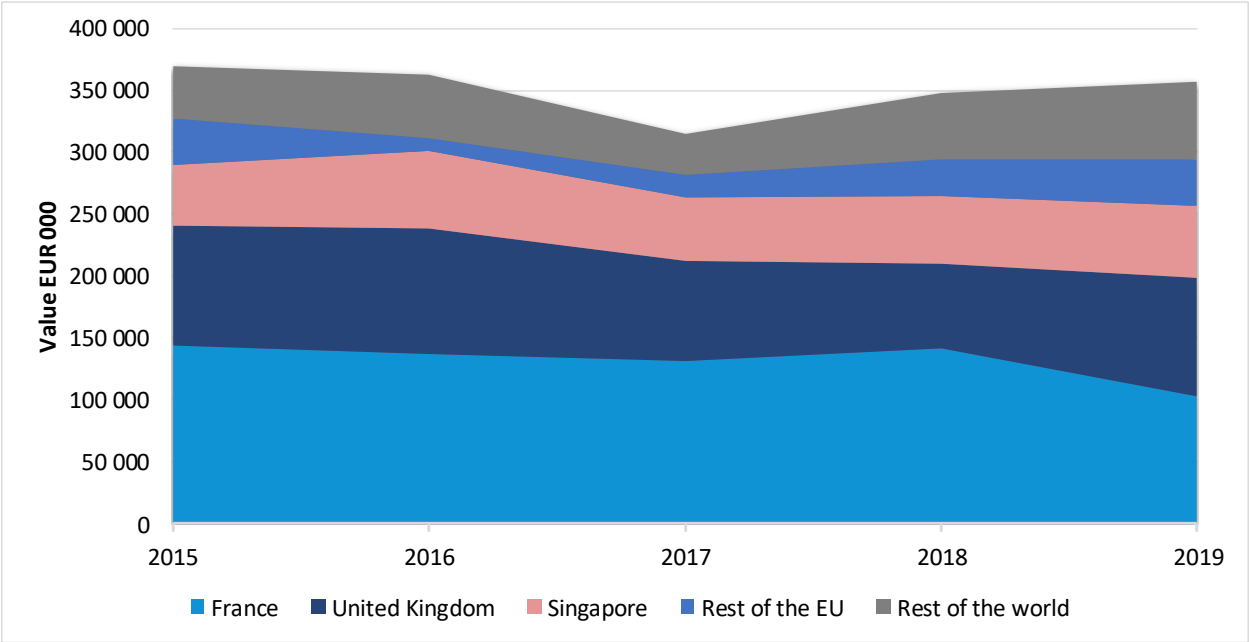


Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Spirit names shortened. CN codes before spirit name.

As shown in Figure 5-22 the main exporter of spirits to Malaysia is France. The country exported spirits with a value of about EUR 103m in 2019, and thus around 29% of this export markets total value in 2019 was achieved due to French exports. In total three out of the top 10 exporters in 2019 were from the EU. The Netherlands ranked 5th and Sweden ranked 7th. All EU exports together accounted for over 39% of the total markets value in the same year. The second biggest exporter is the United Kingdom with an

exported value of approximately EUR 96m in 2019 and thus is close to France. Malaysia’s neighbour Singapore ranked 3rd with a value of about EUR 58m; though it must be remembered that Singapore is an important regional re-export hub, so products imported from Singapore are likely to ultimately have originated elsewhere.

Figure 5-22: Malaysian imports of spirits by country, 2015-19; EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
 Data for CN code 2208

5.5.3.3 EU GI products

One EU spirit GI has been registered for protection in Malaysia: Cognac (France).

5.5.3.4 Main competitors

The Malaysian spirits market is dominated by international companies such as Pernod Ricard Malaysia and Moët Hennessy Diageo, who together accounted for almost 40% of the total markets volume in 2018. It was an easier year for the big players, because many local smaller players were badly affected by the new regulation which now does not allow spirits sales in non-glass bottles containing less than 700ml, in particular in the ‘other spirits’ category. Moreover, international players have aggressive marketing strategies and can easily expand their distribution networks. However, in particular in rural areas local produces are popular as well. Since Brexit the United Kingdom counts as a competitor to EU exporters and in this case is the biggest competitor because it exports nearly as much value as France.

5.5.4 Specific market entry requirements

Market Access and Entry

As noted in the **Customs procedure** section below, there are documents required prior to the import of spirits including an import licence.

In terms of tariffs, currently European spirits imported into Malaysia face quantity tariffs of between MYR 3 and MYR 93.50 per litre, depending on the HS code; with most tariffs are in the range of MYR 20 to 60 per litre.

Detailed information on import duties and Rules of Origin can be consulted on the European Commission website:

<https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=MY&hscod=2208>

Customs procedures

The customs procedures for importing foodstuffs are set out in 4.2.1. A full list of the general requirements for export set out in Table 4-1. A list specifically for spirits can be found on the website indicated in the box below; most notably an import licence for alcohol and tobacco is required.

Any other up to date information on appropriate documents concerning customs procedures can be consulted on European Commission website:

<https://madb.europa.eu/madb/datasetPreviewIFpubli.htm?hscod=2208&countries=MY>

Standards, SPS measures

Regulations 361 to 387 of the Food Regulations contain various standards relevant for spirits. It is not possible to cover all standards in detail here, but by way of example, the overarching standard for brandy (regulation 378) is set out below:

1. *Brandy shall be the spirit prepared by the distillation of wine.*
2. *Brandy –*
 - a. *shall contain not less than –*
 - i. *35 per cent v/v of alcohol; and*
 - ii. *60 grams of ester calculated as ethyl acetate in 100 litres of absolute alcohol; and*
 - b. *may contain sugar, glucose, glucose syrup or fructose.*
3. *Brandy may contain permitted flavouring substance and caramel as a colouring substance.*

It is recommended that the corresponding standards be checked in the regulations directly. The text of the Regulations can be found (in English) at the link below as a .pdf file:

<http://fsq.moh.gov.my/v6/xs/dl.php?filename=730b5042d10be434b44c3165d1ec588b.pdf>

Or at the link below as a navigable webpage:

<http://fsis2.moh.gov.my/fosimtestsite/HOM/frmHOMFARSec.aspx?id=21>

Up to date information on appropriate documents concerning SPS measures:

<https://madb.europa.eu/madb/viewPageIFPubli.htm?doc=overview&hscod=2208&countryid=MY#h20>

Labelling

Spirits must comply with generic labelling requirements set out in the Food Regulations, which were described in section 4.2.3. In addition, Regulation 361 of the Food Regulations 1985 includes some specific labelling requirements for alcoholic beverages as a whole. Notably (as stated in the Regulation):

(2) ... there shall be written in the principal display panel in the label of package containing alcoholic beverage, in capital bold-faced lettering of a non-serif character not less than 12 point size lettering, the words "ARAK MENGANDUNGI - % ALKOHOL ; "

(2A) There shall also be written in the label on a package of a non-serif character not less than 12 point size lettering, the words "MEMINUM ARAK BOLEH MEMBAHAYAKAN KESIHATAN".

In addition to this, particular labelling requirements of spirit are contained in Regulation 385 of the Food Regulations. As stated in the Regulation:

(1) The word or words "brandy", "fruit brandy", "rum", "samsu", "whisky", "vodka" and "gin" shall not be conjoined with any other word except those words which denote the source of the product, place of manufacture or brand.

(2) There shall be written in the label on a package containing fruit brandy the name of the fruit from which the product is prepared.

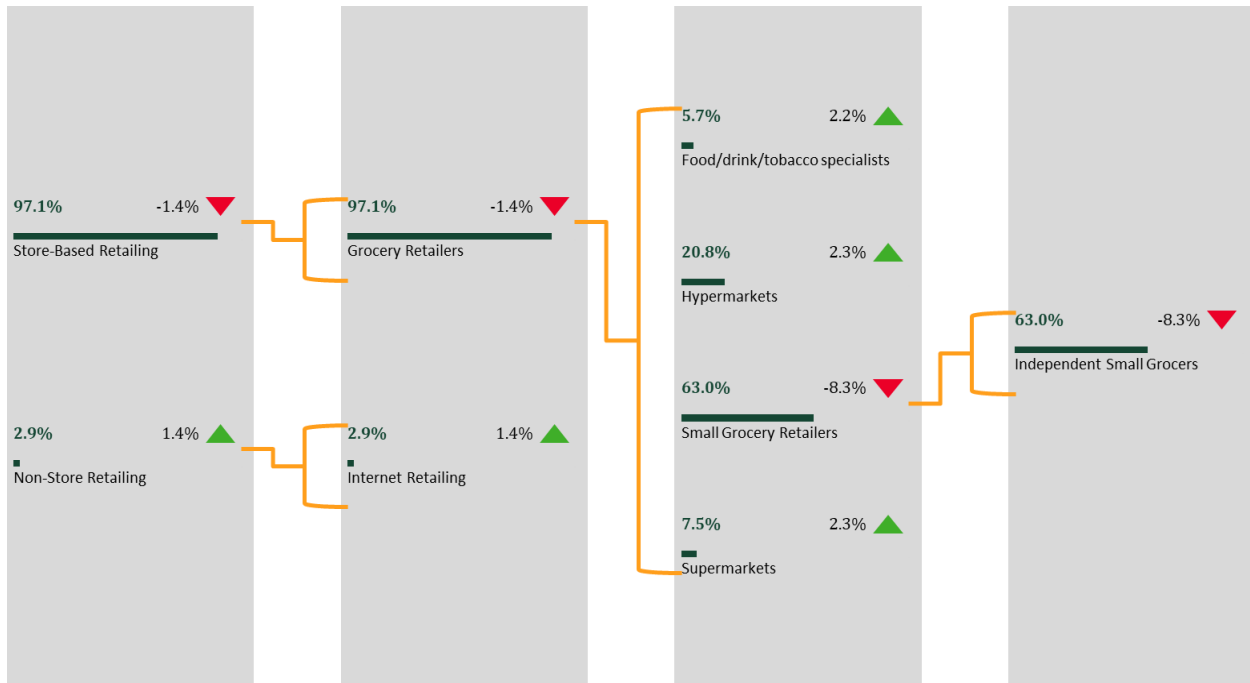
(3) No package of fruit brandy shall be labelled with the word "brandy" unless the name of the fruit from which the fruit brandy is made is conjoined in uniform lettering of not less than 10 point with the word "brandy".

Finally, as noted in the box in section 4.2.3, compounded hard liquor may only be sold in glass bottles with a size of at least 700ml.

5.5.5 Distribution

In 2018 the volume of the off-trade sector was more than 10% bigger than the one of the on-trade sector, at around 3m litres. Respectively, the volume of the on-trade sector was close to 2.7m litres in the same year. Figure 5-23 shows the different off-trade distribution channels of spirits in Malaysia and their importance. In 2018 the volume of spirits bought through internet retailing reached about 2.9%, having increased in recent years. The remaining 97.1% of the volume was sold in store-based retailing. Small independent grocers were by far the most important distribution channel and accounted for around 63%, however their popularity decreased by about 8.3% in the same year. Hypermarkets ranked second when it comes to off-trade volume sales of spirits with about 20.8%. The importance of supermarkets and specialist stores as distribution channels is increasing as well, but nevertheless less important than independent small grocers and hypermarkets.

Figure 5-23: Distribution channel overview of spirits in Malaysia (2018); off-trade volume



Source: Euromonitor International: Alcoholic Drinks, 2020.

5.5.6 Challenges for EU products

One of the biggest challenges is the limited target market size as the Muslim part of the population in Malaysia are not allowed to drink alcohol. Moreover, the legal drinking age increased from 18 to 21 years old, which eliminates another part of the population. This changed happened because the government is concerned with Malaysia's high alcohol consumption and tries to combat it with different actions. The government banned the direct advertisement of alcohol such as on billboards or television commercials. However, spirits companies find different other ways to market their products such as through events and legally permitted promotion campaigns. Non-Malaysian newspapers are allowed to advertise alcohol as well as supermarkets. Moreover, a new regulation about spirits makes it harder to make products fit for the market. According to the new regulation spirits sold in Malaysia need to be sold in glass bottles that hold at least 700ml of spirit. The government hoped that if spirits are not available in small bottles anymore and thus are more expensive, many consumers would not buy them as frequently anymore. This regulation let to a vast decline of the other spirits category. Another issue could be that the main channel for spirits distribution are small and independent grocers, in which it might be harder to get spirits listed than in modern grocers such as supermarkets and hypermarket. Luckily hypermarkets become an increasingly popular channel for spirits distribution. The tax on spirits is quite high and ranges from about EUR 4.15 to EUR 12.45 per litre. Moreover, it is not easy to compete with the big established international

companies leading the spirits market in Malaysia already as well as with other important spirits exporting countries such as the United Kingdom.⁴²

Market Takeaway: Spirits

Consumption: In 2018 the market was about EUR 553m and consumption is forecast to grow. Brandy, cognac and whiskies are the most popular spirits. The category 'other spirits' decreased drastically between 2013-18 (due to a new regulation).

Competition: With mainly big international players such as Pernod Ricard Malaysia and Moët Hennessy Diageo and with other exporting countries such as the United Kingdom.

Distribution: On-trade sales account for a slightly higher volume than off-trade. Most important off-trade channels are independent small grocers and supermarkets.

Challenges: The government wants to combat the high consumption of alcohol in the country and introduced new regulations which make it harder to enter and establish a product on the market successfully (stricter advertisement regulation, high taxes, higher legal drinking age, etc.). Independent small grocers are an important distribution channel, but it is harder to get products listed in those compared to modern grocers such as supermarkets.

Opportunities: On- and off-trade sales profitable. Focus on biggest market categories brandy, cognac and whiskey or white spirits and rum because those categories are forecast to grow the most. The cocktail trend in particular using gin and rum is driving this demand. The introduction of new flavours is important as well.

⁴² Alcohol Consumption to be Further Curbed in Malaysia from Dec. 2017, <http://ASEAN.travel/2016/11/10/alcohol-consumption-to-be-further-curbed-in-malaysia-from-dec-2017/>; Alcoholic drinks in Malaysia, http://factsanddetails.com/southeast-asia/Malaysia/sub5_4b/entry-3653.html; Malaysia: Reaching the consumer, <https://santandertrade.com/en/portal/analyse-markets/malaysia/reaching-the-consumers>

5.6 Olive oil

5.6.1 SWOT analysis

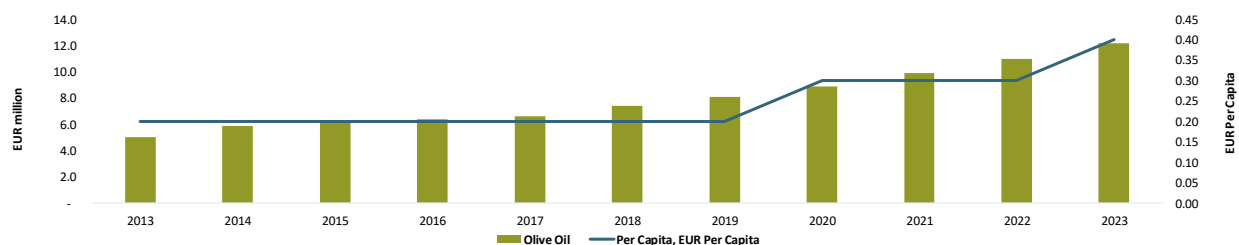
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> Total consumption and per capita consumption are increasing. Olive oil is forecast to grow at a quite fast rate. The Market is dominated by EU exports, which account for 68% of market value (mainly Spain and Italy). 	<ul style="list-style-type: none"> Since 2015 Morocco has increased its exported value by over 6.5% and now ranks third after Spain and Italy. Turkey and Tunisia are important exporters as well, even though less threatening than Morocco. Consumers are price-sensitive because olive oil is more expensive than other available edible oils
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> Olive oil is deemed to be healthy and the Malaysian population increasingly becomes health conscious. The expat community is a good target. Some consumers are interested in new cooking styles, such as western-style or fusion style cooking. 	<ul style="list-style-type: none"> Other edible oils, mainly palm oil but sunflower oil as well, are more popular. The olive oil market is compared to other edible oils relatively small. Consumers do not use olive oil daily because it is not part of their traditional cuisine.

5.6.2 Consumption

5.6.2.1 Evolution of consumption

As depicted in Figure 5-24, olive oil consumption has increased since 2013 and pre COVID-19 was forecast to continue to grow until 2023. In 2018 the total olive oil market in Malaysia was worth about EUR 7.4m, which means EUR 0.2 per capita. Between 2013 and 2019 the olive oil market grew at a CAGR of approximately 7.9% and was forecast to grow even stronger at about 10.6% between 2019 and 2023, with per capita expenditure also doubling. Thus, olive oil is becoming increasingly popular in Malaysia.

Figure 5-24: Evolution and forecast of market for olive oil (value, EUR millions) and olive oil consumption per expenditure, in Malaysia; 2013-2023



Source: Euromonitor International: Packaged Food, 2020.

Note: figures for 2019 to 2023 based on forecasts.

5.6.2.2 Consumer profile and purchase criteria

Consumers

While olive oil consumers span the different ethnic groups in Malaysia, compared to other available edible oils in Malaysia olive oil is very expensive and thus mainly targets middle to high-income consumers. When it comes to edible oil consumers are generally price sensitive. Consumers using olive oil often are

curious to experience new tastes or cuisines because olive oil is not a common ingredient in Malaysian cuisine. Many consumers are western expatriates or are at least interested in western-style cooking.

Drivers and method of consumption

One of the main drivers of olive oil consumption is the growing health trend in Malaysia. The country is deemed to be one of the most overweight nations in Asia and Malaysian consumers want to reduce their risks for health-related diseases. Mediterranean cuisine is seen to be very healthy in general and in particular olive oil is seen as having more health benefits than other edible oils. Moreover, Malaysian consumers are increasingly aware of western cooking styles or even fusion cuisines and are curious to try new things in the kitchen which is another reason why consumers start to use olive oil in the first place. Olive oil is seen to be one of the more exotic edible oils and is a premium product. However, overall expats are the key group that drives olive oil consumption.

Purchase criteria

Overall, consumers are price-sensitive when choosing edible oils, meaning that the price is one of the main purchase criteria for edible oils as a whole. However, in the specific case of olive oil, the quality of the oil is important as well given that consumers are often driven to consume it in search of a healthier lifestyle.⁴³

Olive oil at points of purchase in Malaysia

Olive oil is often placed on the same shelf as other edible oils as depicted in the picture on the right; however, it usually has more premium or at least mid-positioning. Olive oil is more expensive than many other oils and thus is mainly positioned at an eyesight or touch position, sometimes also in stretch position depending on the size of the supermarket and the range of oils it stocks.

⁴³ Euromonitor International: Packaged Food, 2020; Well-oiled for health, <https://www.nst.com.my/news/2016/12/198256/well-oiled-health>

Premium types of olive oil are usually priced between EUR 1-2 (MYR 5-10) per 100ml and are imported from countries famed for olive oil production, such as Italy and Spain. Premium supermarket chains like Village Grocer and Mercato are now offering an expanding portfolio of olive oil brands, including very premium products priced at EUR 2.00-2.20 (MYR 10-11) per 100ml. However, popular olive oil brands that are used for cooking include Naturel, Colavita and Bertolli, priced between EUR 2.70-3.20 (MYR 13.50- 16) for a 250 ml bottle.

Consumers often prefer to purchase olive oil in smaller pack sizes of 250ml or 500ml due to lower retail selling prices compared with larger pack sizes of 750ml or one litre as shown in the picture on the right as well. The lower price points suit consumers' budgets, while the smaller quantities fit with more limited purchasing occasions, with usage focused on cold food preparation, such as marinades, dips and salad dressings.

Most olive oil is sold in glass bottles as depicted in the picture below, which are either see-through or green. Some products are sold in metal food cans as well. There is speculation that players may release new packaging types going forwards, such as spray bottles, to improve the convenience aspect of olive oil.





Pictures: © Agra CEAS / Euromonitor International, 2020.

5.6.2.3 Recent market trends

The market for most edible oils, which are often used in Malaysia is very mature. Certain brands are established and the market is saturated, which is why marketing efforts are focused on the smaller but growing markets such as olive oil. Manufacturers try to improve brand images through innovation, pricing and promotional activities. New packaging in spray bottles is also increasing olive oil's popularity.

5.6.3 Offer

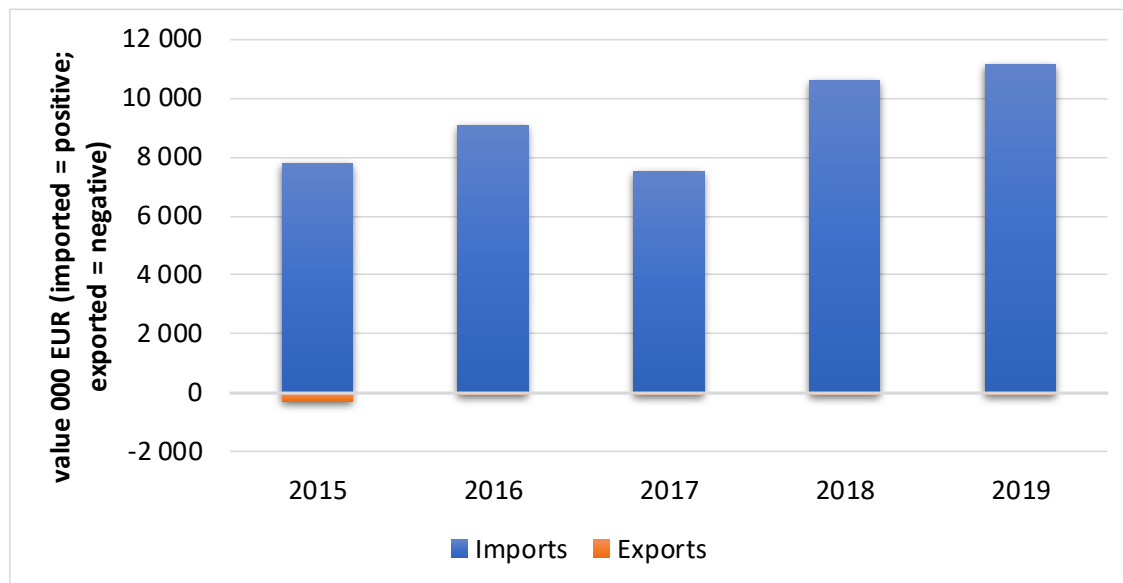
5.6.3.1 Domestic production

Malaysia is producing edible oils, in particular palm oil domestically at a big scale. However, olives are not grown in the country, which is why there is no domestic production of olive oil in Malaysia.

5.6.3.2 Imports and exports

Figure 5-25 depicts that Malaysia is absolutely a net importer of olive oil. In 2019 Malaysia imported around EUR 11.2m worth of olive oil, whereas it exported only EUR 20 000. The olive oil export market is thus nearly completely non-existent, as would be expected given the lack of domestic production. Since 2015 olive oil imports have increased by about 30%, broadly in line with demand.

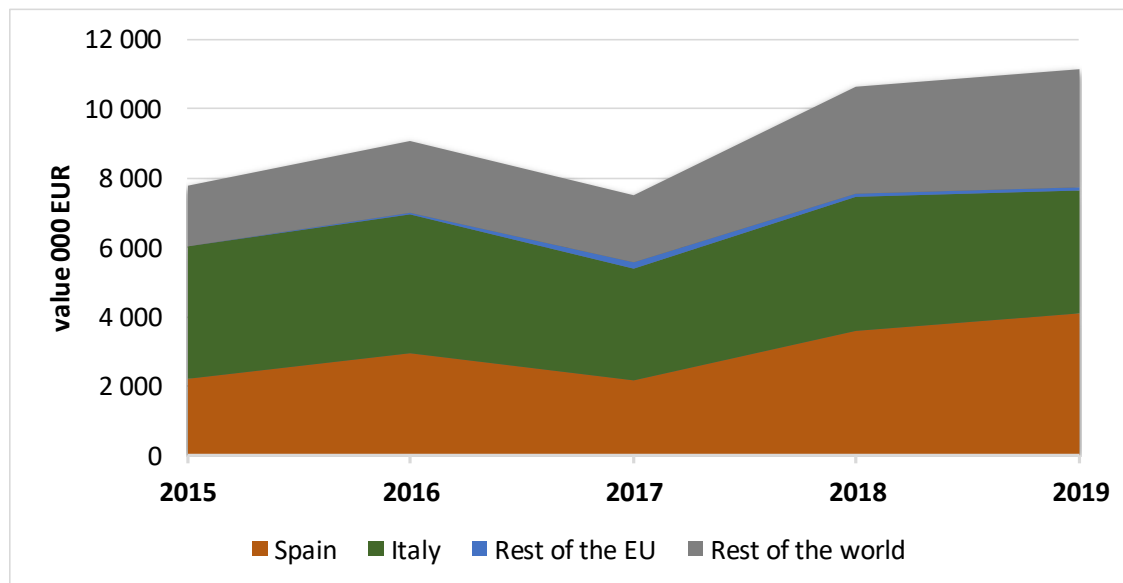
Figure 5-25: Trade balance (imports and exports) of olive oil in Malaysia, 2015-2019; EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 1509.

The EU is a big exporter of olive oil as shown in Figure 5-26. The two main olive oil exporters to Malaysia are Spain and Italy. In 2019 Spain exported olive oil worth of close to EUR 4.1m, followed by Italy with more than EUR 3.5m. Together both countries accounted for close to 68% of the total export market value. Morocco, Turkey and Tunisia are way behind Spain and Italy and exported values ranging between EUR 500 000 and EUR 1.5m, however, are still important exporters. The olive oil exports from the rest of the world have been increasing since 2015.

Figure 5-26: Malaysian imports of olive oil by country, 2015-2019; EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 1509.

5.6.3.3 EU GI products

No EU GIs for olive oil have been registered in Malaysia.

5.6.3.4 Main competitors

The domestic production of olive oil in Malaysia is non-existent, which is why it is not a threat to EU exporters. However, the olive oil market is comparatively small and other edible oils are way more popular in the country. The most popular is palm oil, due to its vast domestic production and cheaper price. Palm oil accounted for about 50% of the market value of edible oils in 2019. Moreover, sunflower oil also covered 10% of the market in the same year, whereas olive oil only accounted for 2% of the market's value. This shows that consumers do not choose olive oil for everyday use. Even though the EU is by far the main exporter of olive oil to Malaysia (mainly Spain and Italy), the value exported from the rest of the world has increased since 2015. In particular, Morocco has grown its exported value by more than 6.5 times since 2015 and now is the third biggest exporter to Malaysia and thus a big direct competitor. Turkey and Tunisia are also important exporters, even though they accounted for smaller values than the first three.

5.6.4 Specific market entry requirements

Market Access and Entry

In terms of tariffs, currently European olive oil products not subject to duties.

Detailed information on import duties and Rules of Origin can be consulted on the European Commission website:

<https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=MY&hscod=1509>

Customs procedures

The customs procedures for importing foodstuffs are set out in 4.2.1. A full list of the general requirements for export set out in Table 4-1. A list specifically for olive oil can be found on the website indicated in the box below; this includes a phytosanitary certificate.

Any other up to date information on appropriate documents concerning customs procedures can be consulted on European Commission website:

<https://madb.europa.eu/madb/datasetPreviewIFpubli.htm?hscod=1509&countries=MY>

Standards, SPS measures

Regulation 201 of the Food Regulations contain standards relevant for olive oil. The text of this regulation is set out below:

1. *Olive oil shall be edible oil obtained from the fruit of *Olea europaea*.*
2. *Olive oil –*
 - a. *shall have –*
 - i. *a specific gravity (20oC/water at 20oC) of from 0.910 to 0.916;*
 - ii. *a refractive index (40oC) of from 1.4677 to 1.4705;*
 - iii. *a saponification value of from 184 to 196 milligrams potassium hydroxide per gram; and*
 - iv. *an iodine value of from 75 to 94; and*
 - b. *shall not contain more than 15 g/kg of unsaponifiable matter.*

The text of the Regulations also can be found (in English) at the link below as a .pdf file:

<http://fsq.moh.gov.my/v6/xs/dl.php?filename=730b5042d10be434b44c3165d1ec588b.pdf>

Or at the link below as a navigable webpage:

<http://fsis2.moh.gov.my/fosimtestsite/HOM/frmHOMFARSec.aspx?id=21>

Up to date information on appropriate documents concerning SPS measures:

<https://madb.europa.eu/madb/viewPageIFPubli.htm?doc=overview&hscod=1509&countryid=MY#h20>

Labelling

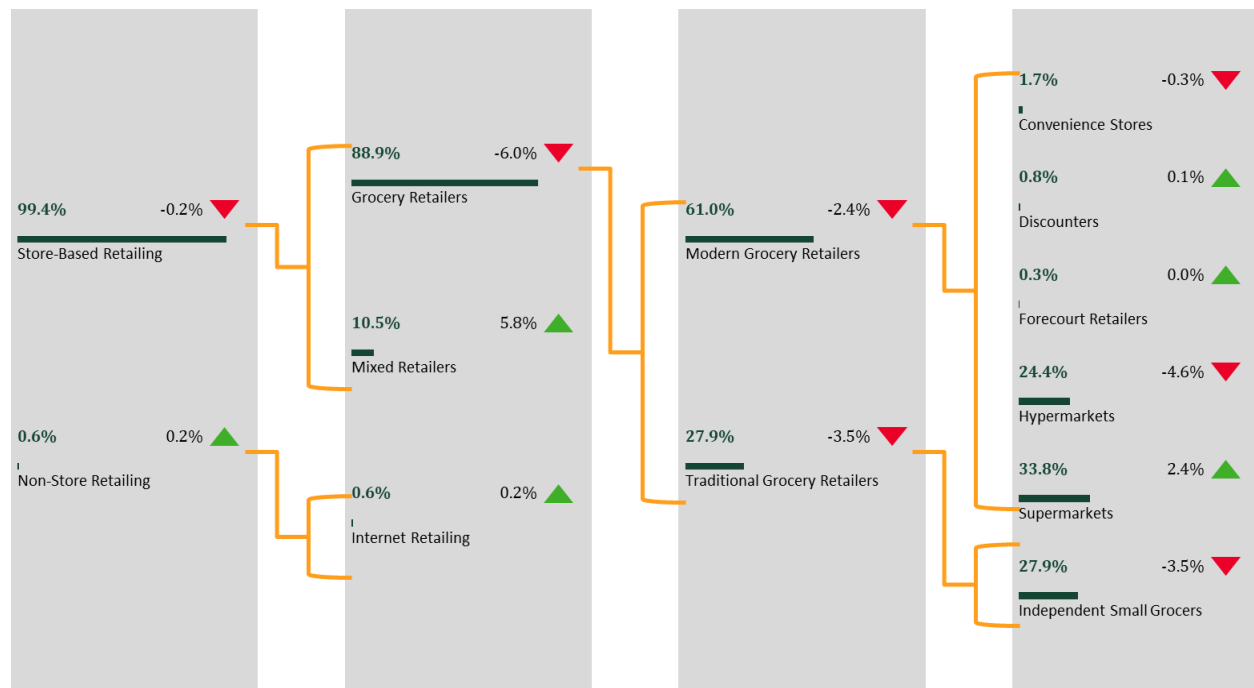
Olive oil must comply with generic labelling requirements set out in the Food Regulations, which were described in section 4.2.3.

5.6.5 Distribution

About 0.6% of edible oil is distributed through internet retailing as shown in Figure 5-27. In 2018 the online distribution channel grew by 0.2% and becomes more popular. However, the remaining 99.4% of the retail value was achieved through store-based retailing, mainly through grocery retailers (88.9%). Modern

grocery retailers are two times more popular than traditional grocery retailers with around 61% of the retail value in 2018. Supermarkets with 33.8% and hypermarkets with about 24.4% are the most chosen distribution channels in the modern grocery retail section, however independent small grocers with circa 27.9% are very important as well. In 2018 the popularity of buying edible oil in supermarkets increased, whereas the one for hypermarkets and independent small grocers decreased.

Figure 5-27: Distribution channels overview of edible oils (including olive oil) in Malaysia (2018); retail value



Source: Euromonitor International: Packaged Food, 2020.

5.6.6 Challenges for EU products

The market for olive oil compared to the market for other edible oils such as palm oil and sunflower oil is quite small. People do not use olive oil as their go-to everyday cooking oil. Consumers are used to cooking with palm oil for a long time already because it is grown locally in Malaysia. They still have to get used to using olive oil for their native dishes. However olive oil is gaining popularity and consumers are more open to trying it. Compared to other edible oils, olive oil is expensive, which might be another reason why consumers do not switch to it for daily use. Other parts of the world increase their production of olive oil and thus might become strong competitors in the future such as Morocco who is ranking third in exports now after Spain and Italy.

Market Takeaway: Olive oil

Consumption: Just under EUR 8m in 2018 with a pre-COVID-19 forecast growth rate of 10.6% between 2019-23.

Competition: Competition with other edible oils is high, in particular domestic palm oil and sunflower oil. Morocco is increasing its olive oil exports to Malaysia and Turkey and Tunisia are also increasingly important exporters.

Distribution: Mainly and increasingly through supermarkets, but independent small grocers and hypermarkets remain important distribution channels as well.

Challenges: The olive oil market is compared to other edible oil markets quite small. Olive oil is more expensive than other edible oils and thus the less obvious choice. The traditional cuisine does not use olive oil for its dishes.

Opportunities: In particular expats, curious consumers and consumers with higher disposable incomes are more likely to use olive oil. Health trend brings some tailwinds.

5.7 Chocolate and confectionery

5.7.1 SWOT analysis

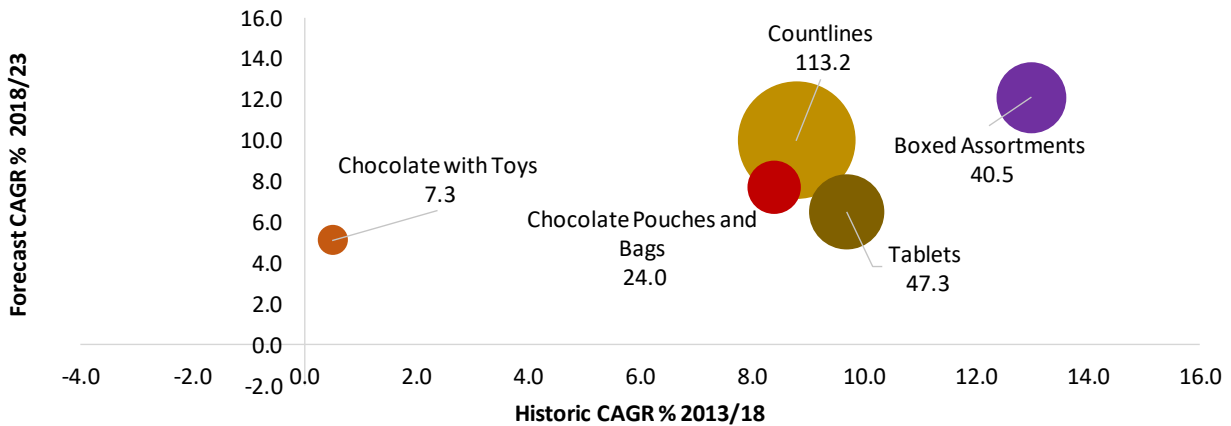
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ After seeing a negative trend the sugar confectionery is forecast to increase in popularity. ▪ Chocolate confectionery market is strong and all categories are expected to grow at quite strong rates. ▪ EU exports of chocolate confectionery already account for nearly 30% of the total export markets value. 	<ul style="list-style-type: none"> ▪ The sugar confectionery market is smaller compared to the chocolate confectionery market. ▪ EU prices for sugar confectionery are generally too high for the Malaysian market. ▪ The EU only accounts for about 3% of the total sugar confectionery export market. ▪ The health trend might limit the consumption of sugar intense confectionery
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ Countlines and boxed assortments for chocolate confectionery because of their comparatively big market size and high forecasted growth rates. ▪ Healthier chocolate options and sugar-free candy plus smaller sized portions due to the health trend. ▪ Medicated confectionery; pastilles, gums, jellies and chews; and mints for sugar confectionery because of their comparatively high market size and forecasted growth rates. 	<ul style="list-style-type: none"> ▪ Historically, the sugar confectionery market has been declining. ▪ The export market for sugar confectionery is dominated by Asian countries such as China, Vietnam and Indonesia.

5.7.2 Consumption

5.7.2.1 Evolution of consumption

In 2018 the market size of the chocolate confectionery market in total was higher than EUR 232m. As shown in Figure 5-28, the market size of countlines was by far the highest in 2018 at about EUR 113m and thus nearly accounted for half of the sector's value. The market size of tablets and boxed assortments are close together, however, still less than half of countlines value at about EUR 47.3m for tablets and EUR 40.5m for boxed assortments. The two categories with the smallest market size in 2018 were chocolate pouches and bags (circa EUR 24m) as well as chocolate with toys (about EUR 7.3m). The historic CAGRs as well as the forecast CAGR's are all positive and even quite relatively high. Historically boxed assortments had the highest growth rate with about 13% between 2013 and 2018, whereas chocolate with toys had the lowest at about 0.5%. However, the three other categories of countlines, tablets and chocolate pouches and bags all had growth rates between 8-10%. The category with the highest forecasted growth rate between 2018 and 2023 remains boxed assortments with about 12.3%. Chocolate with toys is forecast to have the slowest growth rate at more or less 5.1%, which is still much more than the historic one. The biggest category countlines is forecast to have the second biggest growth rate with circa 10%. The categories tablets and chocolate pouches and bags are forecast to have a slower (but still good) growth rate compared to their historic CAGRs.

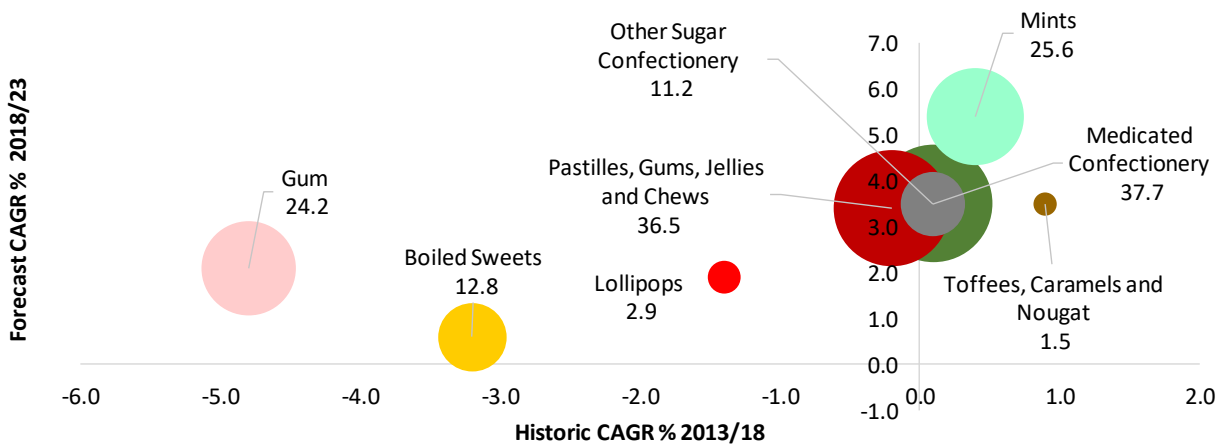
Figure 5-28: Evolution and forecast of chocolate confectionery market in Malaysia, 2013-2023; total retail value EUR million



Source: Euromonitor International: Packaged Food, 2020.

In 2018 the market size for sugar confectionery in Malaysia was just over EUR 152m as shown in Figure 5-29. The segments with the biggest market sizes in 2018 were medicated confectionery with about EUR 38m and pastilles, gums, jellies and chews with circa EUR 37m; together they accounted for nearly half of the total market size of the sugar confectionery sector in 2018. The following two categories mints, with a market size of circa EUR 25.6m, and gum with EUR 24.2m together accounted for over 30% of the total market's value in 2018. Boiled sweets with a market size of circa EUR 12.8m and other sugar confectionery with EUR 11.2m are next; however, the categories lollipops and toffees, caramels and nougat by far had the smallest market size in 2018 with about EUR 2.9m and EUR 1.5m. Historically the market for sugar confectionery did not seem to be too promising given four out of eight segments shrank between 2013 and 2018 (including gum; boiled sweets; lollipops; and pastilles gums, jellies and chews). On top of that even those with positive growth (toffees, caramel and nougat; mints; medicated confectionery; and other sugar confectionery) only showed slow growth. Gum had the lowest historic growth rate of about -4.8%, whereas toffees, caramels and nougat had the highest at more or less 0.9%. The forecasted CAGRs of all categories between 2019 and 2023 were all positive pre-COVID-19, which shows that sugar confectionery is expected to become more popular in Malaysia. The highest forecasted growth rate was for mints with about 5.4% and boiled sweets had the lowest with approximately 0.6%.

Figure 5-29: Evolution and forecast of sugar confectionery market in Malaysia, 2013-2023; total retail value, EUR million



Source: Euromonitor International: Packaged Food, 2020.

In general, the market for chocolate confectionery is about 35% bigger than the market for sugar confectionery. Moreover, the forecast growth rates for chocolate confectionery products are also much higher than the ones for sugar confectionery, with the highest forecast growth rate for sugar confectionery close to the lowest forecast growth rate for chocolate confectionery.

5.7.2.2 Consumer profile and purchase criteria

Consumers

Chocolate confectionery consumers can be found in all parts of the Malaysian society. People of all ages, religious groups and salary groups enjoy are chocolate consumers in Malaysia. While most chocolates aim to satisfy the general consumers, some also target special groups such as kids with special packaging and included toys or fancy looking packaging and high-quality ingredients for consumers who enjoy premium products and have the means to buy them. In general, Malaysian consumers are getting increasingly health-conscious and pay more attention to their sugar intakes. Below are some notable consumer groups for chocolates:

- **Upper-middle-class and higher-income groups, expatriates in urban areas and tourists:** Premium chocolates are mostly sold at premium retailers in Malaysia that generally target the upper-middle- to high- income groups and expatriates/tourists residing in Malaysia. These consumers are generally willing to pay a higher price for quality. Tourists in particular buy premium chocolate with local flavours as souvenirs to take home.
- **Price Conscious Consumers:** Price-conscious consumers are another notable consumer segment for chocolates in Malaysia. They tend to belong to middle-income and lower-income groups, and are more likely to consume mass brands of chocolate at lower price points.
- **Millennials:** Millennials are one of the major consumer groups of chocolate confectionery and are increasingly impacting chocolate retail experience. Malaysian millennials are changing purchasing patterns for chocolate, with a higher than average preference for fine chocolate. These consumers also believe small-batch chocolate has a superior taste and are willing to

seek it out, visiting farmers' markets, festivals and specialty online channels more frequently. Furthermore, chocolate has also become a regular dessert or beverage base at cafés and coffee shops among the youth. Millennials are placing a high value on local artisanal producers,

- **Health-conscious consumers:** Smart snacking is gaining traction, as consumers adopt healthier lifestyles. Health-conscious consumers prefer chocolates with added healthy ingredients, like oats, wholegrain and honey.
- **Children:** Parents buy chocolates for their children mostly as rewards or as on-the-go snacks. Children majorly consume sweeter chocolates such as white chocolate and milk chocolate with fruits, vanilla, caramel, or hazelnut.

Sugar confectionery consumers also span all parts of the Malaysian society, however, are less numerous compared to chocolate confectionery consumers. Sugar confectionery does not target special consumer groups in particular, however, due to the health trend, health-conscious consumers tend to consume less sugar confectionery and parents usually will try to make their children eat healthier alternatives. Since most types of sugar confectionery are sold at an affordable price; consumers do not differentiate between premium, standard and economy brands. The main consumers of sugar confectionery can be classified as:

- **Working professionals:** Working professionals continue to remain an important consumer group of sugar confectionery, especially for mints and gums. Standard mints, which are consumed for oral refreshment, are more common for working adults on-the-go. Apart from this, very often nostalgia also induces purchases among this group.
- **Health-conscious consumers:** These consumers (especially millennials) tend to consume more sugar-free mints, sugar-free gums, reduced sugar confectionery or lozenges because of growing health awareness and the desire to cut down on sugar intake. They consume sugar confectionery less frequently and consider it a non-essential snack. In addition, parents too are likely to encourage their children to opt for healthier alternatives, such as reduced-sugar or sugar-free confectionery.
- **Children:** Children are one of the major consumers of sugar confectionery with a preference for sweet candies. Being a large confectionery manufacturing nation, Malaysia has many affordable local candies as well as low priced Chinese confectioneries, which are readily available at small independent grocery stores in Malaysia. These stores target mainly price-sensitive customers and are also accessible to children in terms of location and pricing.

Drivers and method of consumption

As noted above, all age groups in Malaysia may consume chocolate confectionery. Adults aged 18 and above associate chocolate with indulgence and consider it a comfort/indulgent food. As such it may be consumed as a treat or little snack in between meals that consumers enjoy during a stressful day or in the evening in a relaxing environment at home. There are also some consumers for whom it is a reminder of their childhood days; and others who consume it as an on-the-go snack or given as a gift. On the other hand, consumers under the age of 18 consume chocolates as snacks or as a reward given by parents (specifically for children below 10 years). However, diabetes is a common disease in Malaysia and shows that Malaysians love sweet food. However, the government put forward efforts to reduce the nations

sugar intake and thus is driving the consumption of sugar-reduced and special dietary and chocolates with healthier ingredients.. Finally, chocolate also plays an important role in the gift-giving culture, in particular high-quality chocolate. Thus, chocolate sales tend to go up in festive seasons and consumers are more likely to spend their money on it. It is also worth noting that chocolate became one of the most popular foods for quarantine snacking during the COVID-19 pandemic. During this period, people have eaten more throughout the day and have more time to explore a variety of chocolates and new products via online retailers.

Sugar confectionery is not very popular in Malaysia right now, mainly due to the health trend, which slows the demand for sugary products. The government put efforts into making healthier food such as vegetables and fruit more affordable. Moreover, subsidies for sugar have also been removed, which increased the sugar price and thus the price of sugar confectionery. As a result, the government's efforts decreased the demand for sugar confectionery even more. However, sugar-free confectionery and other healthier options are increasingly demanded. Sugar confectionery, in general, is comparatively cheap and an easy snack, when consumers are feeling low on sugar. Sales of sugar confectionery are heavily seasonal. Most of the sales take place during festive seasons such as Chinese New Year, Hari Raya, Christmas, and New Year as well as for birthdays or anniversaries.

Purchase criteria

Due to the trend in healthier chocolate options, sugar-free or sugar-reduced chocolates are popular. This means that consumers increasingly choose dark chocolate variations over milk chocolate ones. Moreover, size plays a role. To reduce their sugar intakes consumers try to cut back on the amount of chocolate they consume, which is why bite-size chocolate or chocolate with smaller pack size are growing in demand as well. Consumers who buy chocolate as a gift tend to choose chocolate boxed assortments of higher quality to show their appreciation to the gift's receiver. When it comes to chocolate tablets, consumers in general still prefer filled tablets, but also plain milk chocolate over white and dark chocolate. Tourists, however, tend to prefer local flavours that are different from the ones they are used to such as mango or durian chocolate.

In line with the general health trend set out above, consumers are expected to reduce their sugar intake and consume less traditional sugar confectionery. However, sugar-free confectionery is expected to be purchased more frequently and products are increasingly made available to purchase in convenience stores and at cash registers in grocery stores.⁴⁴

Further notable, more detailed purchasing criteria for chocolate and confectionery are:

- **Taste:** Taste is one of the main purchase criteria for consumers, especially for chocolate confectioneries as they are mostly consumed for the experiential value as well as for the indulgence factor. This is the reason behind the willingness of consumers, especially the upper-middle- and higher-income class, to buy premium chocolates since they appreciate the superior quality and experience. Generally, the most preferred taste by consumers is creamy

⁴⁴ Euromonitor International: Packaged Food, 2020

and crunchy. However, ultimately Malaysians enjoy a varied taste in chocolates, from the sweetest milk chocolates to the intensely bitter dark chocolates. Moreover, unique local flavours like Teh Tarik, Gula Melaka, dried mango, caramelised coconuts, sweet laksa, among others are also popular and offered by local chocolatiers.

- **Price:** While taste and quality are the primary purchase criteria for most consumers, the price also remains a vital purchase influence for many. While many consumer groups, including children, prefer mass or affordable chocolate, chocolate enthusiasts and affluent are not as price sensitive. Price reductions or promotions are the main factors that drive impulse purchases and brand switching for many Malaysians. However, consumers are not likely to switch to sugar confectionery from chocolate as both serve a different purpose.
- **Brand Equity:** Malaysian shoppers purchase brands of chocolate and confectionery that they trust and are familiar with. The brand name is also correlated with the quality of the product – as previously noted, a major purchase criterion along with taste. The dominance of leading international brands is mainly driven by the strong distribution network, perception of superior quality associated with international brand names and the continuous new product development to keep consumers engaged. Malaysians generally have a low tendency to adopt new international brands without extensive marketing presence, sales promotion, or unique localized flavourings.
- **Packaging:** Pack size and attractive packaging both influence consumer's decision while buying confectionery in Malaysia. Most health-driven consumers look to reduce their sugar intake, and these consumers prefer bit-sized confectionery and smaller pack sizes. On the other hand, price-conscious consumers mostly seek value packs that offer multiple units at an affordable price. Confectionery players use attractive packaging for their products to reduce the need for additional displays on retail shelves. Finally, leading brands are introducing new packaging formats in the form of cartoon characters, especially during festive seasons, to attract children.
- **Health:** Health-conscious consumers look for healthy ingredients, reduced sugar, free from sugar and darker chocolate variants in confectionery. However, in chocolate confectionery, consumers still look at it as an indulgence, and the demand for sugar-free or fewer sugar alternatives is niche.
- **Halal certification:** With a lot of its population classified as Muslim, Malaysia already sells most cocoa products in compliance with Halal principles. Many leading international chocolate and sugar confectionery brands as well as locally produced ones are generally halal certified. The JAKIM halal logo, in chocolate confectionery, is considered a means to entice a larger customer segment. Since halal certifications are not compulsory, there are confectionery brands with products without halal logos along with the halal-certified ones that are present at retail. However, without the halal logo by JAKIM, consumers can easily misunderstand the ingredients or overlook labels such as “free from pig products”.

Confectionery at points of purchase in Malaysia

Chocolate confectionery commonly retails at the following prices:

- Economy: below EUR 2 (MYR10)/ 100g; e.g. some Cadbury, Mars and Nestle products
- Mid-priced: between EUR 2-4 (MYR10-20)/ 100g; e.g. Meiji, Beryl's
- Premium: EUR >4 (MYR20 and above)/ 100g; e.g. Lindt, Sugarless, Belgian

In general, EU products are in the mid and premium segment and thus often positioned at the eyesight or touch level of consumers. Most confectionery is packed in flexible plastic; however, folding cartons, thin wall plastic containers, flexible aluminium and stand up pouches are used as well as depicted in the pictures below.

Portioned pack-size (100-200g) and bite-size miniatures (10-20g) in plastic pouches are particularly prominent in chocolate confectionery in Malaysia (picture below/right and bottom). The miniature pieces are individually wrapped with flexible plastic. This caters to consumers who are seeking mindful indulgence, where portion control is needed. However, larger value pack sizes of chocolate confectionery in plastics (200-500g) are also popular. Malaysians are indulging more chocolates than ever, and large pack-size satisfies their perception of value-for-money, especially among the low-and middle-income households.



Confectionery players are introducing new packaging designs with special themes in order to attract consumers' attention. Confectionery players are predicted to continue introducing seasonal packaging with cartoons as fad-products to attract consumers' attention.

Seasonal packaging and limited-edition gift packaging are likely the norms for major brands. Chocolate confectionery is an ideal snack during these periods. New packaging and flavours are popular value-adds in chocolate confectionery. Metal tins are experiencing positive growth in boxed assortments as consumers view it as a premium gift. It is especially popular during festive occasions, with its quality packaging making it suitable as a gift without the need for any further decorations. Metal tins are also being introduced in sugar confectionery, particularly in medicated confectionery and standard mints, and this distinguishes the products from those housed in other rigid containers by offering a quality image. Metal tins provide greater convenience; the metal lid closures introduced in medicated confectionery and standard mints enable consumers to keep products fresh after opening the box. Some chocolates also use metal tins (see below).



The majority of the premium chocolate sold in Malaysia are usually packed in the paper-based format in rectangle shape at 100g weight (see below). Example brands products such as Sugarless Milk Chocolate (Australia), Lindt Excellence (Switzerland), Belgian (Belgium).



Pictures: © Agra CEAS / Euromonitor International, 2020.

5.7.2.3 Recent market trends

There are several visible trends:

Health trend: In line with commentary in the section before, the health trend with it the growing number of health-conscious consumers is growing. The chocolate industry is making efforts to create healthier chocolate with healthy ingredients such as oats, wholegrain and honey. Moreover, new products, in particular countlines, chocolate pouches and bags as well as chocolate with toys, often come in smaller sizes and packages so consumers can more easily reduce their sugar intakes. Due to the health trend, companies are innovative in the field of sugar-free confectionery.

Manufacturers play around with other sugar substitutes such as stevia to create healthier, but still sweet confectionery. Moreover, it is becoming more common to produce smaller packages and sizes of sugar confectionery to help consumers to decrease their sugar intakes more easily.

Targeted packaging, placing and products: Many brands currently try to make their packaging as appealing as possible to stand out. Seasonal packaging is popular for appealing to consumers in the gift-giving seasons. Chocolate brands also tend to invent new products especially tailor-made for different festive seasons such as Valentine's Day or Chinese New Year. Moreover, colourful and sometimes cartoon-like packaging is preferably used to target children. High-quality chocolate packaging is aimed at making the chocolate look even more high-class.

Marketing efforts of sugar confectionery could be improved. Recently there is a lack of new products on the market and for the few new products introduced, quality presentation and sampling is missing. Social media coverage exists but is not very effective. However, product placement is improving and sugar confectionery can be increasingly found in all kind of retailers. Seasonal sales are important for sugar confectionery as well.

Price discounts: There is a lot of competition between products in the festive seasons, which is why producers try to stand out not only with their packaging but also with price discounts, value packs, free mugs or bundle sales; basically using all options to add value to their products.

In many foodstuff categories the price of products is an important purchase criterion for consumers. Yet, sugar confectionery in Malaysia on the other hand is different. Thus, there is no natural distinction between standard, economy or premium product categories. However, price promotions and special offers for seasonal sales are important for sugar confectionery selling companies (in particular for sugar-free brands such as Wrigley's Eclipse).

5.7.3 Offer

5.7.3.1 Domestic production

Malaysia has a long history of growing cocoa. It first was introduced around 1778. However, most cocoa farmers at some point switched to other cash crops such as palm oil trees and durians, which are easier to maintain. The big plantations in Eastern Borneo suffered from a pest that hardened cocoa pods and ultimately reduced productivity in the 1990s. Even though the chocolate industry in Malaysia today is still smaller than in some other ASEAN countries, it remained one of the world's cocoa knowledge centres.

In recent years the sector has started to grow and the following Malaysian brands and companies can be found on the market: Beryl's, Camior, Daiana, Fidani, Hoko, Vochelle, Cocoraw, Lavand, Francastle confectioneries, Chocolate Concierge, Love18, Nayuta Chocolatasia (KL), and many more. Malaysia is one of the top producers of chocolate and confectionery in Asia. But as stated, the country does not grow much cocoa and relies on imported cacao beans from neighbouring countries Vietnam, Thailand, the Philippines, and Indonesia. Malaysia mainly is a manufacturing hub for leading international chocolate brands such as Nestle, Mondelez, and Hershey's. For example, Cadbury Malaysia, has been present in Malaysia since 1970. Mondelez, which owns Cadbury, operates three manufacturing plants in Shah Alam, Johor Bahru, and Prai to produce a wide range of chocolate and confectionery. The factory at Shah Alam alone produces over 150 multiple products of Mondelez's chocolate division in south east Asia, largely

consisting of moulded, tablet and 'share bag' types of chocolates. The current production pace is sufficient both for Malaysia and for wider South East Asia distribution. The plant processes some 25 tonnes of chocolate daily.

In addition to the large multinationals, there are an estimated 160 homemade chocolate entrepreneurs, some of which focus specifically on fine Malaysian chocolates and promote the use of local cacao.

In 2019 the biggest players on the sugar confectionery market were Perfetti Van Melle Group, followed by Wrigley and Lofthouse of Fleetwood. All three together accounted for 1/3rd of the total retail value of the sector. Domestic companies and their brands such as Torrone, Lot100 and Rinda are important as well. Cocoland Holdings is the biggest entirely domestic company.⁴⁵

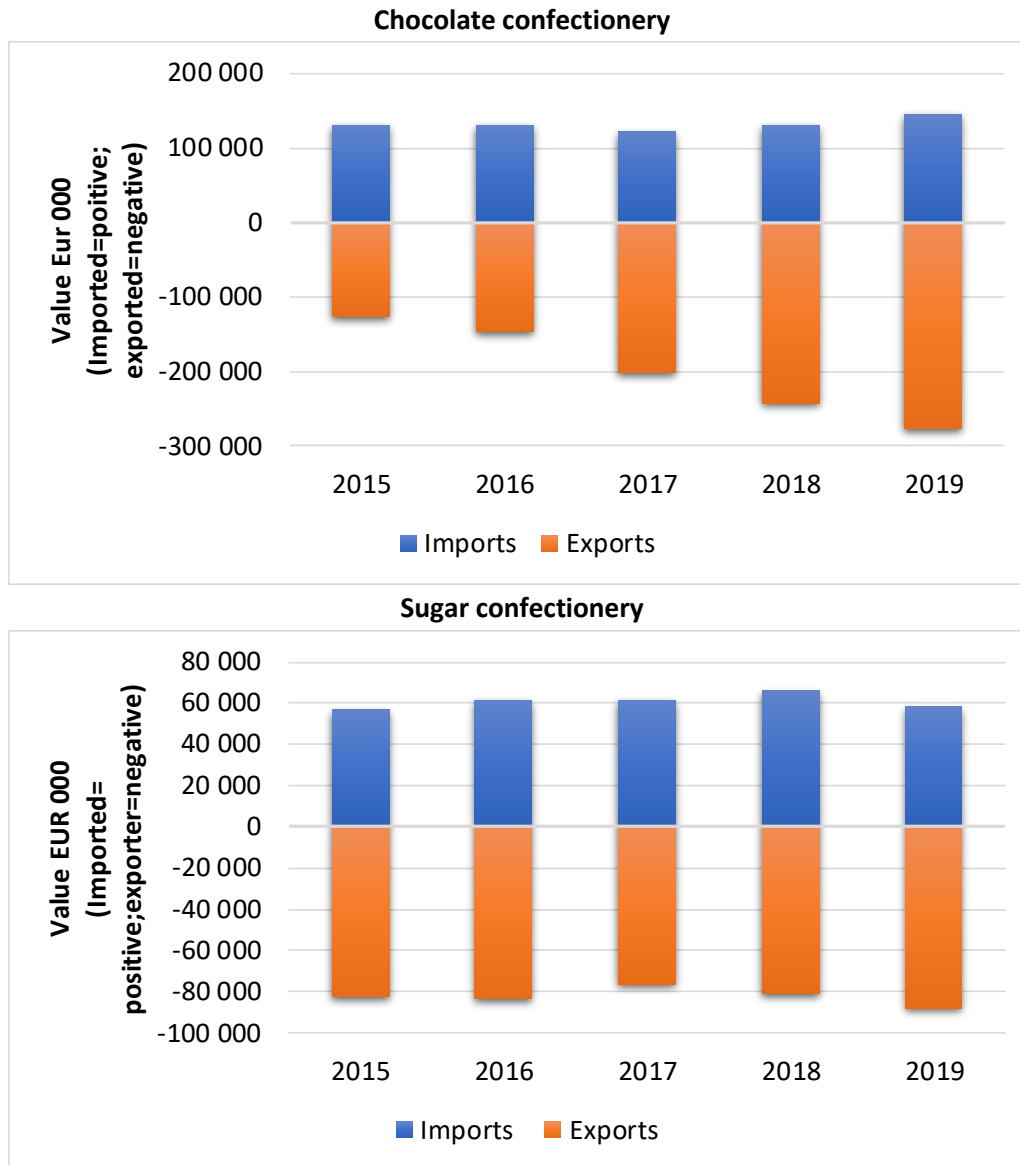
5.7.3.2 Imports and exports

As shown in Figure 5-30 Malaysia is by far a net exporter of chocolate confectionery. In 2015 imports and exports were more or less the same, however, since then they grew every year until they reached a value of EUR 276m in 2019. Imports, on the other hand, remained more or less stable and reached a value of about EUR 145m in 2019.

Malaysia is a net exporter of sugar confectionery as well, even though the difference between the value of exports and imports is not as big as for chocolate confectionery. In 2019 Malaysia exported sugar confectionery worth of approximately EUR 89m and imported sugar confectionery with a value of about EUR 58m in the same year. Since 2015 the export, as well as the import market, were quite stable, with numbers only slightly differing from year to year.

⁴⁵ Potential and challenges for confectionery products in the Malaysian market, <http://mblbc.org/wp-content/uploads/The-Potential-and-Challenges-of-Confectionery-Products-in-the-Malaysian-Market-2015.pdf>; Who we are, <https://my.mondelezinternational.com/about-us/who-we-are>; Malaysian chocolate and cocoa culture, <https://damecacao.com/malaysian-chocolate-cacao-culture/>; Malaysia in chocolate heaven, <https://blog.tourism.gov.my/in-chocolate-heaven/>; Most preferred Malaysian chocolate, <https://foodmaven.io/thechocolatelife/stories/most-preferred-malaysian-chocolates-zlVT9tFvvU657UPlwrgNcw>

Figure 5-30: Trade balance (imports and exports) of confectionery in Malaysia, 2015-19; EUR 000



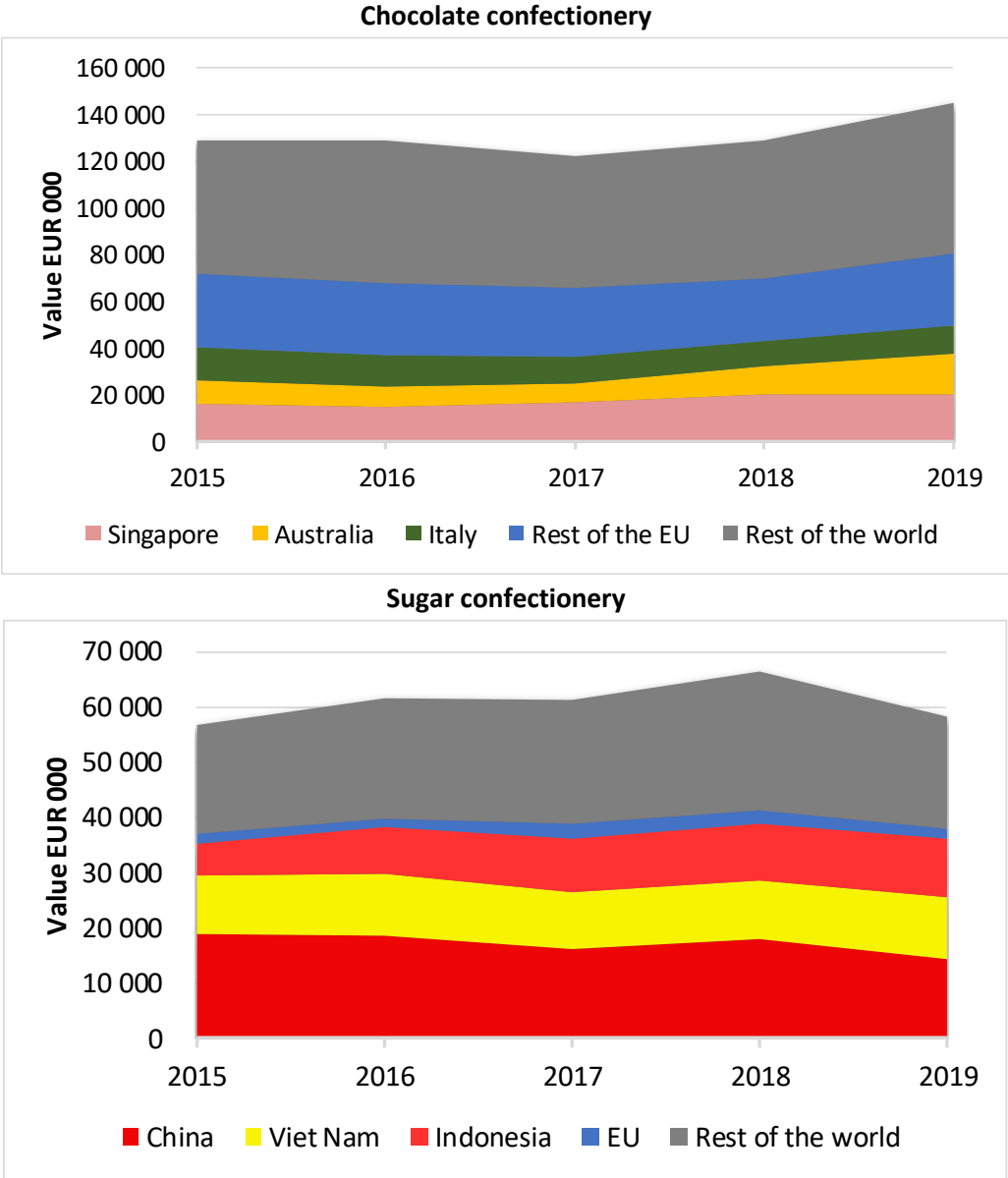
Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
 Data for CN code 1806 and 1704.

Three out of the top 10 chocolate exporters to Malaysia are from the EU, namely Italy, Germany and Sweden. However, as depicted in Figure 5-31 the main exporter of chocolate confectionery in 2019 to Malaysia was its neighbour Singapore with a market size of about EUR 19.8m. Australia followed closely with a market size of approximately EUR 17.6m Italy is the biggest EU chocolate confectionery exporter with circa EUR 12.5m. All of the EU countries combined exported chocolate confectionery with a value of close to EUR 47m and thus accounted for about 30% of the total sector's value in 2019.

The EU is not a big exporter of sugar confectionery to Malaysia. Only one out of the top 10 origins is an EU country (Italy, which ranked 10th). In 2019 the main exporters of sugar confectionery were from the

ASEAN region. China with an exported value of about EUR 18m was the main exporter, followed by Vietnam with approximately EUR 10.6m and Indonesia with EUR 10.4m. The EU exports as a whole accounted for only about 3% of the sugar confectionery export market in 2019 with about EUR 1.9m.

Figure 5-31: Malaysian imports of confectionery by country, 2015-19; EUR 000

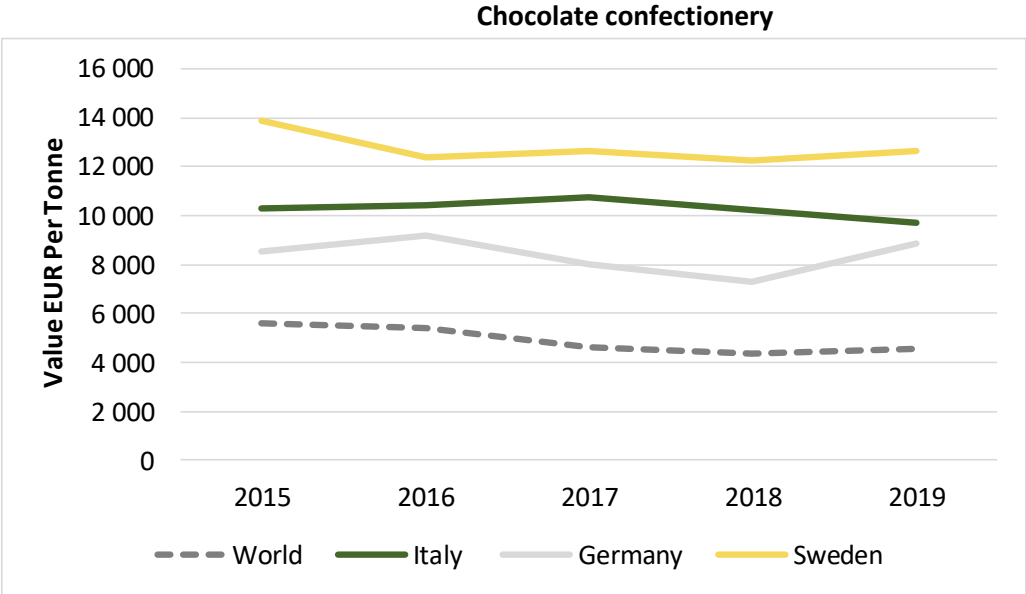


Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 1806 and 1704.

EU chocolate confectionery is deemed to be of high quality, which is reflected in its relatively high unit value prices depicted in Figure 5-32. In 2019 the world average price of chocolate confectionery per tonne was about EUR 4 500. Compared to that value, the three EU countries depicted, Italy, Germany and Sweden, all have much higher unit values. Even the lowest unit value from products from Germany is

nearly double the amount of the world's average. The unit value of Italian chocolate confectionery in 2019 was even at EUR 9 700 and Swedish chocolate confectionery unit value prices topped them all with about EUR 12 700 per tonne.

Figure 5-32: Per unit value of Malaysian imports of confectionery for selected countries, 2015-19 (EUR per tonne)



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
 Data for CN code 1806 and 1704.

5.7.3.3 EU GI products

No EU GI registered for confectionery in Malaysia.

5.7.3.4 Main competitors

When it comes to chocolate confectionery the main competitors are big international companies such as Nestlé, Ferrero and Mondelez because they are dominating the Malaysian market; and many of these multinationals are producing within the country. The share held by Malaysian companies producing chocolate confectionery is quite low compared to the sales of international companies. Besides those companies, Singapore and Australia in particular two of the biggest chocolate confectionery exporters to Malaysia.

The sugar confectionery market is dominated by international companies such as Perfetti Van Melle Group, Wrigley and Lofthouse of Fleetwood as well; which again often produce in country. Cocoland Holdings is the biggest domestic competitor. When it comes to exports, the main competitors are other ASEAN countries such as China, Vietnam and Indonesia.

5.7.4 Specific market entry requirements

Market Access and Entry

In terms of tariffs, currently European chocolate and confectionery products are subject to tariffs of 15%, with the exception of a few chocolate products which face tariffs of 10%.

Detailed information on import duties and Rules of Origin can be consulted on the European Commission website:

<https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=MY&hscod=1806>

<https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=MY&hscod=1704>

Customs procedures

The customs procedures for importing foodstuffs are set out in 4.2.1. A full list of the general requirements for export set out in Table 4-1. A list specifically for sugar and chocolate confectionery can be found on the websites indicated in the box below (none listed at present).

Any other up to date information on appropriate documents concerning customs procedures can be consulted on European Commission website:

<https://madb.europa.eu/madb/datasetPreviewIFpubli.htm?hscod=1806&countries=MY>

<https://madb.europa.eu/madb/datasetPreviewIFpubli.htm?hscod=1704&countries=MY>

Standards, SPS measures

Various regulations in part 8 of the Food Regulations contain standards relevant for confectionery; most notably regulations 279-281 for chocolate and regulation 136 on sugar confectionery; though others are also relevant. It is not possible to cover all standards in detail here, but by way of example, the overarching standard for chocolate (regulation 279) is set out below:

1. *Chocolate shall be the product prepared from cocoa paste or cocoa with sugar, with or without milk components, cocoa butter and other food.*
2. *Chocolate -*
 - a. *may contain not more than 5 per cent of milk fat or edible vegetable fat other than cocoa butter;*
 - b. *shall contain not less than 14 per cent of cocoa paste on water - free and fat -free basis; and*
 - c. *shall comply, in its water - free, fat - free and alkali - free content, with sub regulation 276(2).*
3. *Chocolate may contain permitted flavouring substance and permitted food conditioner including-*
 - a. *lecithin in a proportion not exceeding 0.8 per cent;*
 - b. *monoglycerides and diglycerides, in a portion not exceeding 0.5 per cent;*
 - c. *polyglycerol polyricinoleate, in a proportion not exceeding 0.5 per cent if the total emulsifier content of the chocolate does not exceed 1.5 per cent; and*
 - d. *beeswax, candelilla wax, shellac or carnauba wax as permitted glazing agent in a proportion not exceeding 500 mg/kg.*
4. *Notwithstanding paragraph (2)(a), dark chocolate shall not contain more than 3 per cent milk fat.*

-
5. *Notwithstanding paragraph (2)(b), chocolate for coating biscuits or confectionery or similar products shall contain not less than 12 per cent of cocoa paste on water - free and fat - free basis.*

It is recommended that the corresponding standards be checked in the regulations directly. The text of the Regulations can be found (in English) at the link below as a .pdf file:

<http://fsq.moh.gov.my/v6/xs/dl.php?filename=730b5042d10be434b44c3165d1ec588b.pdf>

Or at the link below as a navigable webpage:

<http://fsis2.moh.gov.my/fosimtestsite/HOM/frmHOMFARSec.aspx?id=21>

Up to date information on appropriate documents concerning SPS measures:

<https://madb.europa.eu/madb/viewPageIPubli.htm?doc=overview&hscode=1806&countryid=MY#h20>

Labelling

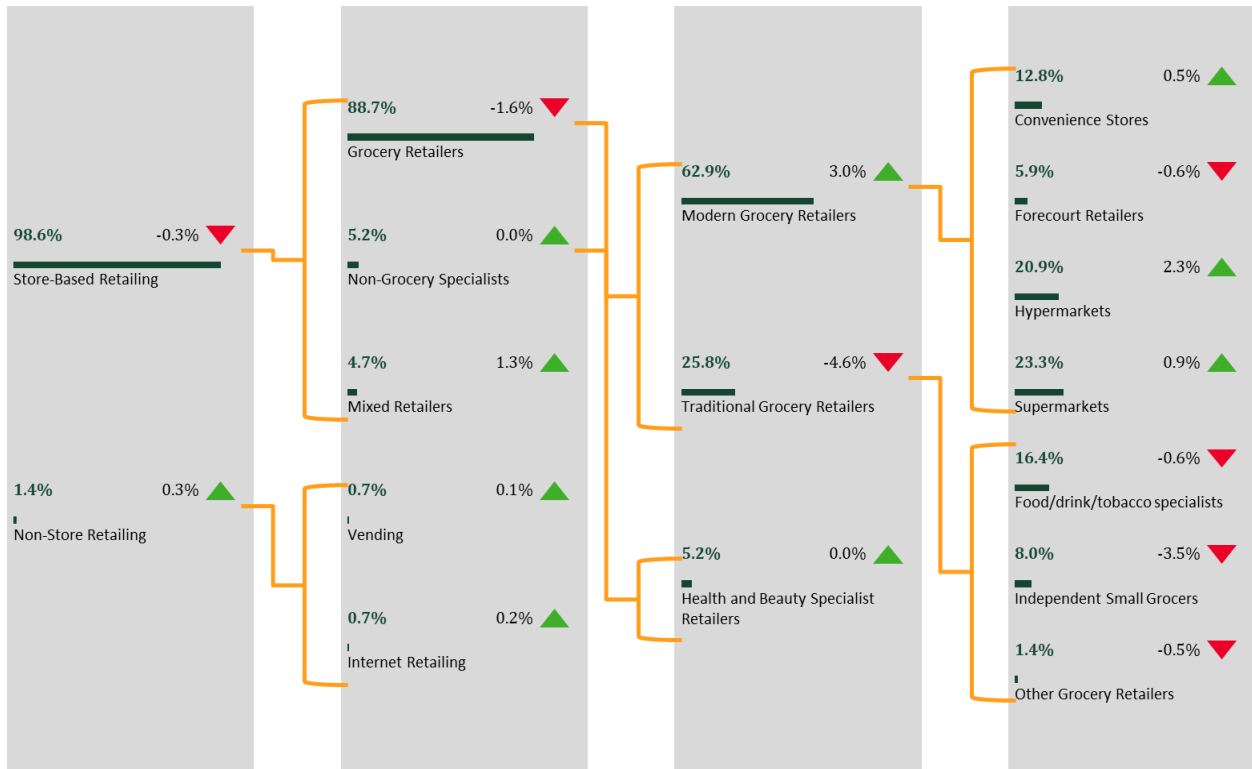
Sugar and confectionery products must comply with generic labelling requirements set out in the Food Regulations, which were described in section 4.2.3. Additional labelling requirements set out in products standards in the food regulations may also apply, most notably that for confectionery as a whole (no 140):

1. *No package of flour confection, sugar confection(ery), frozen confection(ery), ice confection(ery) or table confection(ery) shall be labelled with the word "fruit", "egg" or "milk" or any word of similar meaning, unless it contains a substantial quantity of fruit, egg or milk, as the case may be.*
2. *No package of any confection(ery) to which has been added a permitted flavouring substance shall be labelled with the name of any fruit or other natural substance imitated in flavour unless the name is conjoined in uniform lettering with the word "flavour".*
3. *No picture of a fruit, or expression or device (other than the name of a fruit conjoined with the word "flavour") that indicates, suggests or implies the presence of a fruit or fruit juice shall appear in the label on a package of frozen confection(ery), ice confection(ery) or table confection(ery) unless such confection(ery) contain at least 5 per cent of that fruit or fruit juice, as the case may be.*

5.7.5 Distribution

As depicted in Figure 5-33 nearly all chocolate confectionery sales are through store-based retailing (98.6%) and only 1.4% through internet-based retailing and vending machines. With 62.9% modern grocery retailers are the most popular go-to channel, followed by traditional grocers with approximately 25.8%. Health and beauty specialist retailers still accounted for 5% of the retail value in 2018. With over 20% supermarkets and hypermarkets are the most popular modern grocery retailers and other specialist stores with circa 16.4% the most used traditional retail channel. However, in 2018 consumer increasingly chose to purchase chocolate confectionery through modern channels and less through the traditional ones.

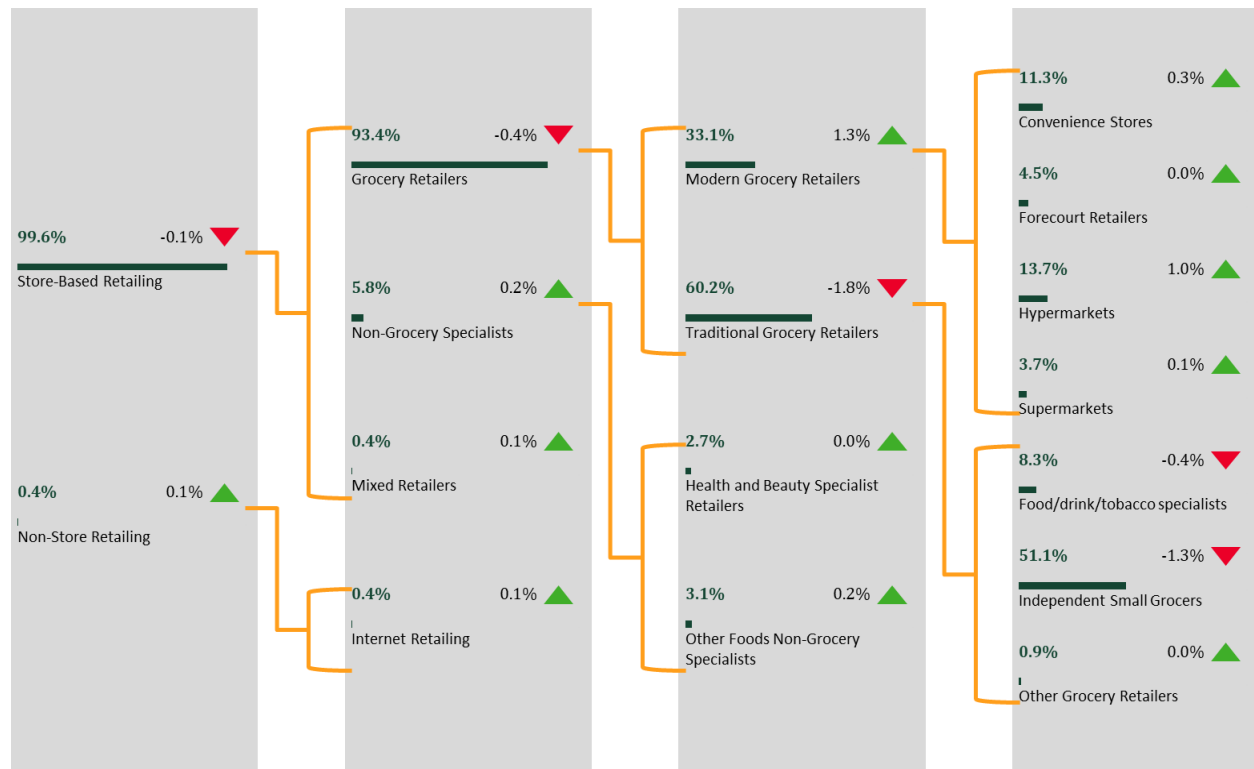
Figure 5-33: Distribution channel overview of chocolate confectionery in Malaysia (2018); retail value



Source: Euromonitor International: Packaged Food, 2020.

Sugar confectionery is even less likely to be purchased through non-store-based retailing (0.4%) as shown in Figure 5-34. Thus the remaining 99.6% of retail value in 2018 was accumulated through store-based retailing, mainly through grocery retailers. Only a few percent (5.8%) of the retail value was dependent on non-grocery specialists such as health and beauty specialist retailers and other foods non-grocery retailers. Traditional grocery retailers accounted for 60.2% of the retail value in 2018 and were a much more popular channel than modern grocery retailers with 33.1%. However modern grocery retailers are gaining a bit more popularity. The most used sub-channel within traditional grocery retailers were small independent grocers and within modern grocery retailers was hypermarkets and convenience stores.

Figure 5-34: Distribution channel overview of sugar confectionery in Malaysia (2018); retail value



Source: Euromonitor International: Packaged Food, 2020.

5.7.6 Challenges for EU products

Even though there are many competitors, the market for chocolate confectionery seems to be promising. However, it must be remembered that the market is dominated by big international companies such as Nestlé, Ferrero and Mondelez, which account for most of the markets value. Moreover, 10%-15% of tariffs need to be paid to introduce EU chocolate confectionery to the Malaysian market, increasing the prices to consumers of EU products. Yet, consumers seem to value chocolate from the EU a lot and are willing to pay higher prices.

The market for sugar confectionery is relatively small and has been declining in recent years. However, it is forecast to grow slightly until 2023. Sugar confectionery mainly is chosen by consumers because of its cheap prices, which is why it might be hard for higher-priced EU sugar confectionery to successfully enter the market. It might also be complicated to compete with countries such as China, Vietnam and Indonesia because they can sell their exported products for cheaper prices as well. Thus, the EU exported sugar confectionery needs to be price competitive. Another issue might be the fact that most sugar confectionery is sold in traditional small grocery stores and thus it might not be easy to get EU products listed in these stores.

Market Takeaway: Chocolate and confectionery

Consumption: *Chocolate consumption higher than sugar confectionery consumption. Chocolate consumption forecast to grow strong. Sugar confectionery consumption declines in recent years but is forecast to slightly recover.*

Competition: *Mainly international companies in general; plus imports from Singapore and Australia in exports for chocolate confectionery and from China, Vietnam and Indonesia for sugar confectionery.*

Distribution: *Chocolate confectionery mainly in modern grocery retailers such as supermarkets and hypermarkets; and sugar confectionery mainly in traditional grocery retailers such as independent small grocers.*

Challenges: *Tariffs for chocolate which increase the ultimate retail price of the product; to enter a small sugar confectionery market with cheap products which are mostly sold through small traditional grocery stores in which it is complicated to get a product listed.*

Opportunities: *Healthy chocolate and sugar-free sugar confectionery; smaller package sizes and products; countlines and boxed assortments; medicated confectionery; pastilles, gums, jellies and chews; and mints.*

5.8 Beer

5.8.1 SWOT analysis

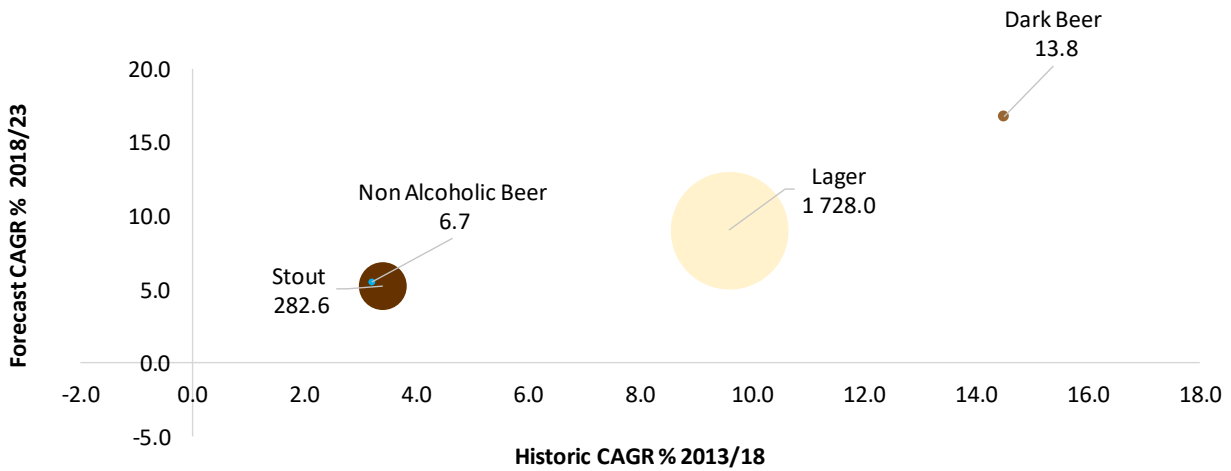
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none">▪ The EU as a whole accounted for more than 35% of the whole export beer markets value in 2019.▪ Main EU exporters sell their beer at prices way higher than the world's average.▪ Consumers are willing to pay a good price for high-quality beer.	<ul style="list-style-type: none">▪ The Muslim part of the society does not consume any alcohol, limiting the market.▪ Consumers under 21 are not legally allowed to drink beer.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none">▪ Lager is by far the most sold beer type and is forecast to grow at a moderate pace.▪ Dark beer has a smaller market size but is forecast to grow at a fast pace.▪ Internet retailing might be an interesting option due to its convenience for the shopper.	<ul style="list-style-type: none">▪ Import of beers has been declining between 2015 and 2019.▪ Consumers are attached to the two international brands leading the beer market (Heineken and Carlsberg) who also produce their beers locally in Malaysia.

5.8.2 Consumption

5.8.3 Evolution of consumption

In 2018 the size of the beer market was about EUR 2bn. Lager by far was the beer type accounting for most of the market's value with approximately EUR 1.7bn, as depicted in Figure 5-35. This means that lager consumption in Malaysia accounted for over 85% of the markets value. The stout beer market size was around 1/6 the size at close to EUR 283m. Even smaller were market sizes for the remaining two beer categories of dark beer and non-alcoholic beer. The size of the dark beer market was about EUR 14m and the one for non-alcoholic beer EUR 6.7m. Independent of size, all categories historically grew between 2013-18 and are furthermore forecast to continue to grow between 2018-23. Historically, the markets for dark beer and lager grew with the highest CAGRs of 14.5% (dark beer) and 9.6% (lager). Pre COVID-19 this trend was forecast to continue. Thus between 2019-23, the dark beer sector was forecast to grow a strong 16.8% and the lager sector at about 9%. Stout beer and non-alcoholic beer grew at lower percentages (3.4% stout and 3.2% non-alcoholic beer) and were forecast to grow at a slightly more (stout 5.2% and non-alcoholic beer 5.5%) between 2018 and 2023.

Figure 5-35 the beer market in Malaysia (value, EUR million); 2013-2023



Source: Euromonitor International: Alcoholic Drinks, 2020.

5.8.3.1 Consumer profile and purchase criteria

Consumers

According to law Malaysian law, beer consumers must be at least 21 years old. Moreover, Muslim consumers are prohibited to drink any kind of alcohol, beer included. Consumers come from all other parts of the Malaysian society; from young millennials up to older generations. Most avid beer drinkers are from the working class. Consumers love their lager, but still are interested in innovative new dark beer or new flavours. In general, Malaysian beer consumers value good quality beer, which is why they will pay a certain price. Beer is very popular in many expatriates groups as well.

Drivers and method of consumption

One big selling point of beer is its freshness, which is highly valued in the hot and humid Malaysian climate. Thus, beer is popular all year long and is a well-established and widely accepted alcoholic drink in the Malaysian society. It is enjoyed at home alone or with the family on a hot day after work, but mainly in restaurants and pubs, while socializing with other people. In particular in 2018 consumers stocked up with beer when the Goods and Services Tax of 6% was preliminarily lifted (before it went up to 10%), which boosted sales. Online shopping is still a very small channel in the beer market, however, in particular millennials enjoy ordering beer online because it is more convenient.

Craft beer consumption is rising in the capital and craft beer is becoming increasingly popular. Specialist beer bars and retailers that are serving craft and imported brews can be found in Melaka, Ipoh and Cyberjaya. Such bars and retailers and key to the rise in craft beer consumption includes the increased desire for eccentric tastes amongst Malaysian consumers. Non-alcoholic variations of beer are also rising in popularity in line with general awareness about heavy alcohol consumption rising amongst consumers and the general acceptance of non-alcoholic beer consumption in social settings.

Purchase criteria

In general, consumers prefer quality over quantity (except low-income consumer groups). Premium beer is popular and drinking it is connected with sophistication. Heineken and Carlsberg are the two most popular beer brands in Malaysia and consumers value those beers a lot. The growing beer culture also makes people curious to try other beers than lager such as craft beer or beer with exotic flavours. Depending on what the consumer looks for premium brands are mostly imported such as Corona Extra, Stella Artois or Budweiser. The mid-price range has imported as well as domestic beer such as Tiger, Carlsberg and Singha. Economy beer can be imported or domestic as well such as Skol and Chang. The premium brands mainly target high-income consumers, tourists, expatriates and sophisticated beer drinkers who enjoy good taste and texture. Consumers who value convenience will more commonly buy beer online and thus choose from the variety available.⁴⁶

Imported beer on Malaysian retailers's shelves

Typical off-trade retail prices for beer are:

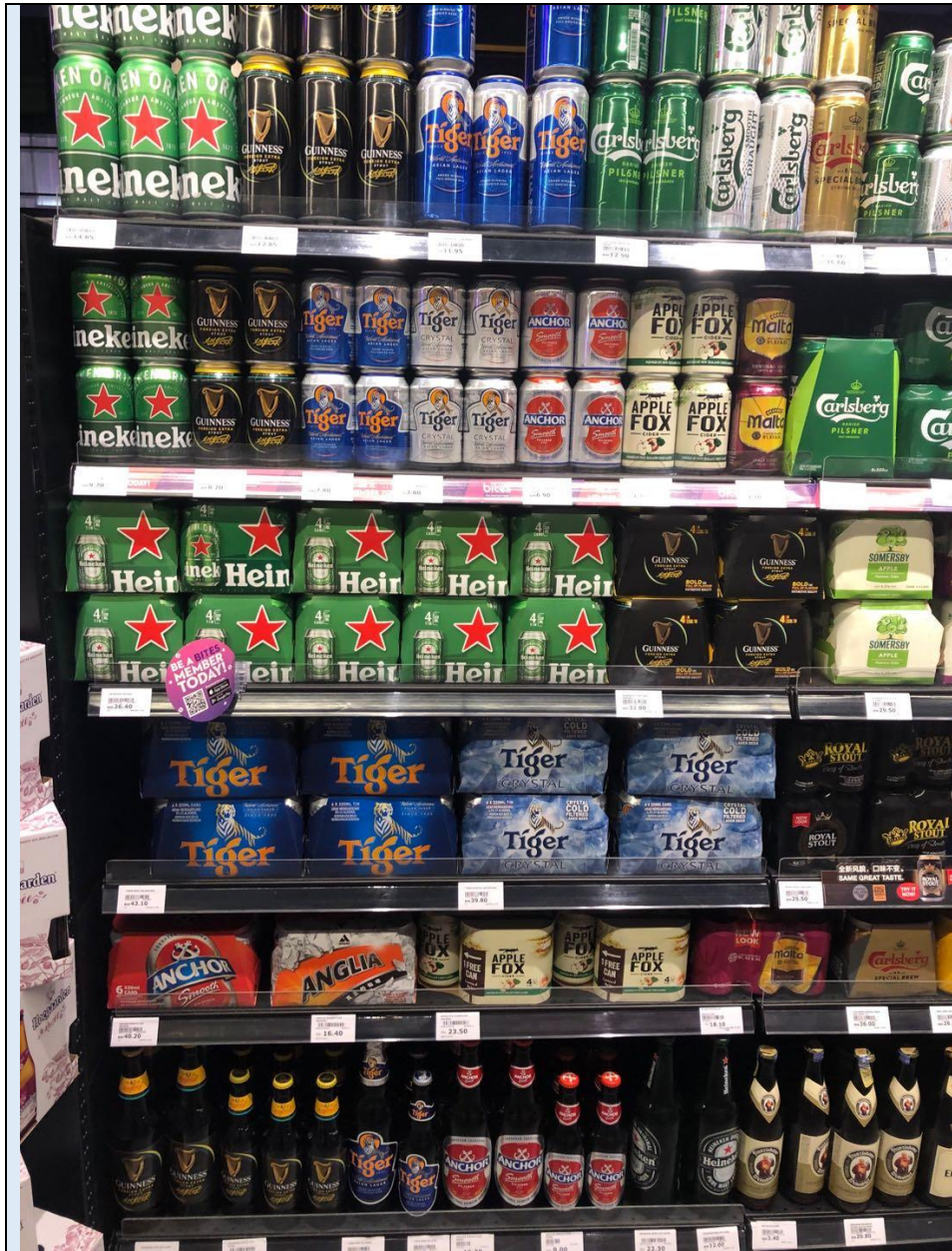
- Economy: below MYR 20 (EUR 4) / litre
- Mid-priced: between MYR 20- 40 (EUR 4-8) / litre
- Premium: above MYR 40 (EUR 8) / litre

Imported beer tend to be stacked together in Malaysian retailers (see below). In some cases (particularly that of small retailers) this may be at stoop or stretch level, with the popular mass market beer occupying the eye and touch levels (second picture). Imported beers come in the same packaging and volume as Europe with cans most commonly being 330ml and glass bottles 330ml or 500ml. Glass bottles have become particularly popular of late due to the premium feel Malaysian consumers get from them. Glass bottles also have the advantage of being usable both in off-trade retail and food service channels. Imported beers will often bear an associated with their country of origin on their packaging.

⁴⁶ Euromonitor International: Alcoholic Drinks, 2020



Cans are typically sold in packs of 4 or 6 while bottles may be sold separately or in packs. An increasing range of imported beers is being offered by retailers across the country.



Some beer exported will sell their products with an additional added value product such as a pint class or coasters in order to further entice consumers to purchase their product (see below).



Pictures: © Agra CEAS / Euromonitor International, 2020

5.8.3.2 Recent market trends

The following different trends are visible on the beer market in Malaysia:

- **Marketing and Innovation:** Due to the fact that consumers enjoy premium beer and there are many different good brands on the market companies need to invest in new product designs and new beer variations to keep up with the sophistication trend and to keep their consumers satisfied. New imported craft beers are in particular interesting for educated beer consumers because they offer many new varieties that local, however, much more popular brands do. Moreover, it is in trend to offer promotions during festive seasons to attract consumers, when they might be likely to consume more beer than usual.
- **Convenience trend:** The number of beer sold over the internet in Malaysia is growing, as is the general internet penetration in the country. Due to its convenience, some consumers start to purchase beer online and online retailers such as boozeat.com or hermiu.com are becoming increasingly popular. Even Heineken Malaysia established an e-commerce platform (Drinkies.my) and thus is one of the first big players to acknowledge this new trend. Millennials in particular are prone to shop online because they use internet retailing more often than older generations. Consumers are able to research information and compare products and prices across websites before purchasing. Prior to COVID-19, e-commerce was expected to witness a retail value CAGR of 23% over 2019-2024. With the pandemic limiting social gatherings and prompting people to spend greater amounts of time at home, this channel is expected to grow even further (retail value CAGR of 33% in the same period) and beer distribution will be affected by this.
- **Non-Alcoholic beer consumption:** this is increasingly normal in Malaysia as the government has moved to raise awareness about excessive drinking in the nation and the rise of western beer consumption norms. Currently all the popular non/low alcoholic beers in Malaysia are owned by Heineken and Carlsberg and are domestically produced. In 2019, Heineken introduced the Heineken 0.0 to Malaysia, following its successful launches in Thailand and Singapore. Not only did it provide a viable alternative for beer drinkers choosing to moderate their consumption, but it was also seen as more affordable, compared to higher-priced craft beers which further enticed consumers to try it.

5.8.4 Offer

5.8.4.1 Domestic production

Domestic beer production in Malaysia is high although there is a limit on the issuance of brewing licenses in the country. The two beer giants in Malaysia are the two international companies Heineken and Carlsberg, both brewing locally and acting as an oligopoly of sorts. In 2018 the two companies combined accounted for over 90% of beer sales in the country. In addition to the above two multinationals, Guinness is also producing beer domestically in the country.

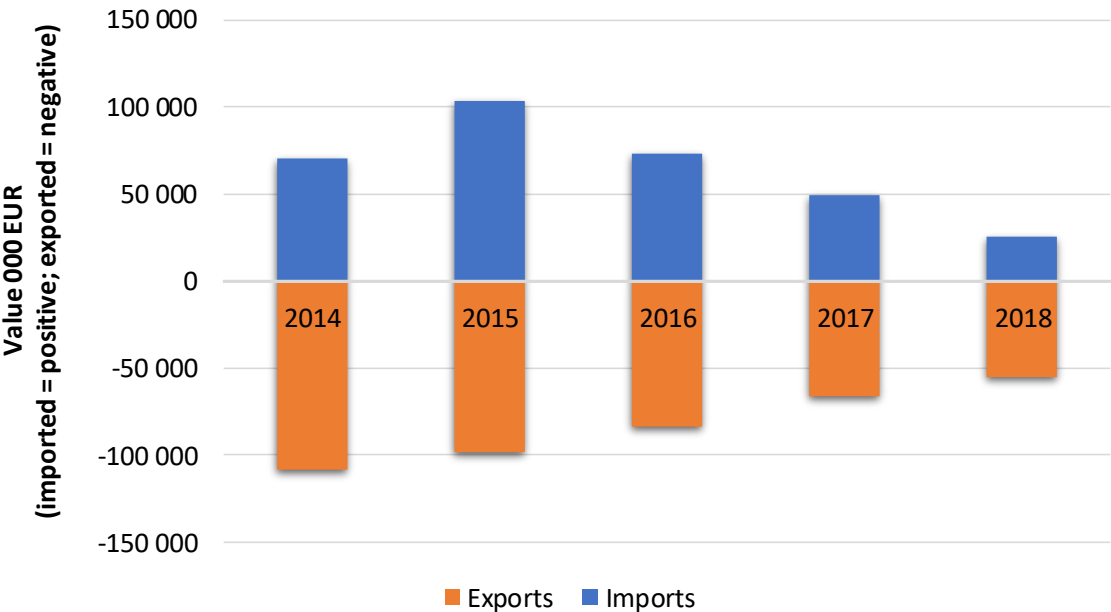
Heineken Malaysia Berhads produces many different beers locally ranging from beer, stout and cider to non-alcoholic beers and operates in the country since 1965. Heineken Malaysia Berhads does not only produce Heineken beer but also sells Tiger Beer, Strongbow Ciders, Kilkenny and many more and is the

leading beer giant on the Malaysian market due to its popular portfolio. To keep its popularity Heineken was leading large-scale campaigns such as the Tiger Uncaged Street Food Festival, The Great Brew Fest and several Roar with Tiger events. There are some local companies such as Napex Brewery, but these tend to be small players with insignificant market presence.⁴⁷

5.8.4.2 Imports and exports

As shown in Figure 5-36 Malaysia is a net exporter of beer. In 2019 the country exported beer with a value of close to EUR 62m, whereas it imported beer with a value of approximately EUR 28m. Since 2015 the values of exports as well as of imports of beer are decreasing.

Figure 5-36: Trade balance (imports and exports) of beer in Malaysia, 2015-19; EUR 000

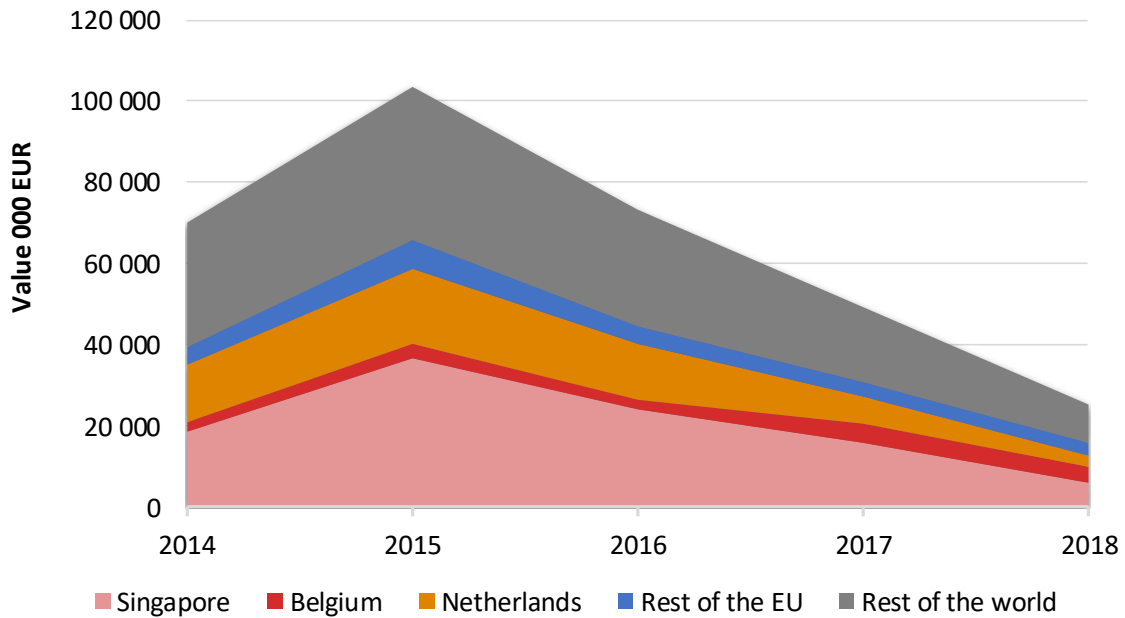


Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
 Data for CN code 2203.

As shown in Figure 5-37 Singapore was the top beer exporter to Malaysia in 2018 with a total value of EUR 6.1m. However, four out of the top ten exporters of beer are from the EU: Belgium (2nd), Netherlands (3rd), France (7th) and Ireland (10th). In the same year, Belgium exported beer worth of circa EUR 3.8m and the Netherlands beer worth of about EUR 2.8m. The EU as a whole accounted for a total value of close to EUR 9.8m, which means that over 35% of the total export markets value was due to EU exports. Other big non-EU exporters were India and China. Since 2015 the export market for beer to Malaysia is declining.

⁴⁷ Beer in Malaysia - 10 Best Beer Brands for a Tipsy Indulgence!, <https://www.holidify.com/pages/beer-in-malaysia-3806.html>; Carlsberg Brewery Malaysia, <https://www.zonebourse.com/CARLSBERG-BREWERY-MALAYSI-6491528/societe/>; Brewery tour, <https://www.heinekenmalaysia.com/brewery-tour/>

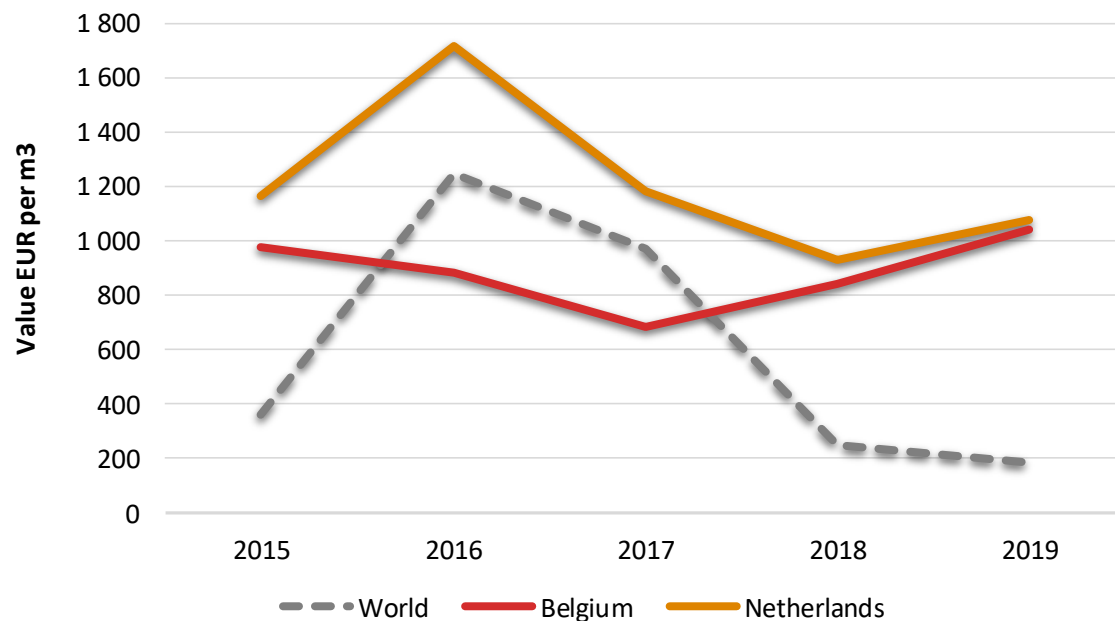
Figure 5-37: Malaysian imports of beer by country, 2015-19; EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 2203.

As depicted in Figure 5-38 the world's average beer price per unit is quite low at about EUR 180 per m³ compared to the price of beer from Belgium and the Netherlands. In 2019 an m³ of Belgian beer was about EUR 1 040 and beer from the Netherlands even higher at circa EUR 1 080 per m³, which is close to 6 times higher than the world's average. The world's average unit value of beer imported into Malaysia is declining since 2016, whereas the price of Belgian and Dutch beer has been increasing again after 2016/2017.

Figure 5-38: Per unit value of Malaysian imports of beer for selected EU countries, 2015-19 (EUR per m³)



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 2203.

5.8.4.3 EU GI products

No EU GIs for beer have been registered in Malaysia.

5.8.4.4 Main competitors

By far the main competitors are Heineken and Carlsberg, two international companies leading the beer market in Malaysia and producing locally. Both together accounted for 90%+ of volume shares of beer in the country and consumers highly value their brand portfolios. Everyone in the country knows their beer. Both companies moreover, have brewing licenses in Malaysia and produce their beer domestically. On a broader export market view, the main competitors are mainly its neighbour Singapore, but also India and China; though the importance of imported beer has declined significantly in recent years.

5.8.5 Specific market entry requirements

As noted in the **Customs procedure** section below, there are documents required prior to the import of beer including an import licence.

In terms of tariffs, currently European beer products are subject to quantity duties of MYR 5 per litre.

Market Access and Entry

Detailed information on import duties and Rules of Origin can be consulted on the European Commission website:

<https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=MY&hscod=2203>

Customs procedures

The customs procedures for importing foodstuffs are set out in 4.2.1. A full list of the general requirements for export set out in Table 4-1. A list specifically for beer can be found on the websites indicated in the box below.

Any other up to date information on appropriate documents concerning customs procedures can be consulted on European Commission website:

<https://madb.europa.eu/madb/datasetPreviewIFpubli.htm?hscod=2203&countries=MY>

Standards, SPS measures

Regulations 361 and 374 of the Food Regulations contain standards relevant for beer. The overarching standard for beer (regulation 374) is set out below:

1. *Beer, lager, ale or stout shall be the product of the alcoholic fermentation of liquid derived from a mash of malted grain with hops or other harmless vegetable bitter.*
2. *Beer, lager, ale or stout -*
 - a. *shall contain more than 2 per cent v/v of alcohol; and*
 - b. *may contain unmalted cereal or cereal meal, sugar, yeast nutrient or carbon dioxide.*
3. *Beer, lager, ale or stout may contain caramel as a colouring substance, ascorbic acid and not more than 25mg/kg of sulphur dioxide or sulphite as permitted food conditioner.*
4. *Except as otherwise provided in sub regulation 360(1), the word "beer", "lager", "ale" or "stout" shall not appear in the label of any package containing food unless the food complies with the standard for beer prescribed in this regulation.*

It is recommended that the corresponding standards be checked in the regulations directly. The text of the Regulations can be found (in English) at the link below as a .pdf file:

<http://fsq.moh.gov.my/v6/xs/dl.php?filename=730b5042d10be434b44c3165d1ec588b.pdf>

Or at the link below as a navigable webpage:

<http://fsis2.moh.gov.my/fosimtestsite/HOM/frmHOMFARSec.aspx?id=21>

Up to date information on appropriate documents concerning SPS measures:

<https://madb.europa.eu/madb/viewPageIFPubli.htm?doc=overview&hscod=2203&countryid=MY#h20>

Labelling

Beer must comply with generic labelling requirements set out in the Food Regulations, which were described in section 4.2.3. In addition, Regulation 361 of the Food Regulations 1985 includes some specific labelling requirements for alcoholic beverages. Notably (as stated in the Regulation):

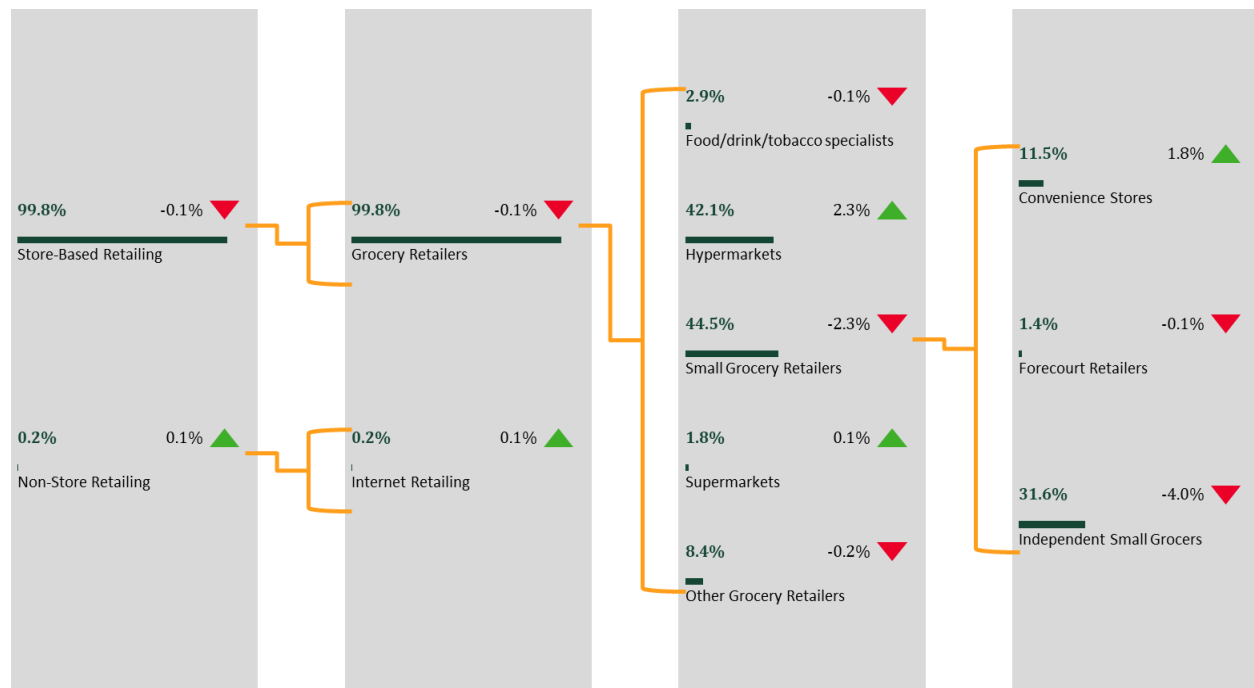
(2) ... there shall be written in the principal display panel in the label of package containing alcoholic beverage, in capital bold-faced lettering of a non-serif character not less than 12 point size lettering, the words "ARAK MENGANDUNGI - % ALKOHOL ; "

(2A) There shall also be written in the label on a package of a non-serif character not less than 12 point size lettering, the words "MEMINUM ARAK BOLEH MEMBAHAYAKAN KESIHATAN".

5.8.6 Distribution

The volume of the on-trade beer sector is more than double as high as the off-trade one. In 2018 on-trade sales had a volume of about 131m litres, whereas the volume of the off-trade sector was about 67m litres. On-trade, as well as off-trade markets, grew at more or less the same CAGR between 2013 and 2018. Nearly all off-trade beer is sold in store-based retailing (99.8%) as shown in Figure 5-39. The remaining 0.2% is sold online. The most important channels in 2018 were hypermarkets, which accounted for over 42% of volume sales and small grocery retailers, which sold 44.5% of the total volume. Hypermarkets are becoming increasingly popular and their volume sales share has increased recently. Within the small grocery retailer section, independent small grocers (31.6%) as well as convenience stores (11.5%) are in particular the go-to channels.

Figure 5-39: Distribution channel overview of beer in Malaysia (2018); off-trade volume



Source: Euromonitor International: Alcoholic Drinks, 2020.

5.8.7 Challenges for EU products

The beer market in Malaysia is dominated by Heineken and Carlsberg, which produce their beer locally in the country. Those two absolutely dominate the market, which might make it more complicated to establish exported EU beers permanently on the market in Malaysia. Nearly every consumer knows and values the most famous brands produced under Heineken and Carlsberg in Malaysia. However, Malaysian consumers are increasingly interested in craft beer and new flavours and variations. European beer is often higher priced than beer from other regions in the world, but luckily Malaysian consumers

tend to choose good quality over price (except low-income consumers). In 2018 about 35% of the value of the exported beer market was due to exports from the EU, which is not a too bad starting point for EU companies interested in exporting beer to Malaysia. However, it is important to keep in mind that per litre of beer from the EU a bit more than EUR 1 in duties needs to be paid, which will add to the normal beer price and make it even more expensive in the end for the consumer. Beer is popular in Malaysia, but the Muslim part of the society is not allowed to drink any alcohol, which creates a smaller beer market than the population size suggests. In the end, beer is still one of the most popular alcoholic drinks in Malaysia and the market seems to open up for new opportunities.

Market Takeaway: Beer

Consumption: 2018 a market value of EUR 2bn. Lager in particular popular with moderate forecasted growth rates. The market for dark beer is smaller but is forecast to grow at a fast pace.

Competition: Heineken and Carlsberg lead the market and produce domestically, while Singapore, India and China are the main competitors when it comes to exports.

Distribution: On-trade accounts for the majority of sales by volume. Off-trade sales mainly through hypermarkets and small grocery retailers such as independent small grocers and convenience stores.

Challenges: Muslim part of the population does not drink alcohol; about EUR 1 of tariffs to pay per exported litre of beer, market is highly dominated by Heineken and Carlsberg and consumers are connected to their brands.

Opportunities: Lager by far the most sold beer type; dark beer market is smaller but forecast to grow fast; increased interest in niche beers; online shopping becomes more popular because of consumers convenience

5.9 Processed meat

5.9.1 SWOT analysis

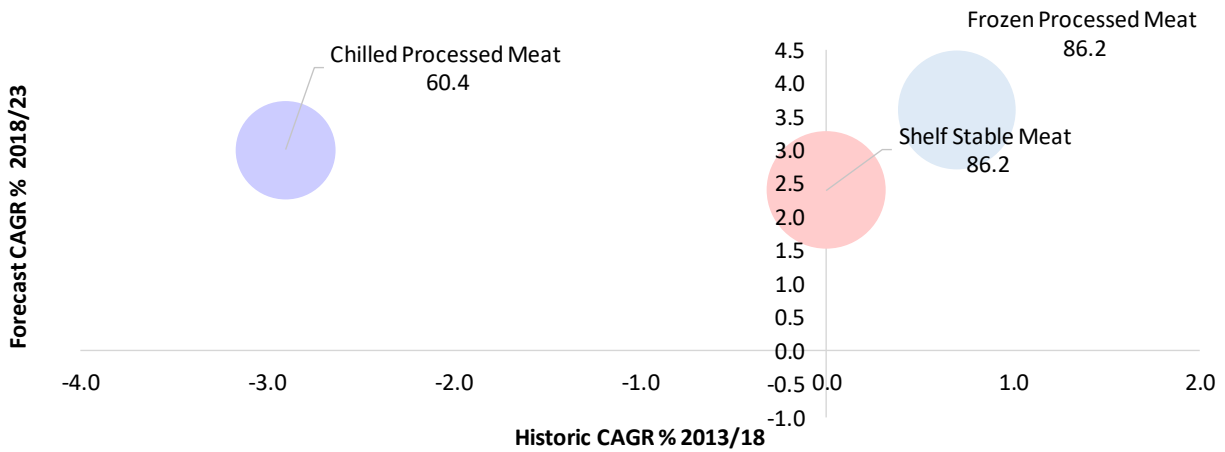
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none">▪ The EU accounted for around 29% of the exports market value in 2019.▪ Meat substitutes are not very popular yet, but due to the health trend, this will probably change.	<ul style="list-style-type: none">▪ The exports market value declined between 2015 and 2019.▪ Muslims do not consume pork.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none">▪ Pork more popular in shelf-stable and chilled processed red meat, but beef more popular in frozen red meat.▪ Most popular products frozen processed poultry are nuggets, sausages and coated chicken.▪ Healthy variations due to health trend and new innovative flavours.	<ul style="list-style-type: none">▪ Malaysia is by far a net exporter of processed meat and domestic production even covers some European style products.▪ China and Singapore are the biggest exporters.▪ Low consumer trust because of African Swine Fever outbreaks and some separate food safety issues.

5.9.2 Consumption

5.9.2.1 Evolution of consumption

In 2018 the total market size of the processed meat market was close to EUR 233m. As depicted in Figure 5-40, frozen processed meat and shelf-stable meat had the same market size in 2018 of EUR 86m and chilled processed meat ranked second with about EUR 60m. All three categories therefore have quite similar market sizes. However, between 2013 and 2018 the market size of chilled processed meat declined by approximately 2.9%. The other two categories did not decline but also did not show strong growth; the shelf-stable meat market remained flat and the one for frozen processed meat only increased by about 0.7% per year. This is forecast to change slightly for the better in the future. Frozen processed meat is forecast to achieve the highest growth of around 3.6% between 2019 and 2023, followed by chilled processed meat with 3% and shelf-stable meat with approximately 2.4% (though these estimates predate COVID-19). Thus, the chilled processed meat market is forecast to restore itself a little bit.

Figure 5-40: Evolution and forecast of the processed meat market in Malaysia, 2013-2023; retail value EUR million



Source: Euromonitor International: Packaged Food, 2020.

5.9.2.2 Consumer profile and purchase criteria

Consumers

Consumers of processed meat as whole come from all parts of the Malaysian society. The range of products available mean that consumers of all ethnic and religious groups can consume processed meat. While the market for chilled processed meat is dominated by red meat, including most notably pork – the frozen processed meat market is centred main only poultry (70% of all sales in this category). Lower and middle-income consumers tend to consume basic and usually not too expensive processed meat. High-income consumers are more likely to consume high-class processed meat. Obviously, Muslims are not consuming pork, but do consume all other kinds of processed meat. In particular young consumers are likely to be open to new and innovative products and flavours.

Drivers and method of consumption

With a wide range of products falling under the umbrella of processed meat, methods of consumption also vary to some extent. That said, consumers most commonly eat processed meat at home, where they use to as part of their lunch or dinner. For some types such as sausages, burgers etc., it is also common for consumers to enjoy these processed meat products in restaurants – fast food ones in particular - while socializing with friends. However, due to a pork virus scare plus some recent safety issues with processed meat and seafood, consumers stated to be much more conscious about the meat they consume, which led to a decline in particular in the shelf-stable and chilled section. Consumers confidence will remain low. It is likely that consumers rather use fresh meat supplied locally, where they feel safe about the freshness and quality of the product. Interest in cured meats has been growing in Malaysia, though the aforementioned virus issues may have impacted interest recently.

Purchase criteria

In the wake of food safety issues with processed meat, the most important purchase criterium is the consumer's trust in certain products. If consumers do not trust its origin or cannot be sure about its

freshness, they are very likely not going to buy it. Against this background, the quality and (for some products) freshness of the product are important. Moreover, Malaysian consumers are increasingly interested in healthier diets, which is why health is another criterium. If a product is deemed to be too unhealthy, in particular, health-conscious consumers are less likely to purchase the product. In general, consumers prefer to buy pork in the categories of shelf-stable and chilled red meat, whereas they prefer beef in the frozen red meat section. Consumers top choices in the frozen processed poultry section remain mainly nuggets, sausages and coated chicken. Also, consumers are interested in new flavours of processed meat products such as hot and spicy.⁴⁸

5.9.2.3 Recent market trends

Due to issues with African Swine Fever, the Department of Veterinary Services prohibited the import of all kinds of pork products from Poland, China and various other countries. In particular products from Western countries have marked access issues now as a consequence of this. This development has had negative impacts on the different categories such as shelf-stable red meat, though it has also had some knock on effects also on chilled processed poultry because the consumers' confidence is low. To combat the decrease processed meat companies are forecast to continue to bring new products on the market focusing on the health trend as well as on new exotic flavours. Many health-conscious products such as processed meat-free from antibiotics and organic chilled meat substitutes are increasingly introduced to the market. Moreover, companies invest in research and development to understand the potential of the frozen processed meat market and are likely to cooperate with regional counterparts to increase operational efficiency. On this note, Lay Hong Food Corp Sdn Bhd, for example, cooperates with Japan's NH Foods Ltd to together become the leading frozen processed poultry companies in Malaysia.

5.9.3 Offer

5.9.3.1 Domestic production

The livestock industry in Malaysia is important, though there are structural deficits in multiple meat types. Food-processing is an important sector as well which accounts for around 10% of the whole manufacturing output in the country. Processed food production generates a lot of money and is exported to over 200 countries worldwide. Due to increasingly better processing technologies established in Malaysian producers have widened their interests and use more local raw materials as well as imported ones and expand their product ranges. Poultry processing in particular makes up about 60% of the total meat processing industry, with poultry meat is an important raw material used for further processing. The four biggest companies selling processed meat are currently Clouet & Co (KL) Sdn Bhd, followed by Syarikat Perniagaan Cheong Fatt, Chinese company Xiamen Jiahua Import & Export Trading Co Ltd and Euro Deli Manufacturing Sdn Bhd. These four companies three of which are Malaysian, hold around 40% of the processed meat market. With regard specifically to Euro Deli Manufacturing, the Swiss-German

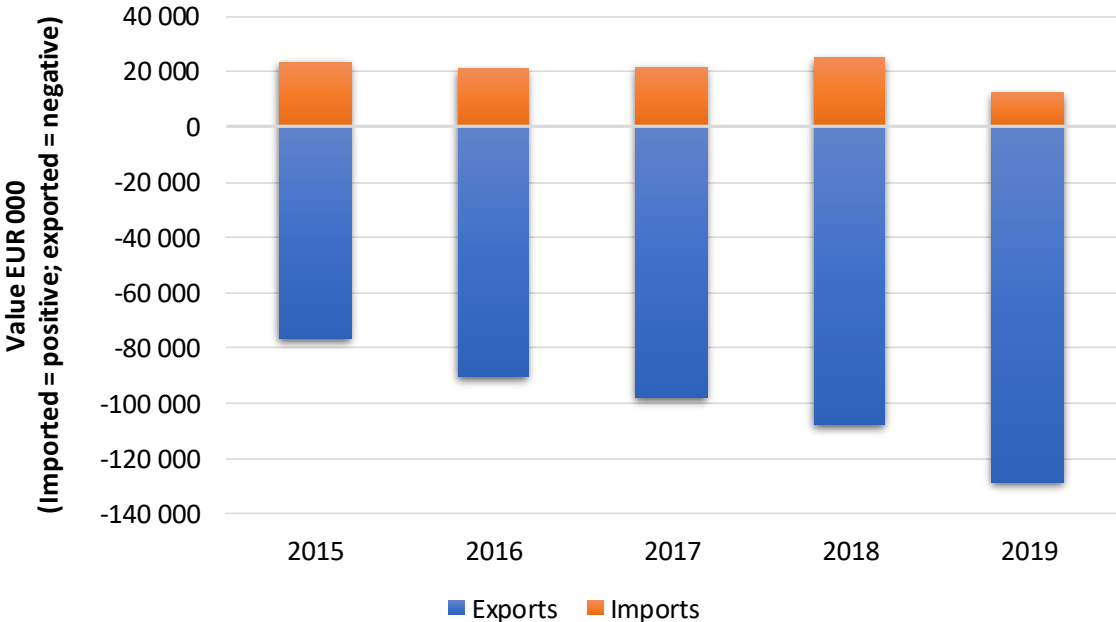
⁴⁸ Euromonitor International: Packaged Food, 2020.

specialties are produced in their local factory in Malaysia and cater the demand for European food; meaning that some European style processed meat products are being produced locally.⁴⁹

5.9.3.2 Imports and exports

As shown in Figure 5-41 Malaysia is a major net exporter when it comes to processed meat. In 2019 the country exported processed meat with a value of about EUR 128m, whereas it imported way less, around EUR 12.5m. Since 2015 the imports market value declined by around EUR 16m and the export market, on the other hand, increased by approximately EUR 51m.

Figure 5-41: Trade balance (imports and exports) of processed meat in Malaysia, 2015-19; in euros

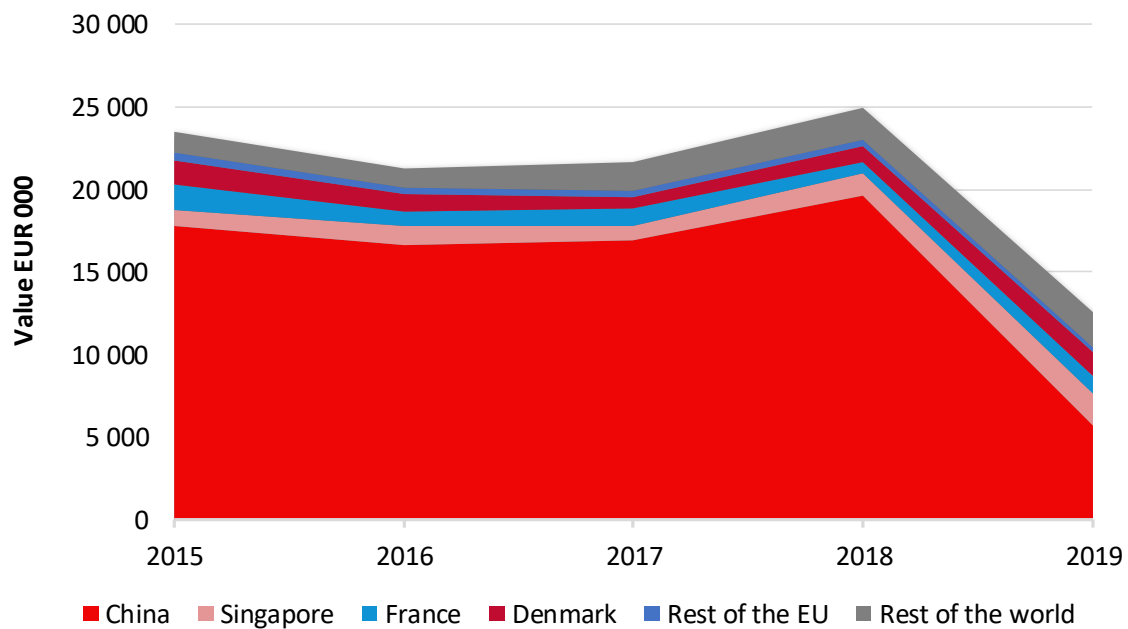


Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
 Data for CN codes 0210, 1601, 1602.

Two out of the five main exporting countries are from the EU. However, China is the biggest exporter of processed meat to Singapore. As depicted in Figure 5-53 the country exported a value of about EUR 6.2m in 2019. Malaysia’s neighbour Singapore ranks second, but exported products with a value over three times lower than China, with circa EUR 1.8m. Denmark and France rank third and fourth and their exported values are close to Singapore’s one. Denmark exported around EUR 1.4m and France about EUR 1.1m in 2019. The EU in total exported goods with a value of up to EUR 3.6m and thus accounted for approximately 29% of the total markets value.

⁴⁹ Food Industry in Malaysia, https://www.mida.gov.my/home/administrator/system_files/modules/photo/uploads/20180903103354_Food%20Industry%202018_V4.pdf; About Euro Deli, <http://www.eurodeli.com.my/abouteurodeli/>

Figure 5-42: Malaysian imports of processed meat by country, 2015-19; in euros



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 0210, 1601, 1602.

5.9.3.3 EU GI products

No EU GI for processed meat has been registered in Malaysia.

5.9.3.4 Main competitors

As Malaysia is a big net exporter of processed meat the local production is an important part of the economy in the country. The manufacturing industry is evolving and reached a point where processing meat accounts for around 10% of the whole food processing sector. Many small and local companies but also big ones dominate the market. Other than that, in particular China is the biggest competitor regarding the import market followed by Malaysia's next-door neighbour Singapore.

5.9.4 Specific market entry requirements

Market Access and Entry

Countries and facilities must be approved before meat products can be exported. Details on this were provided in a box in section 4.2.2. In the case of non-pork products, this approval process includes the requirement for halal certification of the facilities. It is recommended to consult the aforementioned box for full details. More information on the procedures for non-pork meat can be found on the DVS website at the following address:

http://www.dvs.gov.my/dvs/resources/user_1/DVS%20pdf/SQIE/2017/Prosedur%20Am/PROCEDURE_TO_IMPORT_RUMINANT_MEAT_POULTRY_MEAT_RABBIT_MEAT_PRODUCTS_TO_MALAYSIA.pdf

In terms of tariffs, currently European processed meat products imported into Malaysia are generally subject to MFN tariffs of 0%, 10% or 15%, depending on the HS code.

Detailed information on import duties and Rules of Origin can be consulted on the European Commission website by putting in the corresponding code:

e.g. <https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=MY&hscod=1601>

Customs procedures

The customs procedures for importing foodstuffs are set out in 4.2.1. A full list of the general requirements for export set out in Table 4-1. A list specifically for different processed meat products can be found on the websites indicated in the box below; most notably, importer registration with MAQIS, an import permit for animal products, a veterinary permit and a halal certificate are required.

Any other up to date information on appropriate documents concerning customs procedures can be consulted on European Commission website by putting in the corresponding code:

e.g. <https://madb.europa.eu/madb/datasetPreviewIFpubli.htm?hscod=1601&countries=MY>

Standards, SPS measures

It is essential to know that meat other than pork must be certified as Halal in accordance with the requirements of JAKIM, the national body responsible for halal certification in Malaysia. Full details of this can be found in a box in section 4.2.3. The key point to retain is that the requirements which apply are JAKIM's, though it does accredit certain foreign certifying bodies for a period of two years. A list of accredited bodies as of February 2020 can be found at the link below:

http://www.halal.gov.my/v4/ckfinder/userfiles/files/cb2/CB_LIST_FEBRUARY_5TH_2020.pdf

In addition to Halal requirements, there are a couple of challenges that EU exporters should be aware of with regards to regionalisation, restrictions on imports due to disease outbreaks (currently poultry from France and pork from Poland are affected) and the approval process. More details on these were provided in section 5.1.4 on market entry requirements for fresh meat.

Various regulations in part 8 of the Food Regulations contain standards relevant for processed meat; most notably regulations 141-155. It is not possible to cover all standards in detail here, but by way of example, the overarching standard for canned meat (regulation 149) is set out below:

1. *Canned meat shall be meat or smoked meat packed in clean containers that are hermetically sealed and processed by heat to ensure preservation. It may contain salt, potable water and brine.*
2. *Canned meat shall contain not less than 90 per cent of meat.*
3. *Canned meat may contain –*
 - a. *sodium nitrate, potassium nitrate, sodium nitrite, or potassium nitrite, alone or in combination, as permitted preservative, provided that the final product does not contain more than 200 ppm of total nitrate and nitrite calculated together as sodium nitrite;*
 - b. *permitted flavouring substance;*
 - c. *permitted flavour enhancer; and*

-
- d. any phosphate as permitted food conditioner in such a proportion that the total phosphorus content calculated as phosphorus pentoxide does not exceed 0.3 per cent.*

It is recommended that the corresponding standards be checked in the regulations directly. The text of the Regulations can be found (in English) at the link below as a .pdf file:

<http://fsq.moh.gov.my/v6/xs/dl.php?filename=730b5042d10be434b44c3165d1ec588b.pdf>

Or at the link below as a navigable webpage:

<http://fsis2.moh.gov.my/fosimtestsite/HOM/frmHOMFARSec.aspx?id=21>

Up to date information on appropriate documents concerning SPS measures:

<https://madb.europa.eu/madb/viewPageIFPubli.htm?doc=overview&hscode=1601&countryid=MS#h20>

Labelling

Processed meat products must comply with generic labelling requirements set out in the Food Regulations, which were described in section 4.2.3. In addition, regulation 155 in part 8 of the food regulations contains specific labelling requirements for meat products:

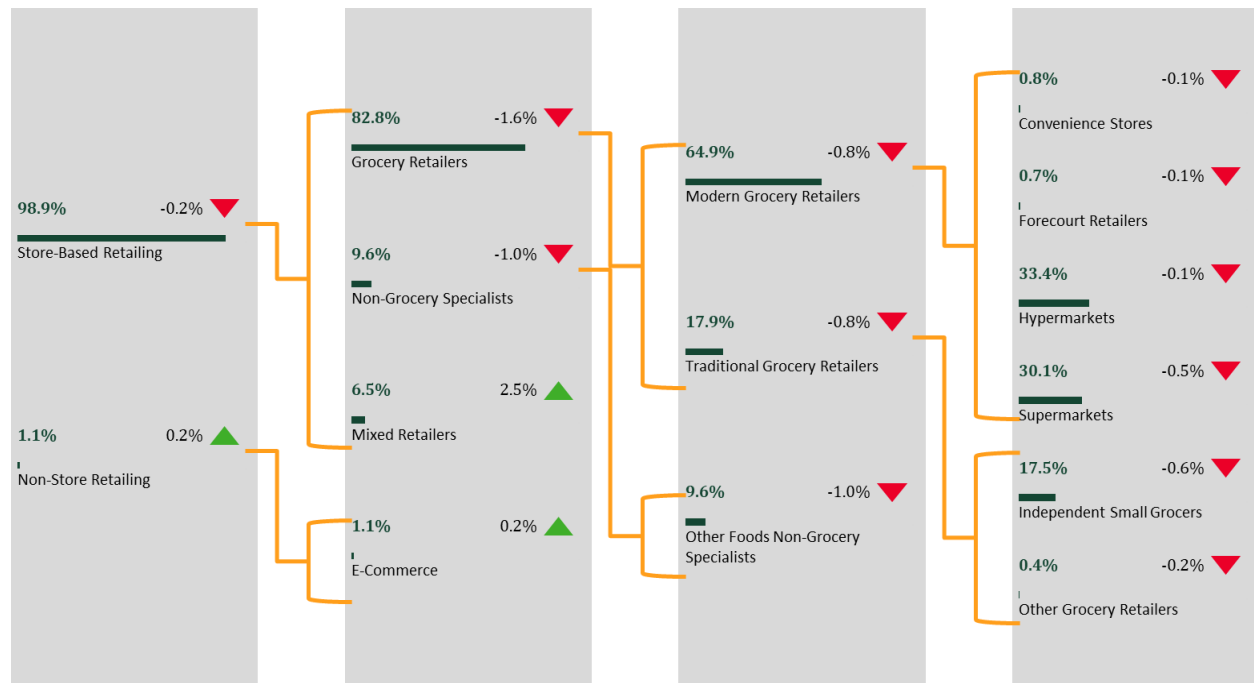
1. *There shall be written in the label on a package containing meat and meat product, in not less than 10 point lettering -*
 - a. *the common name of the kinds of meat from which its content has been prepared; and*
 - b. *where its content consists of two or more kinds of meat, the common name of the kind of meat present, in descending order of the proportion present.*

A link to the text of the food regulations was provided above.

5.9.5 Distribution

Figure 5-43 shows that a small part of processed meat (about 1.1%) is distributed through online retailing. Even though this number seems small compared to 98.9% of store-based retailing, it has slightly increased recently. Grocery retailers are the most prominent channels, however also the category of mixed retailers has increased recently while the retail value of all other channels has decreased slightly. Yet modern grocery retailers with around 64.9% remain at the forefront in particular hypermarkets with about 33.4% and supermarkets with 30.1% of the retail value are popular. Independent small grocers, as part of the traditional grocery channels, rank third with about 17.5%.

Figure 5-43: Distribution channel overview of processed meat and seafood in Malaysia (2018); retail value



Source: Euromonitor International: Packaged foods, 2020.

5.9.6 Challenges for EU products

Malaysia is a net exporter of processed meat and thus is producing a lot of it domestically. Moreover, the import market decreased its value between 2015 and 2019, whereas the export market increased a lot over the same period of time. This could be due to the increased local production of processed meat, which can feed most of the demand by itself. Confidence in processed meat products has fallen recently following disease outbreaks and food safety issues; with imports particularly hit by this. In terms of tariffs, currently European processed meat products imported into Malaysia are generally subject to MFN tariffs of 0%, 10% or 15%. Depending on the HS code the end prices of some products might be quite affected. Finally, access for processed meat products is not always straightforward.

Market Takeaway: Processed meat

Consumption: In 2018 was about EUR 233m. All categories have a more or less equal market size and are forecast to grow a bit more than between 2013-2018.

Competition: Big meat processing industry in Malaysia and mainly domestic producing companies dominate the market. In particular with China and Singapore are competitors regarding the import market.

Distribution: Internet retailing increased, however, store-based retailing through hypermarkets, supermarkets and independent small grocers remains most important.

Challenges: The big local production as well as the decreased size of the import market, consumer confidence and market access issues.

Opportunities: Healthy products as well as innovative flavours.

5.10 Ice cream

5.10.1 SWOT analysis

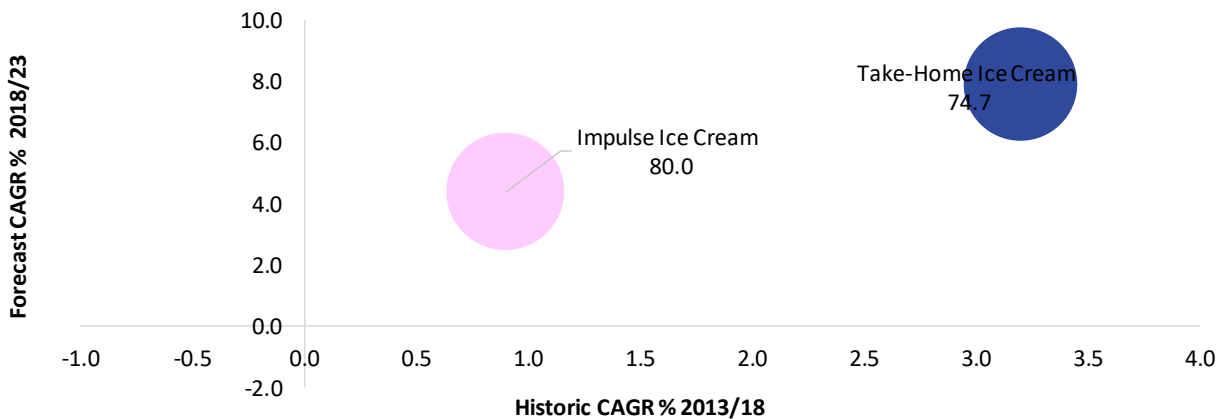
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none">▪ The sector is forecast to grow.▪ Malaysia is a net importer of ice cream.▪ The value of the imported ice cream market is increased between 2015-19.	<ul style="list-style-type: none">▪ The EU's exports only account for about 7% of the total markets value.▪ High ice cream unit value of products from the EU but most consumers are price sensitive.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none">▪ Premiumisation and high-quality ice cream is a niche trend. The same consumers often also prefer smaller package sizes because of the health trend.▪ New flavours, in particular local ones such as exotic fruits.▪ The most chosen flavours are classic ones such as chocolate, vanilla and strawberry, but also coffee, corn and cappuccino.	<ul style="list-style-type: none">▪ Thailand exports about half of the markets value followed by Indonesia and the USA. Together those 3 countries account for nearly 90% of the total market and thus are huge competitors.▪ International brands Unilever and Nestlé dominate the market. Unilever even has an ice cream factory in Malaysia. Fraser & Neave Holdings is the biggest Malaysian competitor.

5.10.2 Consumption

5.10.2.1 Evolution of consumption

As shown in Figure 5-44 the total ice market size in Malaysia in 2018 was about EUR 155m. The two categories impulse ice cream and take-home ice cream both had a similar market size and thus are equally important. Impulse ice cream had a market size of circa Eur 80m in 2018 and take-home ice cream close to EUR 75m in the same year. Between 2013 and 2018 take-home ice cream grew at a higher rate of about 3.2% than impulse ice cream, which grew by approximately 0.9%. In the forecasted period of 2019 and 2023, both categories were forecast to grow at a stronger pace than prior to COVID-19. Take-home ice cream was forecast to remain to grow at a higher rate of about 7.9% and impulse ice cream at around 4.4%.

Figure 5-44: Evolution and forecast of the ice cream market in Malaysia, 2013-2023; retail value EUR million



Source: Euromonitor International: Packaged Food, 2020.

5.10.2.2 Consumer profile and purchase criteria

Consumers

Ice cream consumers in Malaysia span all age groups and income groups. However, children are one main consumer group. Most consumers are moreover price-sensitive when it comes to ice cream, whereas there is a segment of consumers that are mainly health conscious.

Drivers and method of consumption

Ice cream is an enjoyable indulgence and the perfect sweet treat in Malaysia due to its hot tropical weather. Consumers enjoy impulse ice cream to cool off, when they are outside somewhere, whether alone or with friends and family. Ice cream is the perfect on the go snack and impulse ice cream is available in nearly all convenience stores such as 7-Eleven or 99 Speed Mart as well as in grocery retailers. However, consumers also enjoy taking ice cream home to enjoy it in a comfortable atmosphere while relaxing or unwinding from a long day for example. In particular, kids are driving the consumption of ice cream.

Purchase criteria

Consumers are mainly price sensitive, which is why the price is one of the main purchase criteria. Take-home ice cream is becoming increasingly popular because it is offered at lower prices than impulse ice cream. Moreover, families often prefer take-home ice cream because they can make bulk purchases. Most Malaysian local consumers prefer sweet ice cream, in particular those from lower-income groups which often are less health-conscious. Premiumisation is more of a niche in Malaysia, however in particular health-conscious and more wealthy consumers prefer more premium cream. In 2018 the most popular flavours were very traditional ones such as chocolate, vanilla and strawberry, but also coffee, corn and cappuccino. Consumers moreover increasingly choose local flavours such as tropical fruits like mango. Ice on sticks is considerably more popular than ice cones.⁵⁰

⁵⁰ Euromonitor International: Packaged foods, 2020.

5.10.2.3 Recent market trends

The ice cream market in Malaysia is developing and different recent trends are distinguishable:

- **Price sensitivity:** Most consumers are price conscious, which is why there is a trend low-cost ice cream as well as different promotions surrounding ice cream. In particular take-home ice cream is trending.
- **Premiumisation:** Premiumisation is not as common for the ice cream sector, however, wealthier consumers are driving this niche trend forward. Consumers in particular choose high-quality impulse ice cream to get maximum indulgence. Small-sized portions of ice cream are trending because those wealthy consumers often are more health-conscious as well. With ice cream coming in smaller packages they are sure to be able to control their sugar and calorie intakes. For example, Haagen-Dazs now offers a minis line with bite-sized ice cream packs. Other players such as Nestlé also offer ice cream in 100ml packs instead of regular 850ml in certain flavours.
- **New flavours:** Locals as well as tourist and expatriates crave new flavours; in particular local ones such as exotic fruits are popular. Examples are King's Potong Black Sesame or Thai Mango. In the forecast period between 2019 and 2013 new flavours from in particular big well-established brands will become popular. Consumers looking for premium ice cream will find new offers combining local flavours with other premium deserts such as Japanese mocha.
- **Consignment freezers:** Manufacturers tend to increasingly display their products in consignment freezers to have their brands stand out more in comparison to other brands. Moreover, such an arrangement offers them the possibility to display different products ranging from economy to premium prices to attract as many consumers as possible.

5.10.3 Offer

5.10.3.1 Domestic production

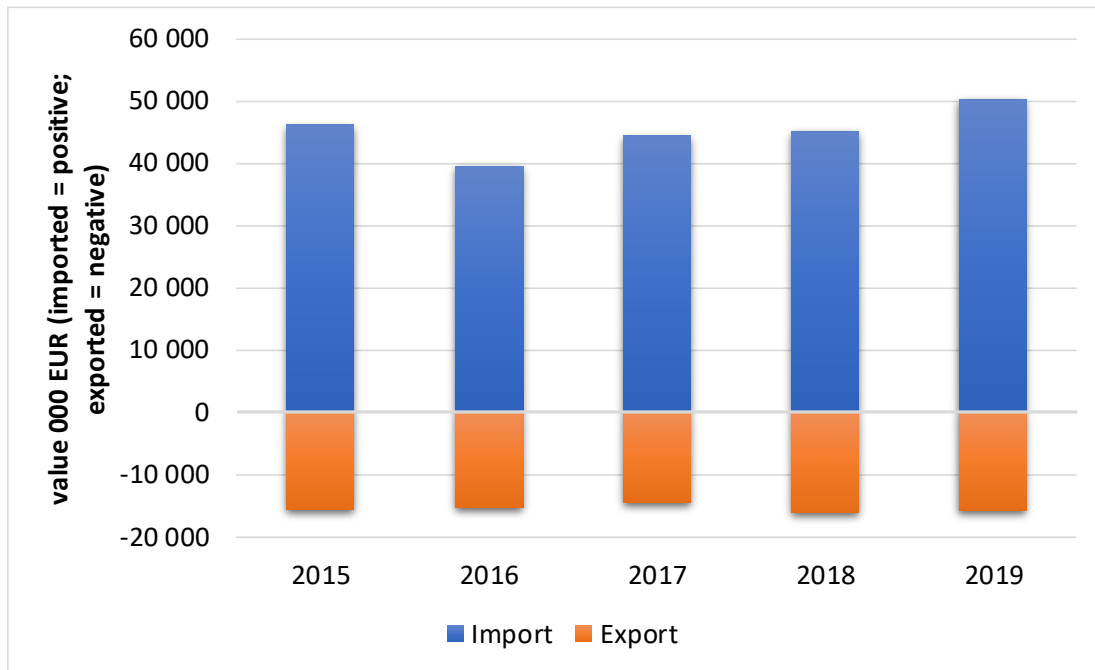
The ice cream market in Malaysia is dominated by international big players such as Nestlé (M) Bhd and Unilever (M) Holdings, each one of them accounted for over a third of the total markets retail value. Nestlé has an ice cream factory in Chembong and thus produces its ice cream locally in Malaysia. Its main brands are Cornetto, Wall's and Magnum. The third biggest player Fraser & Neave Holdings Bhd, which accounted for just over an eighth of the markets retail value, is one of Malaysia's oldest food and beverage companies selling brands such as Kings and F & N Magnolia.⁵¹

5.10.3.2 Imports and exports

Malaysia is by far a net importer of ice cream as depicted in Figure 5-45. In 2019 the country imported ice cream with a value of more than EUR 50m, whereas it exported about EUR 16m, which is around 2.5 times less than its imports. Since 2015 the exported value of ice cream increased by around EUR 4m. The export markets value, on the other hand, remained stable throughout the years.

⁵¹ Head Office and Factories, https://www.nestle.com.my/aboutus/nestle_in_malaysia/head_office_and_factories; Who we are, <https://www.fn.com.my/about-us/>

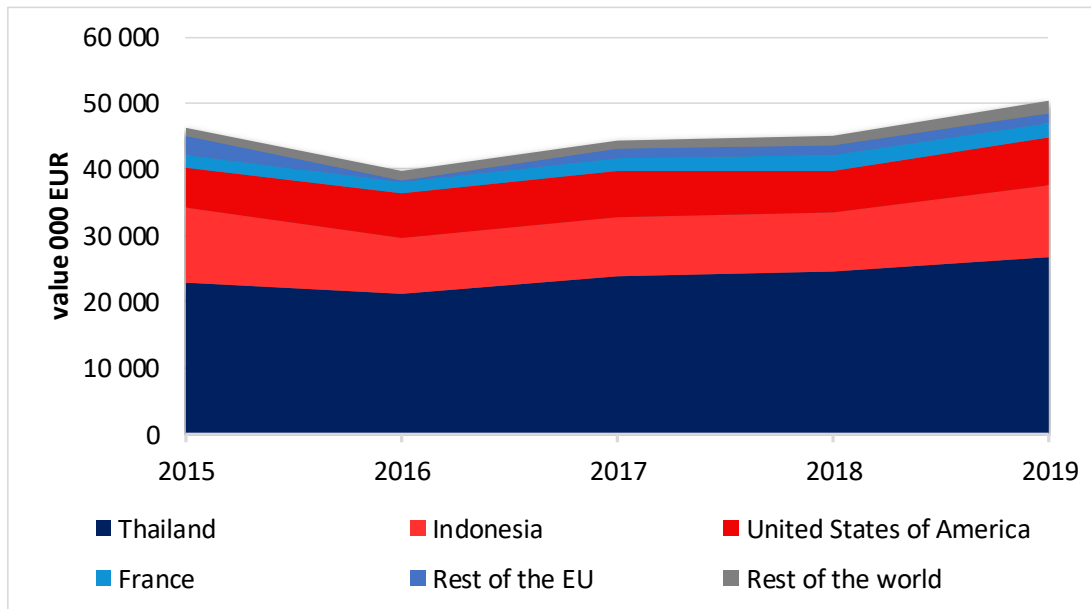
Figure 5-45: Trade balance (imports and exports) of ice cream in Malaysia, 2015-19; tonnes



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 2105.

Three out of the largest 10 exporters of ice cream to Malaysia are from the EU, the most important ones being France and Spain. The top three exporters in 2019 were Thailand with an exported value of EUR 26.8m, followed by Indonesia with about EUR 10.9m and the USA with approximately EUR 7.2m as shown in Figure 5-46. Thus Thailand alone accounted for about 50% of the value of imports in 2019 and all three together for even close to 90% of imports by value. In the same year, France exported around EUR 2.2m and Spain around EUR 0.8m. The EU in total accounted for around 7% of the markets value.

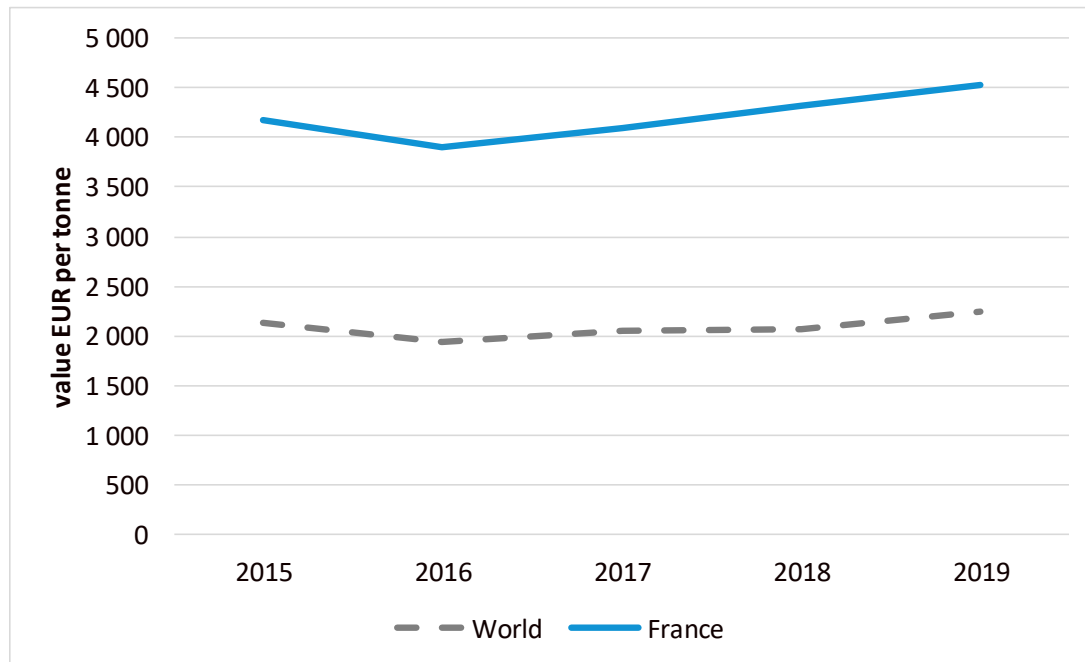
Figure 5-46: Malaysian imports of ice cream by country, 2015-19; tonnes



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 2105.

The unit value of ice cream often is higher for products coming from European countries compared to others. As shown in Figure 5-47, the unit value of ice cream imported from France is more than double Malaysia's average global import price per tonne of ice cream at about EUR 4 500 per tonne. Since 2015, the unit prices have been more or less stable.

Figure 5-47 Malaysian imports of ice cream by country, 2015-19; Value EUR per tonne



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 2105.

5.10.3.3 EU GI products

No EU GI for ice cream or for products of key relevance for ice cream has been registered in Malaysia.

5.10.3.4 Main competitors

The main competitors are the two international brands Unilever and Nestlé, who by far dominate the Malaysian ice cream market. However, Fraser & Neave Holdings which is a Malaysian company ranks third. Both Unilever as well as Fraser & Neave Holdings have large ice cream production facilities in Malaysia. Besides those companies, the EU is facing a big competition in the export market because it only accounted for a fraction of imports in 2019, whereas Thailand alone accounted for 50%. Thailand together with Indonesia and the USA made up close to 90% of the total markets value and are thus big competitors as well.

5.10.4 Specific market entry requirements

Market Access and Entry

According to the Food Regulations, ice cream falls under the category of milk and milk products. As was detailed in section 5.3.4, the Malaysian DVS introduced a requirement for facilities producing milk to be registered before it can be imported into the country in 2018. There is a certain amount of ambiguity around the scope of application in terms of products; according to the definitions of the Food Act of 1983 it would effectively extend the requirement to ice cream. On one hand, there have been various reports that it may not be necessary for some further processed milk products including ice cream; on the other hand, it can be seen from the link of registered plants (see section 5.3.4) that various plants specialising

in ice cream have been listed. In the case of any doubts on the issue or further clarifications it is recommended to contact the DVS (skie@dvs.gov.my).

The application form for establishment registration can be found at the following address: <http://www.dvs.gov.my/dvs/resources/auto%20download%20images/560df048219c3.pdf>

In terms of tariffs, currently European ice cream products imported into Malaysia are subject to MFN tariffs of 5%.

Detailed information on import duties and Rules of Origin can be consulted on the European Commission website:

<https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=MY&hscod=2105>

Customs procedures

The customs procedures for importing foodstuffs are set out in 4.2.1. A full list of the general requirements for export set out in Table 4-1. A list specifically for ice cream can be found on the website indicated in the box below; this includes importer registration with MAQIS.

Any other up to date information on appropriate documents concerning customs procedures can be consulted on European Commission website:

<https://madb.europa.eu/madb/datasetPreviewIFpubli.htm?hscod=2105&countries=MY>

Standards, SPS measures

Regulation 116 of the Food Regulations contain standards relevant for ice cream. The text of this regulation is set out below:

1. *Ice cream shall be made from milk or milk product with milk fat, vegetable fat, cream, butter or a combination of these and sugar, and may contain other wholesome food.*
2. *Ice cream shall –*
 - a. *contain not less than 10 per cent of milk fat or vegetable fat or a combination of these; and*
 - b. *comply with the microbiological standard prescribed in regulation 39.*
3. *Ice cream may contain permitted colouring substance, permitted flavouring substance and permitted food conditioner.*
4. *Ice cream ingredients shall be efficiently heat - treated either by being kept at temperature of not less than 69oC for at least 20 minutes, or not less than 74oC for at least 10 minutes, or not less than 80oC for at least 15 seconds or not less than 86oC for at least 10 seconds or another equivalent time-temperature relationship and then frozen.*
5. *The volume of air incorporated in ice cream shall be such that the weight per unit volume of the ice cream in its frozen condition shall be not less than 0.43 calculated as gram per millilitre.*
6. *Where fruit, chocolate or other food is added to ice cream, or ice cream is externally coated, the fruit, chocolate or other food, or coating, if it is capable of being readily separated for the purpose*

of analysis, shall be deemed to be not part of the ice cream for the purpose of determining the content of fat or the weight per unit volume.

7. *No person shall import, prepare or advertise for sale or sell any ice cream, the flavour of which is indicated by the name of a fruit, unless the ice cream contains not less than 5 per cent of that fruit or the juice of that fruit, or the word "flavour" is conjoined in uniform lettering, with the name of the fruit.*
8. *No package of ice cream shall be labelled with the word "dairy" or any word of similar meaning unless its fat content is derived solely from milk.*
9. *No picture of any fruit, or expression or device (other than the name of the fruit conjoined with the word "flavour") that indicates, suggests or implies the presence of a fruit or fruit juice in any ice cream shall appear in the label on any package of ice cream that does not contain at least 5 per cent of that fruit or fruit juice, as the case may be.*

The text of the Regulations also can be found (in English) at the link below as a .pdf file:

<http://fsq.moh.gov.my/v6/xs/dl.php?filename=730b5042d10be434b44c3165d1ec588b.pdf>

Or at the link below as a navigable webpage:

<http://fsis2.moh.gov.my/fosimtestsite/HOM/frmHOMFARSec.aspx?id=21>

Up to date information on appropriate documents concerning SPS measures:

<https://madb.europa.eu/madb/viewPageIFPubli.htm?doc=overview&hscod=2105&countryid=MY#h20>

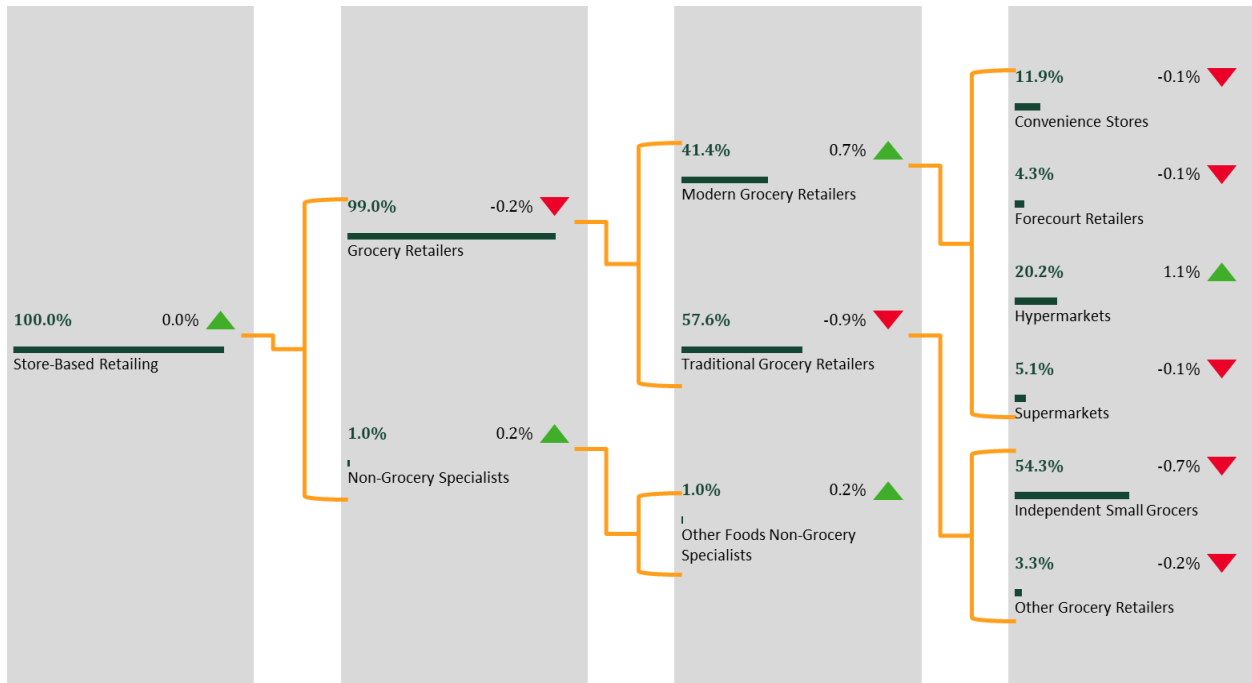
Labelling

Ice cream must comply with generic labelling requirements set out in the Food Regulations, which were described in section 4.2.3. As noted in the standards above, there are certain restrictions on what can be indicated on the label of ice cream. In addition to this, regulation 117 of the food regulations contains particular labelling products for milk and milk products, which extend to ice cream (these were also covered in section 5.3.4 .

5.10.5 Distribution

Figure 5-48 shows that ice cream is 100% distributed through store-based retailing. About 99% of the retail value came from the distribution through grocery retailers and the remaining 1% from non-grocers specialists, which accounted for about 0.2% more retail value in 2018 than before. Ice cream can be found in traditional grocery retailers (around 57.6%) and modern grocery retailers (about 41.4%) and thus those channels are both important. However, the popularity of modern grocery retailers has increased recently. With 54.3% of the retail value, independent small grocers are the most important traditional retail channel. The most important modern channels are hypermarkets with approximately 20.2% and convenience stores with 11.9%.

Figure 5-48: Distribution channel overview of ice cream in Malaysia (2018); retail value



Source: Euromonitor International: Packaged Food, 2020.

5.10.6 Challenges for EU products

The ice cream import market is highly dominated by non-EU countries such as Thailand, Indonesia and the USA. The EU only accounts for about 7% of imports which is quite low. Moreover, the market as a whole is dominated by well-established brands such as Unilever and Nestlé. Unilever even has an ice cream factory in the country and thus produces its products locally. Fraser & Neave Holdings is the biggest domestic competitor and one of the oldest food and beverages companies in Malaysia, which means their products are very well established on the market as well. Moreover, the price consciousness of most consumers could be problematic because many imported EU ice cream products have high unit prices compared to the world's average.

Market Takeaway: Ice cream

Consumption: In 2018 the market for ice cream was EUR 155m and consumption is forecast to increase. Both, impulse ice cream and take-home ice cream are equally important markets.

Competition: With other importers such as Thailand, Indonesia and the USA, which together account for about 90% of the total import market value as well as international companies such Nestlé as well as Unilever and Fraser & Neave Holdings, which both produce domestically in Malaysia.

Distribution: Traditional and modern retailers are equally important. The main distribution channels are independent small grocers, followed by supermarkets and convenience stores.

Challenges: Consumers are mainly price-conscious and EU ice cream is often expensive compared to other options. International companies dominate the market as a whole and non-EU exporters dominate the imported ice cream market in Malaysia.

Opportunities: Mainly cheap ice cream, but also premium ice cream in small-sized packages. Exotic local flavours are gaining popularity.

5.11 Prepared baby food

5.11.1 SWOT analysis

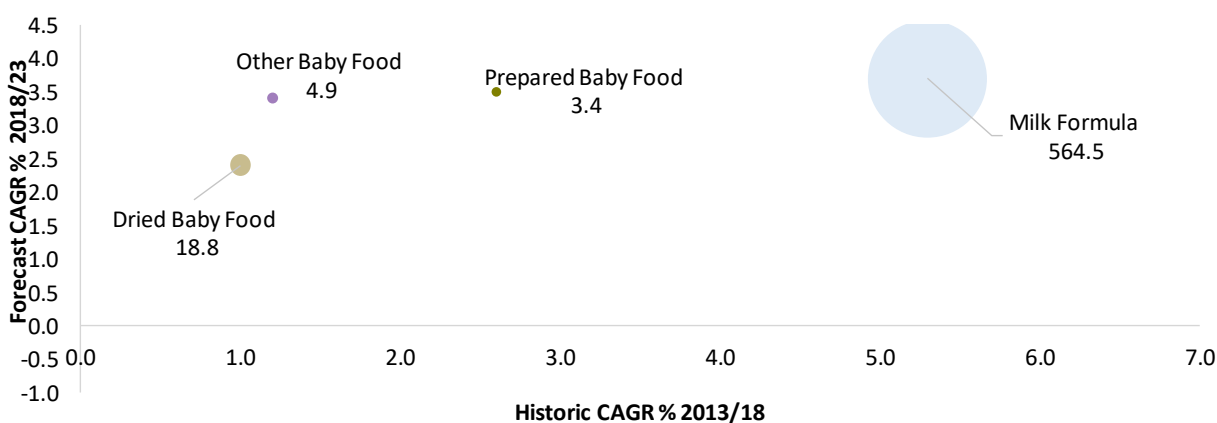
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> Price is not generally the main criterion used by consumers. Assurance of quality and nutritional benefits are prioritised. Growing up formula milk is commonly given to children to ensure they continue to receive nutrients similar to those in breast milk. 	<ul style="list-style-type: none"> The overall addressable market for baby food is shrinking. Breast milk is strongly preferred in early months, and home prepared food is consistently used. This greatly limits the markets for baby formula milk and all non-formula milk products.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> Large market for growing on formula. The focus on quality assurance and nutritional benefits provide opportunities for products fulfilling these criteria. Speciality niches provide specific opportunities. 	<ul style="list-style-type: none"> Various multinationals are present on the market, even if some are currently restricted to small niches. Any repetitions of problems with counterfeiting may further damage the market.

5.11.2 Consumption

5.11.2.1 Evolution of consumption

The market for baby food in Malaysia is dominated by milk formula, which is worth some EUR 565m – over 95% of the market. This is also the fastest growing category, having grown historically at over 5% per year; and pre COVID-19, it was forecast to grow at around 3.5% per year going forward. Dried baby food is the second biggest segment at EUR 19m, but it is also the slowest growing both historically and looking forwards; over the period 2013-18, growth was only just over 1% per year. The markets for prepared baby food and other baby food are both very small at EUR 3.4m and EUR 4.9m respectively (Figure 5-49).

Figure 5-49: Evolution and forecast of prepared baby food market in Malaysia, 2013-2023; retail value, EUR million



Source: Euromonitor International: Packaged Food, 2020.

5.11.2.2 Consumer profile and purchase criteria

Consumers

There are a number of factors which are impacting the consumer group for baby food. Firstly, the declining birth rate in Malaysia – which reflects the trends in marrying later (if at all) and having smaller family sizes – is constraining the size of the potential market for baby food. On top of that, there is a strong trend in mothers to feed their babies with breast milk; this includes working mothers on maternity leave (which was 60 days until recently, when proposals were made to extend it to 90 days). Overall, mothers tend to breast feed their children in the first months before moving on preparing their own purees and/or adopting formula milk. This is indeed reflected by the formula milk market – which is heavily weighted towards growing up formula milk (almost 2/3 of the market by value). The consumers who use baby food before this are more likely to be working mothers whose maternity leave has finished, and or mothers when they are travelling (particularly internationally).

Drivers and method of consumption

Two of the main drivers for consumption of baby food at a young age are inherent in the consumer groups set out above. The first one is related to the working status of the mother. Mothers will tend to breast feed the first months as it is both encouraged and saves them money. However, once maternity leave finishes for those who work, alternative arrangements need to be found and these may include baby food. That said, an increasing number of working mothers are pumping breast milk and storing it for their baby. The second key driver for baby food consumption at a young age is convenience; it is likely to be used in the cases that breast feeding or home preparation of food is not practical; and good example of this is when travelling.

However, drivers for growing up milk are different; many mothers tend to stop breast feeding once their child reaches one year of age. However, they want to ensure their toddler continues to receive nutrients similar to breast milk; and this drives demand for growing up milk.

Purchase criteria

Baby food has become a market in Malaysia where price is not the main purchase criterion; the demographic trends and recent scandals (see section 5.11.2.3 below) have made consumers focus on other elements. Most notably, the guarantee of quality is a key consideration among parents purchasing baby food. Secondary to this, many parents will base their purchasing decision on the nutritional content of baby food, with products providing better nutrients (e.g. probiotics, higher levels of calcium, in some cases docosahexaenoic acid) often preferred.

5.11.2.3 Recent market trends

The continued demographic and lifestyle trends set out in section 5.11.2.2 above are likely to continue to weight on the market for baby food going forwards. Furthermore, there have been some scandals involving counterfeit milk formula, which have dented consumer confidence, with some counterfeit products being found in convenience and drug stores. In order to restore confidence, the owner of the main targeted brand ran a campaign to inform consumers about the ways to identify fake formula; and

offered to exchange any counterfeit products. These moves seem to have been successful in limiting the impact, though in response to this, consumers are increasingly wary about the channel through which they purchase formula milk; and producers are increasingly releasing premium products and using strong marketing campaigns to strengthen their reputation. With family size becoming smaller and increased disposable income, there is increased willingness among consumers to buy these premium products (as was outlined above).⁵²

5.11.3 Offer

5.11.3.1 Domestic production

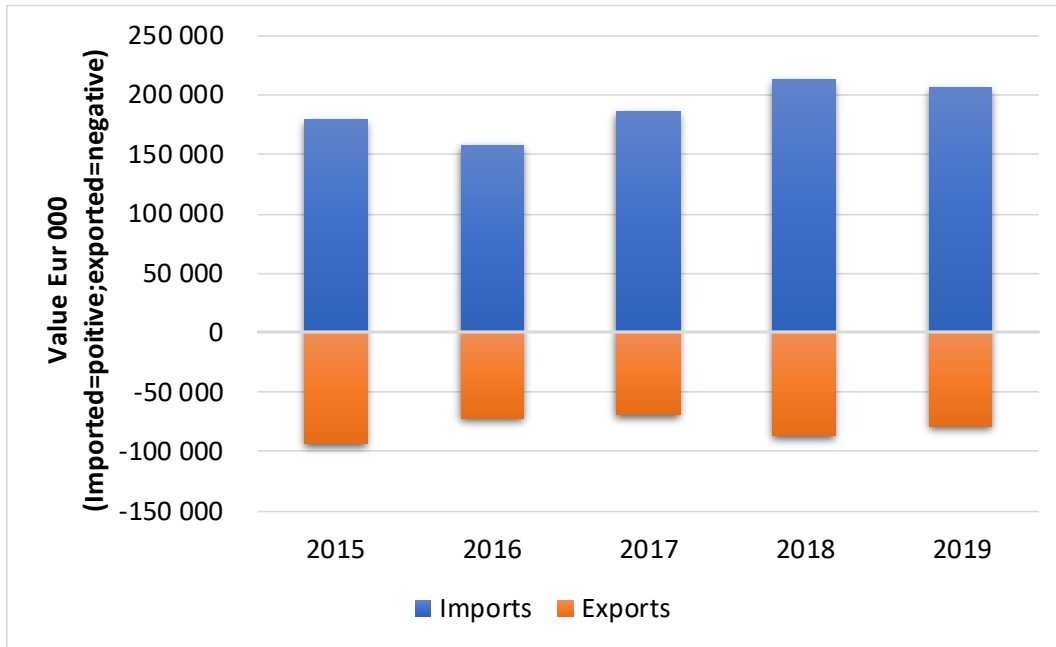
Local production comprises a combination of multinationals with local facilities, and local Malaysian companies. Danone (which has the largest market share in Malaysia at around 25%) and Nestlé are examples of the former. Dutch Lady Milk (which has the third largest market share in Malaysia at just under 20%) is an example of the latter. However, overall it is the multinationals which hold the stronger position in domestic production. Overall, domestic production of baby food in Malaysia is not sufficient to fulfil demand, as seen in section 5.11.3.2.

5.11.3.2 Imports and exports

Malaysia is a substantial net importer of baby food with imports of just over EUR 200m in 2019 compared to exports of around EUR 80m. While there have been some fluctuations over the last years, the level of imports show a general upward trend over the period 2015-19. Exports on the other hand have been more volatile, peaking at around EUR 100m in 2015 before falling substantially in 2016-17, then recovering in 2018 (Figure 5-50).

⁵² Euromonitor International: Packaged foods, 2020.

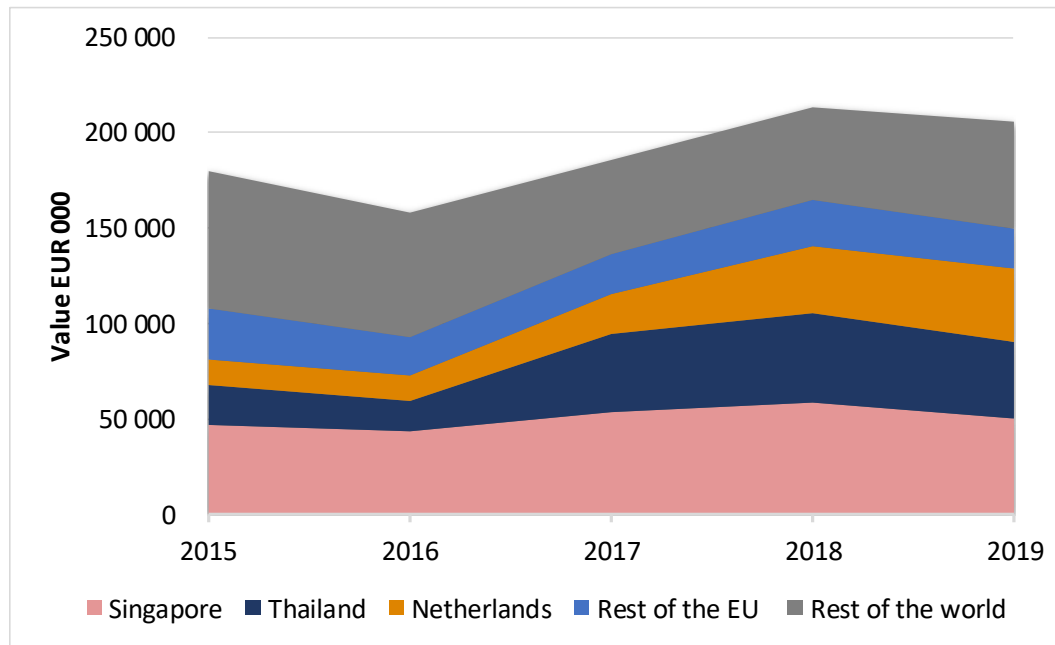
Figure 5-50: Trade balance (imports and exports) of food preparations for infant use in Malaysia, 2015-19; value EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 190110

In terms of origin, imports are scattered between a few notable exporters. The largest of these, Singapore, accounts for just under ¼ of all imports, with the value of its imports fairly steady over the whole 2015-19 period. Thailand and the Netherlands are almost neck-a-neck as the second largest exporters, with both countries accounting for just under 20% of import each; and both having significantly increased the value of their exports after 2016. The rest of the EU combined accounts for a small proportion of imports (Figure 5-51).

Figure 5-51: Malaysian imports of food preparations for infant use by country, 2015-19; value EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 190110

5.11.3.3 Main competitors

The main source of competition is multinationals. Some of these produce locally in Malaysia (e.g. Danone). Others produce in other countries – often in the region – and export to Malaysia (e.g. Mead Johnson – with production facilities in Thailand; Abbott Laboratories – with production facilities in Singapore). The latter explain some of the origins of imports seen in Figure 5-51.

While there is a fairly high level of concentration of market share among the largest four companies (they account for 80% of the market in value terms), the remaining 20% of the market is quite fragmented. Nonetheless, large multinational such as Nestlé, Fonterra and Heinz are among the companies which share that the remaining 20%. Several of the companies sharing this remaining 20% market share focus on certain varieties of food or product niches; whether it be the most affluent consumers or novel flavours of dried baby food.

5.11.4 Specific market entry requirements

Market Access and Entry

As was detailed in section 5.3.4, the Malaysian DVS introduced a requirement for facilities producing milk to be registered before it can be imported into the country in 2018. There is a certain amount of ambiguity around the scope of application in terms of products; according to the definitions of the Food Act of 1983, the various types of milk formula fall under the category of Special purpose food (and not under milk) meaning that the requirements do not extend to infant formula if these definitions are used. However, on the other hand, it can be seen from the link of registered plants (see section 5.3.4) that some plants

producing infant formula have been listed. In the case of any doubts on the issue or further clarifications it is recommended to contact the DVS (skie@dvs.gov.my).

The application form for establishment registration can be found at the following address:
<http://www.dvs.gov.my/dvs/resources/auto%20download%20images/560df048219c3.pdf>

In terms of tariffs, currently European baby food products imported into Malaysia are subject to duties of either 0% or 6%.

Detailed information on import duties and Rules of Origin can be consulted on the European Commission website by entering the corresponding CN code:
e.g. <https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=MY&hscod=190110>

Customs procedures

The customs procedures for importing foodstuffs are set out in 4.2.1. A full list of the general requirements for export set out in Table 4-1. A list specifically for baby food can be found on the website indicated in the box below; it includes the importer registration with MAQIS.

Any other up to date information on appropriate documents concerning customs procedures can be consulted on European Commission website by entering the corresponding CN code:
e.g. <https://madb.europa.eu/madb/datasetPreviewIFpubli.htm?hscod=190110&countries=MY>

Standards, SPS measures

Various regulations in part 8 of the Food Regulations contain standards relevant for baby food; most notably regulations 388 to 391. It is not possible to cover all standards in detail here as they are extensive; it is strongly recommended to check them in the regulations directly. The text of the Regulations can be found (in English) at the link below as a .pdf file:

<http://fsq.moh.gov.my/v6/xs/dl.php?filename=730b5042d10be434b44c3165d1ec588b.pdf>

Or at the link below as a navigable webpage:

<http://fsis2.moh.gov.my/fosimtestsite/HOM/frmHOMFARSec.aspx?id=21>

Up to date information on appropriate documents concerning SPS measures:
<https://madb.europa.eu/madb/viewPageIFpubli.htm?doc=overview&hscod=190110&countryid=MY#h20>

Labelling

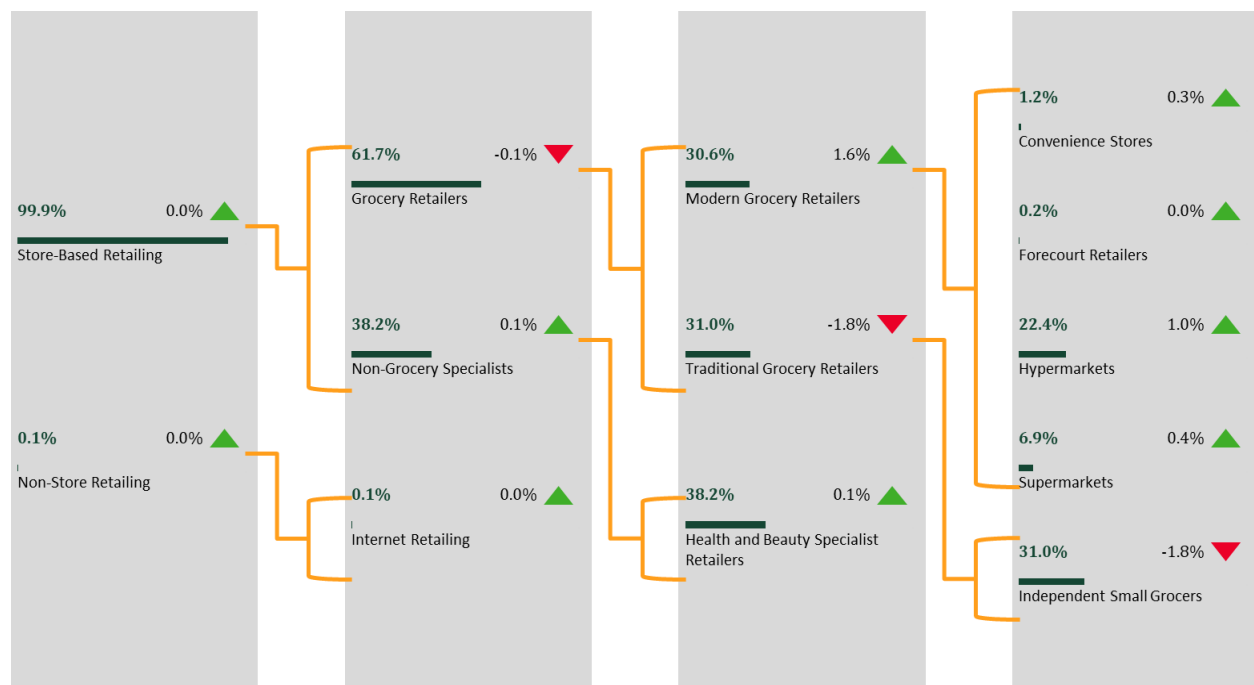
Baby food must comply with generic labelling requirements set out in the Food Regulations, which were described in section 4.2.3. In addition, specific, detailed requirements for labelling are set out in regulations 388 to 391 of the food regulations; these include provisions content indications, warning labels and indications of instructions. As these comprehensive requirements vary by type of baby food it is strongly recommended to consult the regulations directly for full details.

There is also a code of ethics for the market of infant food and related products; though the most recently published update of this was in 2008. A link to more information can be found at the page below:
<http://nutrition.moh.gov.my/en/tata-etika-pemasaran-makanan-bayi-dan-produk-berkaitan/>

5.11.5 Distribution

Distribution is split roughly 60-40 between grocery retailers and non-grocery retailers (health and beauty specialists). Among grocery retailers, the split is roughly equal between modern retailers and traditional retailers (Figure 5-52). However, as noted in section 5.11.2.3, recent issues with counterfeit products mean that consumers are becoming more cautious of the channels through which they purchase baby food (formula milk in particular). In view of this, going forwards, the importance of supermarkets and hypermarkets is expected to increase at the expense of convenience stores and independent small grocers. With reputation and trustworthiness of the outlet a key consideration in light of the counterfeit issues, the importance of health and beauty specialists will likely depend on the level of trustworthiness assigned to them; some cases of counterfeit products were identified in drug stores within this category.

Figure 5-52: Distribution channel overview of prepared baby food in Malaysia (2018); retail value



Source: Euromonitor International: Packaged Food, 2020.

5.11.6 Challenges for EU products

Importers of baby food to Malaysia face a number of small challenges, rather than one or two large challenges. The overall addressable market is arguably in a phase of structural decline, with falling birth rates the main reason for this. Recent issues with counterfeiting have not helped the market either. The use of formula milk is not common until children become toddlers, and the preparation of food for babies and toddlers at home remains common, limiting the market for prepared baby food. While there is no

one company that dominates the market, the largest four companies do hold some 80% of the market between them. Finally, as is the case in most markets, there are extensive regulations for baby food. That said, arguably the public debates on breast milk vs formula milk are arguably not as intense as in some other countries.

Market Takeaway: Prepared baby food

Consumption: Focused on growing up milk for toddlers; market for other products small, though working mothers and those travelling are more likely to use products before the age of 12 month.

Competition: The largest four players, which are a combination of multinationals producing locally and importing to Malaysia, plus a domestic company account for 80% of the market.

Distribution: Fairly evenly split between modern retail channels, traditional retail channels and health and beauty specialists. However, going forward supermarkets and hypermarkets may be favoured in the wake of counterfeit products being found through some other channels.

Challenges: Various smaller challenges; most notably, a structural decline in the addressable market.

Opportunities: Quality generally prioritised over price. Increased interest in the nutritional content of baby food. Speciality niches provide specific opportunities.

5.12 Pet food

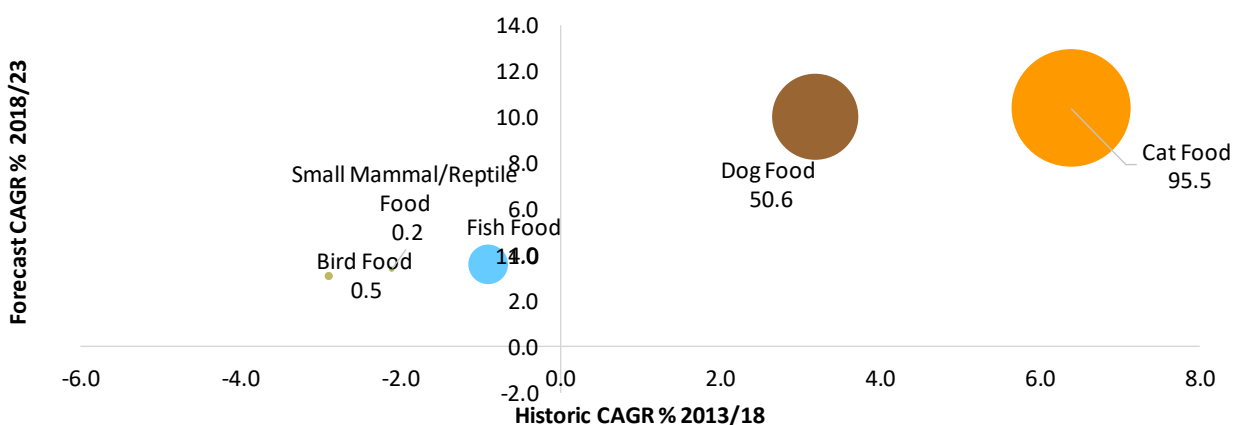
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> Very low domestic production makes imports absolutely essential to meet demand. Cat and dog food markets have grown quickly recently and pre COVID-19 were forecast to grow in excess of 10% per year going forwards. 	<ul style="list-style-type: none"> For both cat and dog food markets, the four largest companies – almost all multinationals - hold some 70% of the market. The market for other pet food is both very small and has further contracted recently.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> The range of food on offer is increasing as consumers focus more on food tailored specifically to their pet (age, medical conditions or other specific nutritional needs / preferences). While 70% of the market is held by four companies, the remaining 30% of the market is fragmented, and niche opportunities may exist in tit. 	<ul style="list-style-type: none"> Production from neighbouring Thailand – a massive producer of pet food dominates the market. Increasing interest in halal certification of cat food provides an opportunity on one hand but may provide challenges to producers which do not use by default ingredients compliant with Malaysian halal standards.

5.12.1 Consumption

5.12.1.1 Evolution of consumption

Overall, the market for pet food in Malaysia is small, but rapidly growing. Cat food is the largest pet food market in Malaysia; it was worth some EUR 96m in 2018, having grown at 6.4% per year, and being forecast to grow at over 10% per year going forward (pre COVID 19). The market for dog food is the second largest, with a size of EUR 51m and a similarly positive future growth rate; though historically, the growth rate was half that of cat food, at 3.2% per year. The markets for other pet foods are small and have all shrunk in recent years. Fish food is the largest of the remaining markets, worth EUR 11m. The markets for bird food and small mammal/reptile food are both very minor at under EUR 1m (Figure 5-53).

Figure 5-53: Evolution and forecast of the market for pet food (EUR million) in Malaysia, 2013-2023



Source: Euromonitor International: Pet Care, 2020.

5.12.1.2 Consumer profile and purchase criteria

Consumers

According to the most recent figures available (2018), there are just under 800 000 cats and just over 400 000 dogs in Malaysia (counting both pets and strays), making cats the most common animal. The number of pet owners is thought to be substantially lower than this as some animals are not kept as pets, and the ownership of multiple animals (particularly in the case of cats) is common.

Ownership of dogs is constrained by a variety of factors. Firstly, there are regulations around ownership; across Malaysia a dog licence is required for dog ownership. Furthermore, in some municipalities, it is necessary for people wishing to own dogs to have the consent of neighbours; and/or there are limits on the number of dogs that can be owned, and this varies based on the nature of the owner's house. Secondly, with increasing numbers of people living in small apartments, dog ownership becomes increasingly impractical, even if potential owners are not constrained by regulation. Thirdly, keeping a dog ownership is uncommon among the 60% of Malaysia's population that is Muslim. Therefore, consumers (i.e. owners of dogs) are more likely to be non-Muslims outside city centres with larger apartments or houses. Small dogs are more common than large ones.

Cats ownership, on the other hand, benefits from the flipside of most of the constraints set out above for dog ownership. As a result, the consumers (owners of cats) are more varied; they cross ethnic and religious lines and are more widely spread in geographic terms.

Other pets are generally not very popular, as reflected by the market sizes for other pet food. Younger generations in particular tend to prefer cats and dogs to other pets. The limited interaction with many other pets, along with the extra care they may need, their limited availability in pet shops and, in the case of birds, restrictions on the dwellings in which they can be kept make owners of these pets a lot rarer.

Drivers and method of consumption

The background of pet ownership set out above acts as a major driver for the market for pet food. More specifically, the market as a whole is mainly focused on food for cats; while with regard to dogs, smaller animals overall are preferred and hence this affects the market for dog food accordingly.

In addition to the above, the following drivers also stand out:

- The heavy reliance on imports has a notable impact on the market for pet food (see purchase criteria below).
- As is the case in many other market, there is an increased level of pet humanisation, which leads to increased attention to the food given to pets. In Malaysia, this is partly resulting in pets living longer and increased interest in nutrition for older animals as a result and for specific conditions / needs.
- Increasingly busy lives are causing consumers to consider convenience factors.

Purchase criteria

Price is a major overarching consideration for pet owners. As Malaysia imports the majority of its dog food, prices can be somewhat high, and furthermore are subject to currency fluctuations. Subsequently, consumers will carefully consider the price factor. This does not necessarily mean that they will buy the cheapest; while the situation varies between pets and owners, on balance pet owners will buy mid-priced and premium foods. However, it means that e.g. in the case of dog food, dry premium dog food is preferred over wet due to its strong price advantage; while in the case of cat food, mid-priced wet cat food is dominant.

Against the background set out above, pet owners increasingly focus on nutrition for their animals, cats and dogs in particular. Many owners either look at the nutrition of the product they purchase in general or look specifically for products which are suited to the age or specific conditions of their pet.

Finally, it should be remembered that halal certification is important for food for human consumption in Malaysia; and a number of pet owners extend the requirement for halal certification to the food they give to their animals. Due to the rarity of dog ownership among the Muslim population, this is a criteria which is more relevant for cat food than for dog food.⁵³

5.12.1.3 Recent market trends

As noted above, the heavy reliance on imports for pet food affects the market. With some weakness in the Malaysia Ringgit of late – putting upward pressure on prices – the trends of buying dried dog food over wet, and trading down from premium to mid ranged cat food have accelerated.

Another factor noted above is that of increased humanisation, leading to a market for a wider range of products targeting the specific needs of pets. Concretely, this means there has been an increase in products on the market targeting cats and dogs of specific ages (senior animals in particular); products targeting very specific health conditions; and fortification / health benefits. Indeed, a lot of competition between players of late has been focused on the health benefits their pet food products offer.

In addition, the humanisation trend has resulted in more pet owners wanting to provide their animals (cats in particular) with treats. Owners are tending to look for both indulgence and a bonding opportunity, meaning that products which owners themselves can directly feed to the animals (cats in particular) are showing some potential.

In the specific area of cat food, it was noted above that some consumers specifically look for halal cat food; and this is a trend which has been increasing of late, with some local producers in particular jumping on this trend. In the area of dog food, there is a growing consumer niche that is interested in premium unpackaged raw dog food. However, this niche is small and constricted both by the price (on the consumer side) and the feasibility of production and supply (producer side).

⁵³ Euromonitor International: Pet Care, 2020; <https://www.petbacker.com/blog/facts/facts-about-pet-ownership-in-malaysia>; <https://www.thestar.com.my/news/nation/2019/12/01/pet-peeves-in-animal-welfare>

Finally, some consumers are increasingly looking to the e-commerce channel for pet food purchases; whether it be direct to consumer, or through dedicated online market places. That said, there are many consumers who still prefer to go to more specialist stores for purchases as they can benefit from advice at the time of purchase.

5.12.2 Offer

5.12.2.1 Domestic production

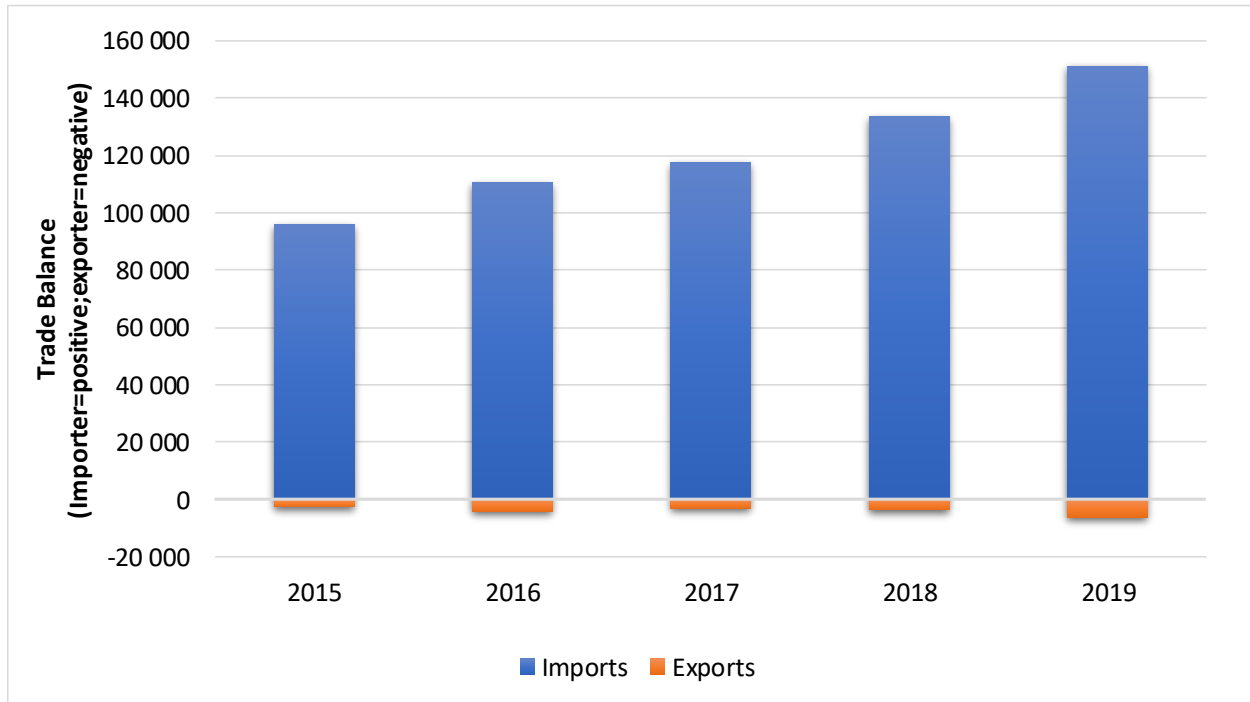
Production of pet food in Malaysia is seriously constrained by the availability of raw materials for production – as was seen in section 5.1.3.2, Malaysia is a massive net importer of fresh meat due to its domestic production shortages, and this subsequently extends to raw inputs for the pet food market. Indeed, there are domestic producers which are forced to import raw materials at fairly high prices from other South East Asian countries or from the Middle East just to make production feasible.

These production constraints affect mainly the markets for cat and dog food. These markets are dominated by multinationals which tend to produce in other countries and export to Malaysia. Indeed, the 10 largest dog food manufacturers and 8 of the 10 largest cat food manufacturers are all multinationals manufacturing the majority of their pet food outside the country. Even some local companies have production facilities in neighbouring countries as well as Malaysia due to the challenges. Domestic production in the small market of fish food is, in contrast, quite strong.

5.12.2.2 Imports and exports

Malaysia is substantial net importer of cat and dog food. Indeed, by 2019 cat and dog food imports had reached almost 150m, having steadily increased from just under 100m in 2019. Over the same period, exports have also increased but they remain minor at just over EUR 5m (Figure 5-54). The evolution of imports reflects the evolution of the market more broadly.

Figure 5-54: Trade balance (imports and exports) of pet food (cat and dog) in Malaysia, 2015-19; value EUR 000

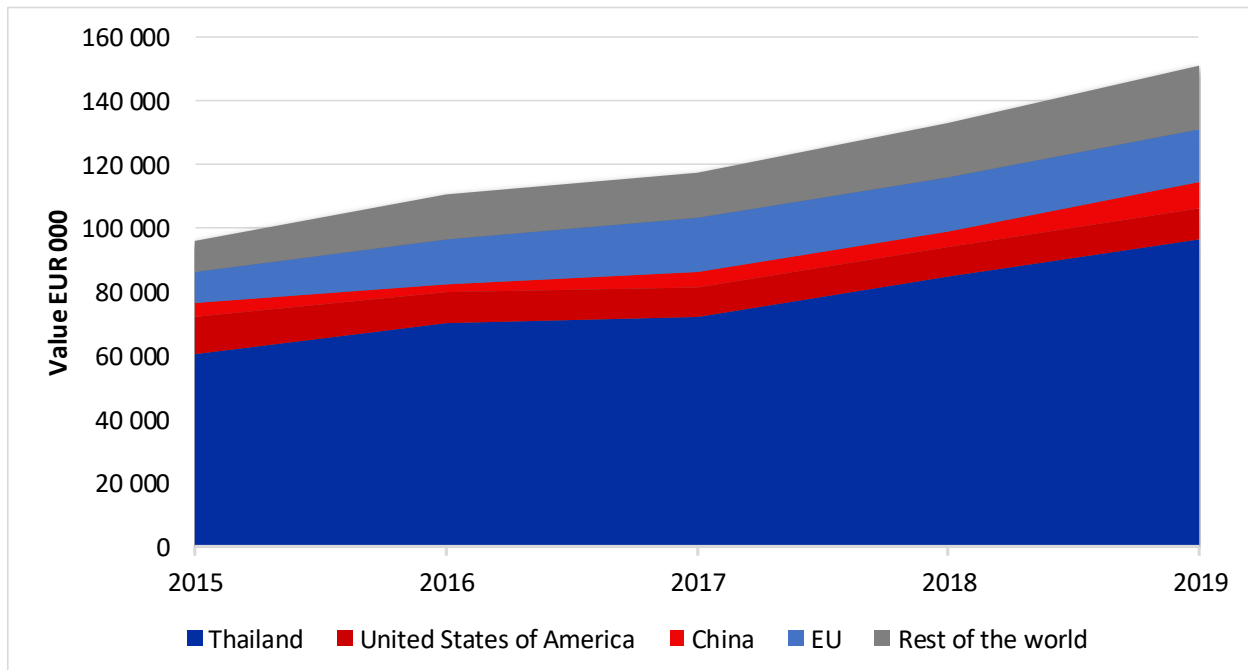


Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 230910

In terms of origin, Thailand is the main origin of imports by some margin; it accounts for around 2/3 of imports, and its share has remained steady over the whole period 2015-19. The US and China are the second and third largest sources of imports, but they account for only a fraction of the imports from Thailand. The EU combined accounts for roughly 1/10th of imports (Figure 5-55).

Figure 5-55: Malaysian imports of pet food (cat and dog) by country, 2015-19; value EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 230910

5.12.2.3 Main competitors

As identified in section 5.11.3.1, domestic production of pet food is small. Indeed, the market relies on imports to a very high degree; and the principal origin of these imports is Thailand by some distance. A number of multinationals have large production facilities in Thailand and source their products for the Malaysian market from there. In both the cat and dog food market, there is quite a high degree of concentration among the major players, with the largest four in each market accounting for 70% of the market. The balance, however, is fragmented and divided by a large number of companies.

5.12.3 Specific market entry requirements

Market Access and Entry

Pet food must be registered at the Animal Feed Board of Malaysia before import for the first time is allowed. A link to the application form for this can be found at the following address:

<http://www.dvs.gov.my/dvs/resources/auto%20download%20images/560df0441f930.pdf>

In terms of tariffs, the MFN tariffs for cat and dog food in Malaysia are currently 0%.

Detailed information on import duties and Rules of Origin can be consulted on the European Commission website by entering the corresponding CN code:

e.g. <https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=MY&hscod=2309>

Customs procedures

In order to gain access to the Malaysian market, the following documents are required for cat and dog food (in addition to general customs requirements covered in Table 4-1):

- Importer registration with MAQIS
- Import licence for animal feed / feed additives
- Certificate of analysis
- Certificate of good manufacturing practice

Any other up to date information on appropriate documents concerning customs procedures can be consulted on European Commission website by entering the corresponding CN code:

e.g. <https://madb.europa.eu/madb/datasetPreviewIFpubli.htm?hscod=2309&countries=MY>

Standards, SPS measures

The main legislative provisions for pet food imports in Malaysia stem from the Animal Rules Act of 1962. The DVS of Malaysia provides two documents with both the import procedure to follow and the key standards to be aware of. The first, which applies to animal feed in general, can be found at the following address:

<http://www.dvs.gov.my/dvs/resources/auto%20download%20images/56307d8570bfc.pdf>

The second, specifically for pet food, which was last updated 2013 can be found at the following address:

<http://www.dvs.gov.my/dvs/resources/auto%20download%20images/560b9901f110c.pdf>

Given that the authorities can change requirements, and that the above documents provide high level summaries, it is recommended that they be contacted in the case of any doubt.

It should be noted that as part of the veterinary certificate, information confirming the absence of disease outbreaks in the vicinity and some other production aspects may be needed.

Up to date information on appropriate documents concerning SPS measures:

<https://madb.europa.eu/madb/viewPageIFpubli.htm?doc=overview&hscod=230910&countryid=MY#h20>

Labelling

The link above (under standards) contains details of labelling requirements for pet food. In brief, this includes:

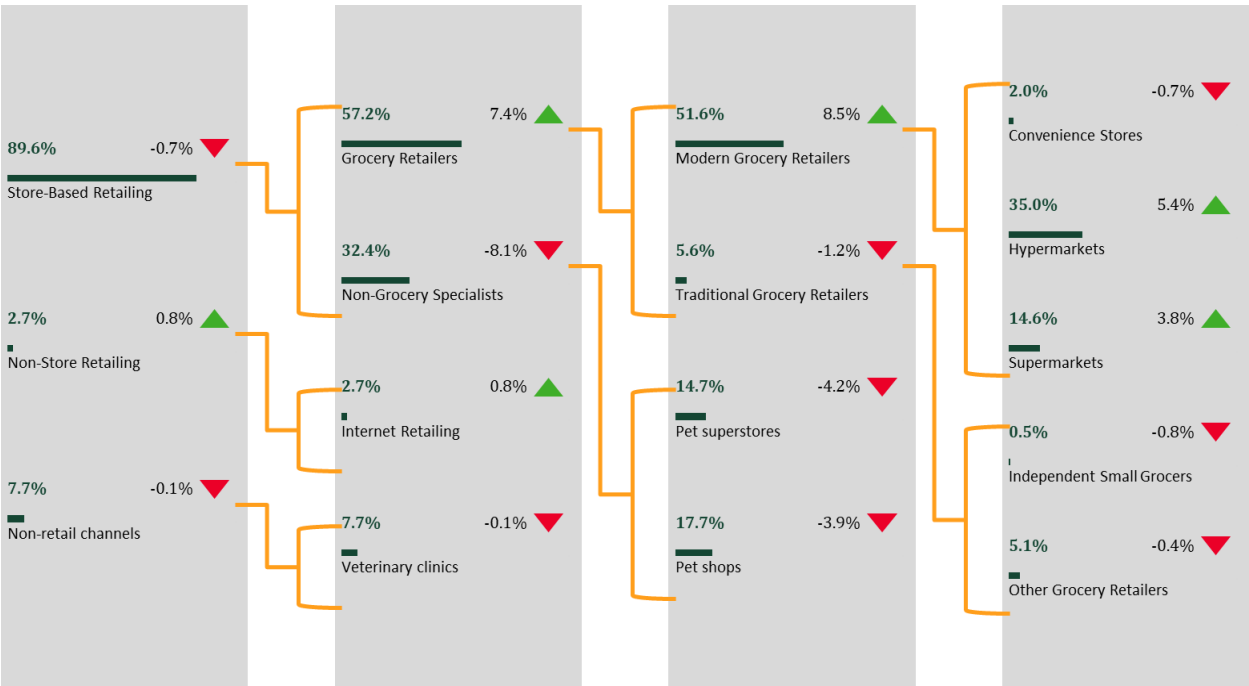
- name and address of the manufacturer
- date of manufacture and expiry date
- batch/lot number
- directions for use for the intended animal species
- list of ingredients
- nutritional data

When the feed contains pork, pork derivatives or lard, the pet food must be clearly labelled as: “CONTAINS [state pork, pork derivatives, or lard as applicable]”.

5.12.4 Distribution

Modern grocery retailers account for just over half of the distribution of pet food, with hypermarkets the main sub-channel within this broader channel. The remaining 48% is distributed through a range of channels; the most common of which are pet shops and pet superstores (Figure 5-56). Veterinary clinics account for around 8% of distribution. While e-commerce is a small channel at present accounting for only 3% of distribution, it is rapidly increasing, as noted in section 5.12.1.3. In general terms, there is a split between consumers who favour channels through which they can receive advice, and those who are happy to purchase without this advice (prioritising other factors instead). The growth of modern grocery retail channels and e-commerce point to both a majority and an increasing number of consumers falling in to the former category.

Figure 5-56: distribution of pet food in Malaysia (2018); retail value



Source: Euromonitor International: Pet Care, 2020.

5.12.5 Challenges for EU products

The biggest challenge for EU exporters is the dominance of Thailand based pet food manufacturing for supplying the Malaysian market. Thailand is a well-known pet food production hub, facilitated by its plentiful raw materials, with many multinationals use it as a production hub for both the South East Asia and beyond. In the specific case of Malaysia, the extreme proximity of Thailand makes it difficult for more distant exporters including EU based ones to compete. In addition, this reliance on imports means that currency fluctuations can considerably impact the price of pet food in Malaysia and subsequently affect

market demand. That said, most recently the strength of the Thai Baht against the Malaysian Ringgit has played to the slight advantage of EU based producers in this regard.

Market Takeaway: Pet food

Consumption: *Cat food the largest market, followed by dog food. The market for other pet foods is comparatively very small.*

Competition: *Neighbouring Thailand is the number one source of pet food in Malaysia. Largest four companies hold around 70% of the market combined in both cat and dog food markets.*

Distribution: *Half through modern grocery channels. Specialist pet retailers and veterinary clinics account for around 40%, though their importance is falling, E-commerce is quickly expanding in popularity from a small base.*

Challenges: *The dominance of pet food sourced from neighbouring Thailand.*

Opportunities: *The range of food on offer is increasing as consumers focus more on food tailored specifically to their pet (age, medical conditions or other specific nutritional needs / preferences). Against the background of the remaining 30% of the market being fragmented, niche opportunities may exist.*

5.13 Pasta

5.13.1 SWOT analysis

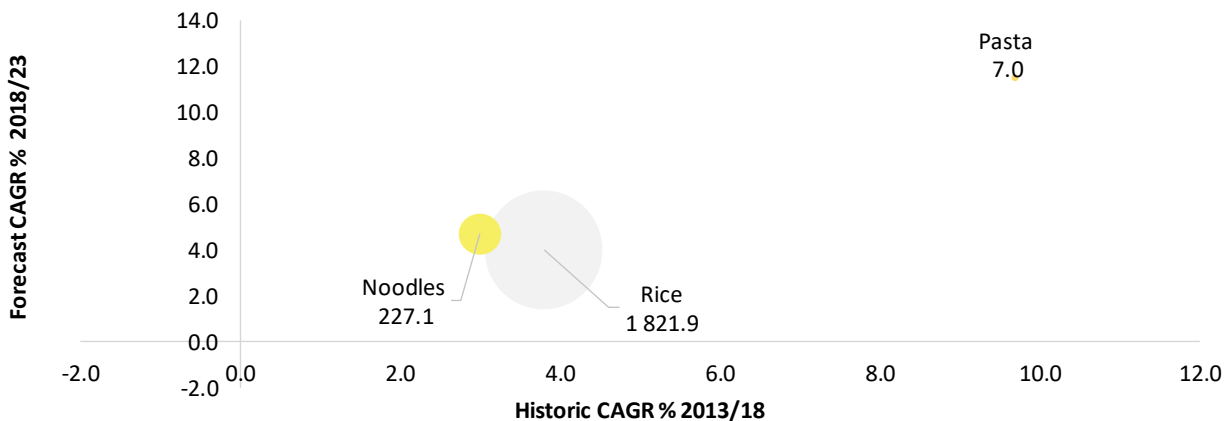
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> Pasta consumption has risen in recent years and is expected to continue to do so in the future. Pasta now competing with rice to become a staple food in the country. Pasta is now a largely visible food in the country which was not the case a number of years ago. 	<ul style="list-style-type: none"> Rice and noodles are by far preferred to pasta. Competition from price competitive noodles is strong.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> The demand for convenience foods is growing Younger consumers open to new types of pasta. The rise of vegetarianism in the country compounds pasta consumption 	<ul style="list-style-type: none"> EU pasta producers subject to tariffs Despite the rise of pasta consumption in Malaysia it lags far behind noodles and rice.

5.13.2 Consumption

5.13.2.1 Evolution of consumption

As illustrated below in Figure 5-57, pasta consumption has risen quickly in Malaysia in recent years recording a CAGR of 10.9% between 2013/18 which, pre COVID-19, was a growth rate that was expected to be maintained for the forecasted years up until 2024. The market size for pasta currently is estimated to be around 7 000 tonnes and growing. While growth rates remain high, it is foreseen that rates may slow in the future as the wider population of Malaysia begins to decline. The market is, however, dwarfed by those of both rice and noodles.

Figure 5-57: Evolution and forecast of market for pasta compared to rice and noodles (000 tonnes) in Malaysia, 2013-2023



Source: Euromonitor International: Packaged Food, 2020.

Note: figures for 2019 to 2023 based on forecasts.

5.13.2.2 Consumer profile and purchase criteria

Consumers

Consumers in Malaysia are increasingly valuing convenience foods as their daily work and life schedules become ever busier this in turn allows for the growth of pasta consumption in the country, particularly dried pasta. Rice and noodles remain largely more consumed than pasta, however pasta is a growing food in Malaysia and is likely to provide increasing competition to rice and noodles in the future. Vegan pasta have entered the market in recent years as well as unique shaped pastas which generally cater to children, this in turn demonstrates that producers in the country are openly shifting production to meet consumer demands. Healthier lifestyles from consumers have seen a growing trend of vegetarianism in the country which generally compounds the growth of pasta consumption.

Drivers and method of consumption

Pasta is generally consumed as an instant food product to complement a meal or to be eaten by itself as a snack in Malaysia; as well as through Italian style food service outlets. Producers have innovated to create sauces with new and unique to Malaysia flavours for pastas which include such as curry laska sauce, Tom yum pasta sauce, and chicken curry pasta sauce. Urban environments are likely to have more consumers of pasta as the demand for convenience foods is higher. Pasta is increasingly a main meal for vegetarians in the country and mixed with vegetables and spices.

Purchase criteria

Convenience noodle and pasta style products in Malaysia are generally cheap in the country as the presence of many varieties of noodles and rice mean pasta producers need to be cost effective to compete in the market. Pasta is often purchased alongside sauces in the country as a method to offer additional value to the product. Pasta sauces in the country alone are also not very expensive. The presence of Italian restaurants in urban centres such as Kuala Lumpur act as distributors of pasta, Italian restaurants are generally expensive and cater to upper middle income and higher income earners.

5.13.2.3 Recent market trends

The rise in demand for both convenience and health foods in Malaysia have been the two defining categories behind the growth of pasta consumption in the country, although rice and noodles have remained larger consumed products pasta has established a small niche in the market which is ever growing as producers continue to innovate in the varieties of pastas and sauces available on the market. Pasta is likely to continue growing in the country as younger consumers are more open to trying new products on the market and the pre COVID-19 forecast of 10% CAGR in reflects this.⁵⁴

⁵⁴ Euromonitor International: Packaged Food, 2020.

5.13.3 Offer

5.13.3.1 Domestic production

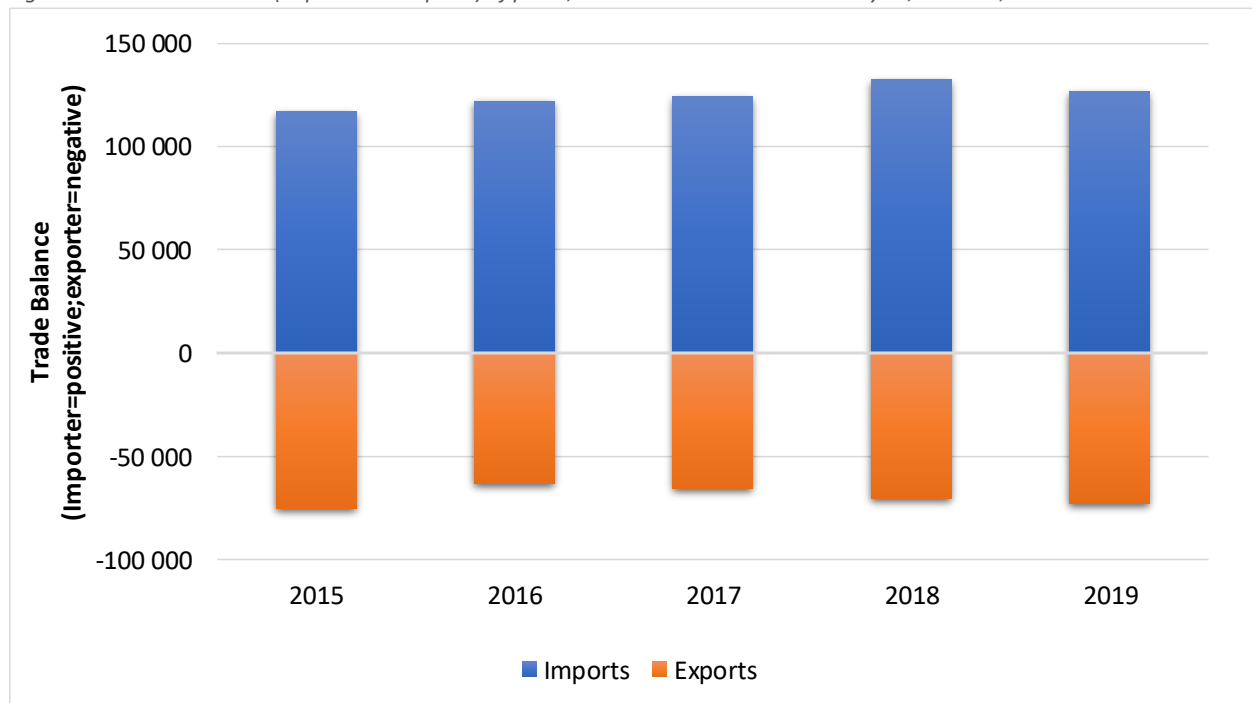
Separating pasta production from noodle production in Malaysia is difficult, and indeed the line between the two products is often blurred. There are, for example, several companies producing noodle products with reference to pasta. Subsequently, it is not possible to fully separate the production of pasta from that of noodles more widely.

Domestically there is heavy production of noodles and pasta. No company has a commanding share of the market with the largest domestic producer Serba Wangi Sdn Bhd having a market share of just over 15%. Innovation is key to the success of these companies as the demand for eccentric products and pasta sauces in the country encourages companies producing pasta in Malaysia to innovate. Domestic companies have been engaged in a marketing frenzy in recent years in order to capture a share of this growing market and it is not uncommon for advertisements from domestic companies to be a common sight on Malaysian streets or on Malaysian social media platforms. Domestic companies Prego and Alce Nero have launched child friendly shaped pastas while the production of domestic vegetarian pastas and sauces is now common. While evidence suggests that Malaysia does not produce as much pasta as neighbouring nations such as Indonesia and Thailand, production is growing as producers aim to capitalise on this growing market.

5.13.3.2 Imports and exports

As observed in Figure 5-58 Malaysia imports more pasta, noodles and couscous than it exports, exports from Malaysia have remained at a near constant value between the figures of EUR 74 million and EUR 62 million between the years 2015-2019. Imports declined between 2018-2019 by a value of EUR 6 million however remains high at EUR 126 million. However, it is important to note that the vast majority of both imports and exports are likely to relate to noodles.

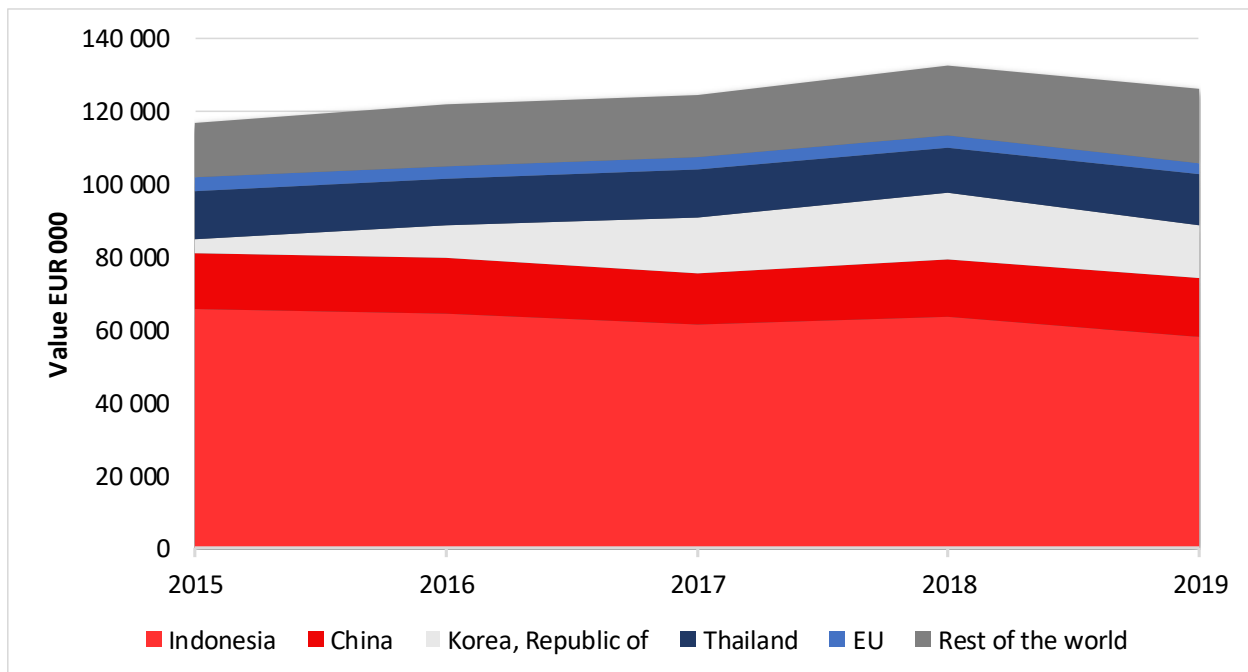
Figure 5-58: Trade balance (imports and exports) of pasta, noodles and couscous in Malaysia, 2015-19; tonnes



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 1902.

Indonesia is the largest exporter of pasta, noodles and couscous to Malaysia with a total value of EUR 57 million in 2019 or roughly 45 % of total imports of these products into Malaysia. As shown further in Figure 5-59, China and South Korea are the next two biggest exporters to the country with China exporting a EUR value of 16 million to the country and South Korea exporting EUR 14 million. The biggest EU exporter is Italy with an export value of EUR 3 million worth of pasta to Malaysia.

Figure 5-59: Malaysian imports of pasta, noodles and couscous by country, 2015-2019; tonnes



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 1902.

5.13.3.3 EU GI products

No EU GI for pasta product has been registered in Malaysia.

5.13.3.4 Main competitors

Separating between pasta and noodles in Malaysia is challenging. The main competitors in this wider combined market are regional producers who are not only scaling up production but actively innovating their flavours and designs to fit the needs of the market. One of the largest appeals of domestic pasta style product to Malaysian consumers is its lower costs which is compromised by imported pasta from the EU which is typically more expensive. As other nations in the region produce more pasta and noodles than Malaysia itself it is likely Malaysia will look to these countries to import from. Malaysian producers have innovated in recent years to capture unique demands from consumers their such as unique pasta sauces and shapes while will also present competition for EU producers.

5.13.4 Specific market entry requirements

Market Access and Entry

In terms of tariffs, currently European pasta products imported into Malaysia are subject to MFN tariffs of between 0 and 8% (for most HS codes, the tariff rate is 6%) .

Detailed information on import duties and Rules of Origin can be consulted on the European

Commission website:

<https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=MY&hscod=1902>

Customs procedures

A list of standard documents required to import pasta into Malaysia is presented in Table 4-1 in section 4.2.1. A list specifically for pasta can be found on the website indicated in the box below; notably this includes a halal certificate in the case of meat content.

Any other up to date information on appropriate documents concerning customs procedures can be consulted on European Commission website:

<https://madb.europa.eu/madb/datasetPreviewIFpubli.htm?hscod=1902&countries=MY>

Standards, SPS measures

Regulation 63 of the Food Regulations contain standards relevant for pasta. The text of this regulation is set out below:

1. *In these Regulations, "pasta" means any product, including noodles, beehon, laksa, macaroni and spaghetti that is obtained by extruding or moulding units of dough.*
2. *Pasta shall be comprised principally of a cereal meal, and may also contain -*
 - a. *carbohydrate foods;*
 - b. *egg solids;*
 - c. *salt; and*
 - d. *any other food,*
3. *Pasta may contain permitted colouring substance and transglutaminase, sulphur dioxide or sulphites as a permitted food conditioner not exceeding 200 mg/kg.*
4. *No pasta shall be labelled with the word "egg" or any word of similar meaning unless that pasta contains not less than 4 per cent of egg solids calculated on a water-free basis.*

The text of the Regulations also can be found (in English) at the link below as a .pdf file:

<http://fsq.moh.gov.my/v6/xs/dl.php?filename=730b5042d10be434b44c3165d1ec588b.pdf>

Or at the link below as a navigable webpage:

<http://fsis2.moh.gov.my/fosimtestsite/HOM/frmHOMFARSec.aspx?id=21>

Up to date information on appropriate documents concerning SPS measures:

<https://madb.europa.eu/madb/viewPageIFPubli.htm?doc=overview&hscod=1902&countryid=MY#h20>

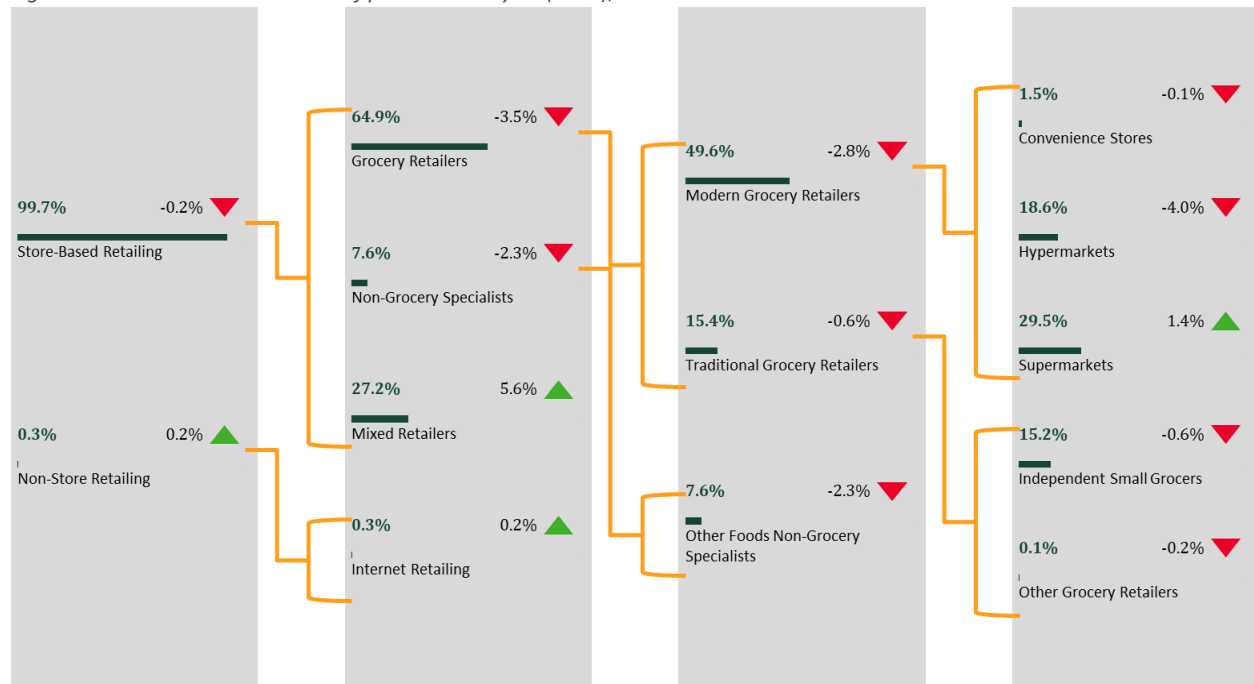
Labelling

Pasta must comply with generic labelling requirements set out in the Food Regulations, which were described in section 4.2.3.

5.13.5 Distribution

As shown below in Figure 5-60 store based retailing is the dominant and effectively only distribution channel of pasta in Malaysia, with internet retailing growing however still only representing 0.3 present of distributed pasta into Malaysia. Grocery retailers are the main distribution channel for pasta in Malaysia representing 64% of sales. Within the grocery retailer sector, modern grocery retailers such as supermarkets, hypermarket and convenience stores represent almost half of pasta sales. Traditional grocery retailers have a small yet significant market share of 15.4% which is made up of small independent grocers operating throughout the country. Non grocery specialists form the smallest grocery-based channel representing just 7.6% of sales.

Figure 5-60: Distribution channels of pasta in Malaysia (2018); retail value



Source: Euromonitor International: Packaged Food, 2020.

5.13.6 Challenges for EU products

The main challenge is that pasta style products are largely available from neighbouring countries at the cheaper prices that make it attractive to Malaysian consumers. Malaysian consumers who are enticed by the cheap price of pasta style products in the country are unlikely to pass them up for EU pasta which generally cost more. EU producers who take note of the innovations taking place with respect to new and unique flavours in Malaysia will be well positioned to effectively compete in this market should they be cost competitive. Italian restaurants and other on-trade establishment can also present an opportunity for EU producers.

Market Takeaway: Pasta

Consumption: *Pasta consumption has grown rapidly in Malaysia and is expected to continue doing so.*

Competition: *Regional nations produce more pasta than Malaysia and are typically able to plug any gaps in the pasta sector in the country*

Distribution: *Mainly sold through grocery retailers with modern grocery retailers such as supermarkets and hypermarkets accounting for half of sales.*

Challenges: *Domestic and regional producers have innovated and create pastas and sauces that are more oriented to the tastes of Malaysia and will be hard to replicate.*

Opportunities: *consumers, particularly younger ones are very open to trying new pastas and flavours. Producers who innovate and produce new flavours will be positioned well to attract these consumers.*

5.14 Baked goods

5.14.1 SWOT analysis

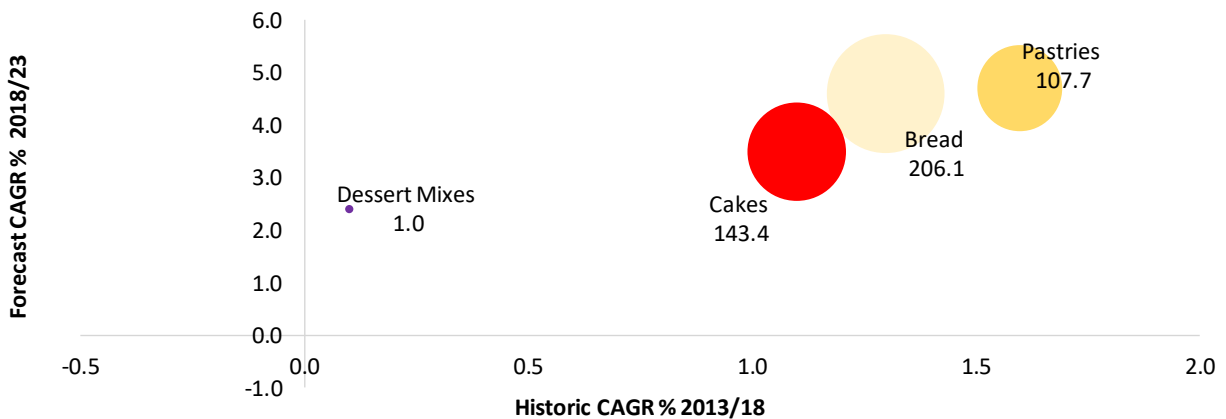
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none">All categories are forecast to grow at higher rates than before.Baked goods are popular and often consumed daily.	<ul style="list-style-type: none">Malaysia is a by far a net exporter of baked goods.The demand for frozen baked goods is decreasing, and there is a general preference for unpackaged goods.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none">High-quality products with new flavours and healthy ingredients are trending.Proper use of marketing techniques such as breakfast-themed roadshows, campaigns and social media presence boosting consumption for some products.	<ul style="list-style-type: none">The main competitors are all from the Asian region such as Indonesia, China and Thailand.Artisanal local bakeries are leading the domestic market followed by other bigger domestic companies (Gardenia and Italian Baker).

5.14.2 Consumption

5.14.2.1 Evolution of consumption

As shown in Figure 5-61 the total market size of baked goods in 2018 in Malaysia was about EUR 458m. The most important category was bread with a market size of approximately EUR 206m, which was about 45% of the total market size in 2018. Cakes follow with around EUR 143m and thus accounted for about 31% of the market size and pastries followed closely with around EUR 108m (24% of the total market size). The market for dessert mixes was very small at about EUR 1m in the same year. Historically, between 2013 and 2018 the different markets did not grow much. Dessert mixes showed the lowest growth rate of 0.1% and pastries the highest at around 1.6%. Bread was the second highest with about 1.3% followed by cakes with 1.1%. In the forecasted period of 2019 to 2023, the market for baked good, in general, was forecast to grow at higher rates than prior to COVID-19. As before pastries were forecast to have the highest growth rate at about 4.7%, closely followed by bread with 4.6%. The cake market size was forecast to grow at about 3.5% and the lowest growth rate (even though much higher than historically) was forecast for dessert mixes at circa 2.4%.

Figure 5-61: Evolution and forecast of baked goods market in Malaysia (million euros), 2013-2023; total value



Source: Euromonitor International: Packaged Food, 2020.

5.14.2.2 Consumer profile and purchase criteria

Consumers

There is no specific consumer profile for baked goods in Malaysia. All parts of society consume baked goods in one or another form depending on their personal preferences and income situation. Higher-income groups usually prefer more premium products, whereas health-conscious consumers prefer less calorie dense products or products with added healthy ingredients.

Drivers and method of consumption

Baked goods are basic commodities and are often consumed on a daily basis. In particular bread and pastries are part of many Malaysian breakfasts because they are affordable and a good substitute for e.g. cornflakes. It is common to have baked goods topped with different spreads and a cup of coffee or juice. Packaged baked goods are interesting because consumers increasingly eat out and thus cook less at home and look for food they can consume on the go; though on balance, consumers tend to prefer the freshness of unpackaged goods. In particular young consumers enjoy socialising in cafés or other foodservice operators, which is why a lot of baked goods are catered to these operators as well. Moreover, consumers can find baked goods in all kind of different retail channels, which makes them convenient to buy wherever they decide to go shopping.

Purchase criteria

Consumers main purchase criteria are convenience the freshness of products. Malaysian consumers can find baked goods everywhere, which is why many people use the in their eyes most convenient channel. The fresher the product the more likely the consumer is willing to spend a bit more money on it. Also, the higher the quality of baked goods the more likely consumers are to pay more. Consumers who are more

interested in consuming healthier and more high-quality products often have higher incomes. For very low-income consumers the price still plays an important role.⁵⁵

5.14.2.3 Recent market trends

There are many different trends visible when it comes to the baked goods market in Malaysia, which are the following:

- **Artisanal and unpackaged products:** Artisanal bakery shops are increasingly popular in Malaysia because of the freshness and quality of the products they offer. The shops are comparatively small and often located inside neighbourhoods, which makes them convenient to access. Bakeries can offer many different products and often offer different discounts such as bundle deals or happy hour discounts. Products are often fresher and taste better than packaged products which can be found in modern retailers. Due to this trend, grocery retailers such as Tesco and Aeon increasingly start to offer unpackaged baked goods in their shops.
- **Premiumisation, health trend, flavours and innovation:** It is in trend to introduce many new and different products with novel flavours and ingredients and pastry types. Premiumisation efforts are in particular made in the segment of packaged leavened bread, cakes and pastries with integrating soft grain or superfood or other healthy ingredients which also feed into the health-trend such as vitamins, fibre and calcium. New trendy flavours to keep consumers interested are for example cheese, wasabi and durian. Many consumers increasingly choose more high-quality and healthy options. The company Italian Baker Sdn Bhd launched different new products which fit in those categories in 2018 and 2019, which helped the company to sustain their strong growth.
- **Decreased demand for frozen baked goods:** The demand for frozen baked goods is decreasing because of the new lifestyle trend. Consumers enjoy spending time socializing in restaurants and cafes where they mostly get offered fresh products. Moreover, consumers try to live healthier and enjoy high-quality baked goods. Those two reasons combined can explain this recent market trend. Consumers are just not as interested in frozen products anymore. Moreover, it is more expensive for stores and foodservice channels to store frozen baked goods than getting fresh and more popular ones delivered.
- **Smart marketing:** Leading companies increase consumers interest by organising breakfast-themed roadshows in different big cities in Malaysia, where they let consumers sample their products and offer them multibuy promotions. In general, marketing campaigns and social media presence are important for companies to move forward.

5.14.3 Offer

5.14.3.1 Domestic production

The domestic production of baked goods in Malaysia is high. More than half, around 55%, of the total sector's retail value came from artisanal bakeries. Besides small local bakeries, two big domestic companies - Gardenia Bakery KL Sdn Bhd and Italian Baker Sdn Bhd - accounted for around 1/3 of the market in the same year. Some other bigger companies are available but each of them only has very small

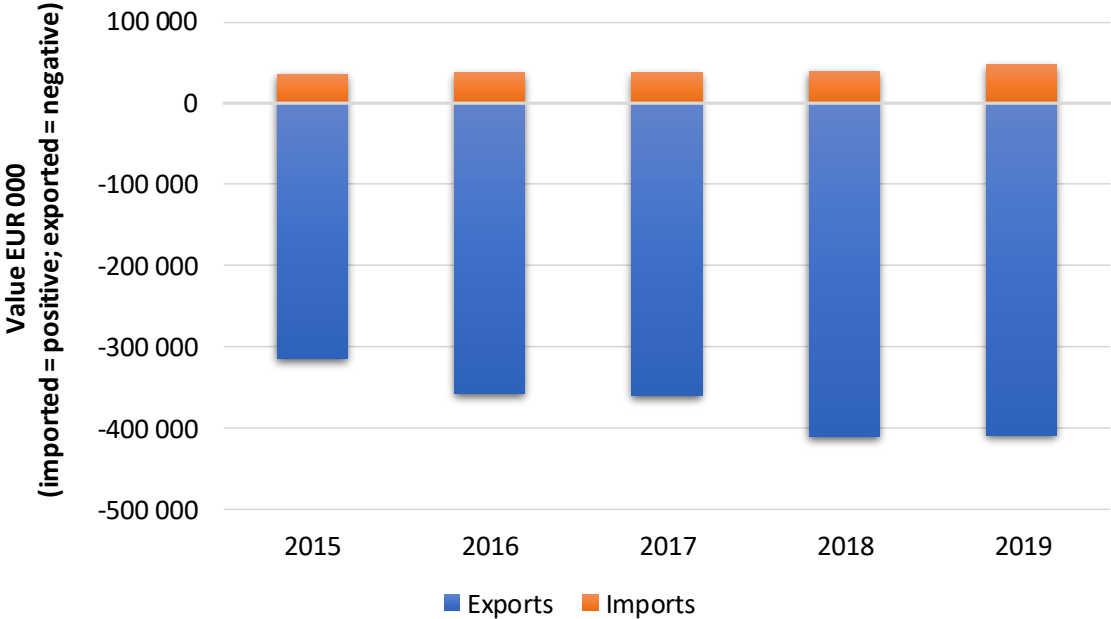
⁵⁵ Euromonitor International: Packaged Food, 2020.

impacts on the market. Even though Gardenia Bakery KL Sdn Bhd is still the biggest company it has to face competition from Italian Baker Sdn Bhd. Due to higher retail selling prices by Gardenia Bakery due to rising costs in operation and distribution, many consumers who look for packaged baked goods switch to Italian Baker. Another domestic company Kawan Food Mfg Sdn Bhd showed the strongest growth from 2018 to 2019. It is in particular selling frozen goods of high quality and its factory has the biggest frozen warehouse in Malaysia.

5.14.3.2 Imports and exports

As shown in Figure 5-62 Malaysia is by far a net exporter of baked goods. In 2019 the country exported baked goods with a value of approximately EUR 623m, whereas it imported about EUR 142m. However, since 2015 both the value of imports and exports increased. Between 2015 and 2019 Malaysia’s export market increased by about EUR 99m, which is an increase of around 16%. Between the same years, the import market expanded by circa EUR 47m, which is an increase of about 23%. Even though in absolute terms exports are much bigger, the import increased at a higher rate in relative terms.

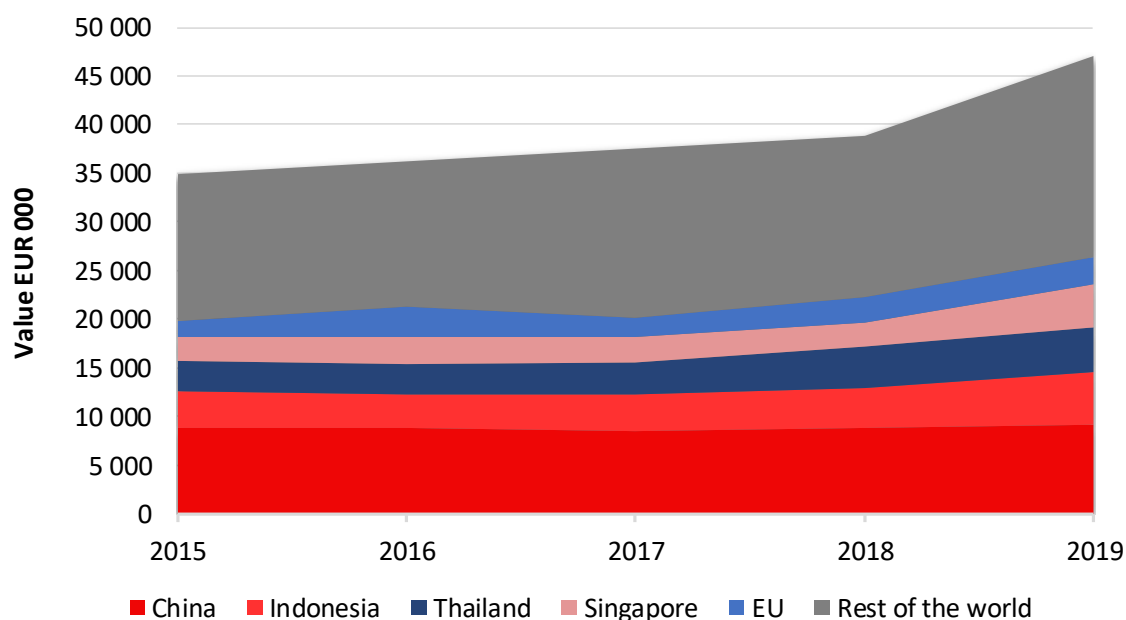
Figure 5-62: Trade balance (imports and exports) of baked goods in Malaysia, 2015-19; tonnes



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
 Data for CN codes 190510, 190520, 190540, 190590.

All the main exporters of baked goods to Malaysia are from the ASEAN region as depicted in Figure 5-64. In 2019 Indonesia was by far the biggest exporter with an exported value of around EUR 46m, which is about 32% of the total markets value. China and Thailand rank second and third and have similar export values of about EUR 18m (China) and EUR 17m (Thailand). Malaysia’s small neighbour Singapore ranked 4th and exported circa EUR 7.1m in 2019. Only two out of the best 10 exporters are from the EU: Poland, which ranked 7th and Italy which ranked 10th. However, in total the EU still accounted for about 10% of the market value and exported around EUR 14.5m in 2019.

Figure 5-63: Malaysian imports of baked goods by country, 2015-19; tonnes



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN codes 190510, 190520, 190540, 190590.

5.14.3.3 EU GI products

No EU GI for baked good has been registered in Malaysia.

5.14.3.4 Main competitors

Malaysians consume quite a lot of baked goods, which is one reason why the domestic production is high; and indeed exports greatly outweigh imports. The main competitors on the domestic Malaysian market are small artisanal bakery shops because they accounted for around 55% of the market value in 2019. The two big companies to compete against are Gardenia Bakery KL Sdn Bhd and Italian Baker Sdn Bhd, which accounted for 1/3 of the market. On top of that many other countries, mainly from the ASEAN region such as Indonesia, China and Singapore are the main exporters of baked goods to Malaysia.

5.14.4 Specific market entry requirements

Market Access and Entry

In terms of tariffs, currently European bakery products imported into Malaysia are generally not subject to duties.

Detailed information on import duties and Rules of Origin can be consulted on the European Commission website by entering the corresponding CN code:

e.g. <https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=MY&hscod=190510>

Customs procedures

The customs procedures for importing foodstuffs are set out in 4.2.1. A full list of the general requirements for export set out in Table 4-1. A list specifically for baked goods can be found on the website indicated in the box below (currently none are listed).

Any other up to date information on appropriate documents concerning customs procedures can be consulted on European Commission website by entering the corresponding CN code:

e.g. <https://madb.europa.eu/madb/datasetPreviewIFpubli.htm?hscod=190510&countries=MY>

Standards, SPS measures

Various regulations in part 8 of the Food Regulations contain standards relevant for baked goods; most notably regulations 42-75. It is not possible to cover all standards in detail here, but by way of example, the overarching standard for bread (regulation 65) is set out below:

1. *In these Regulations, "bread" means the product obtained by baking a yeast-leavened dough prepared from flour or meal, or a combination of these with water and yeast and may contain any other food, and includes the food for which a standard is prescribed in regulations 66 to 75.*
2. *Bread may contain –*
 - a. *propionic acid and its sodium, potassium or calcium salts, not exceeding 2,000 mg/kg of bread as permitted preservative; and*
 - b. *permitted food conditioner including—*
 - i. *ammonium chloride, not exceeding 2,500 mg/kg of wheat flour or meal used;*
 - ii. *calcium and sodium salt of fatty acid lactylates and fumarates; and*
 - iii. *transglutaminase.*
 - c. *permitted colouring substances.*
3. *Bread shall not contain more than 45 per cent of water in any part of the loaf.*

It is recommended that the corresponding standards be checked in the regulations directly. The text of the Regulations can be found (in English) at the link below as a .pdf file:

<http://fsq.moh.gov.my/v6/xs/dl.php?filename=730b5042d10be434b44c3165d1ec588b.pdf>

Or at the link below as a navigable webpage:

<http://fsis2.moh.gov.my/fosimtestsite/HOM/frmHOMFARSec.aspx?id=21>

Up to date information on appropriate documents concerning SPS measures:

<https://madb.europa.eu/madb/viewPageIFPubli.htm?doc=overview&hscod=1905&countryid=MY#h20>

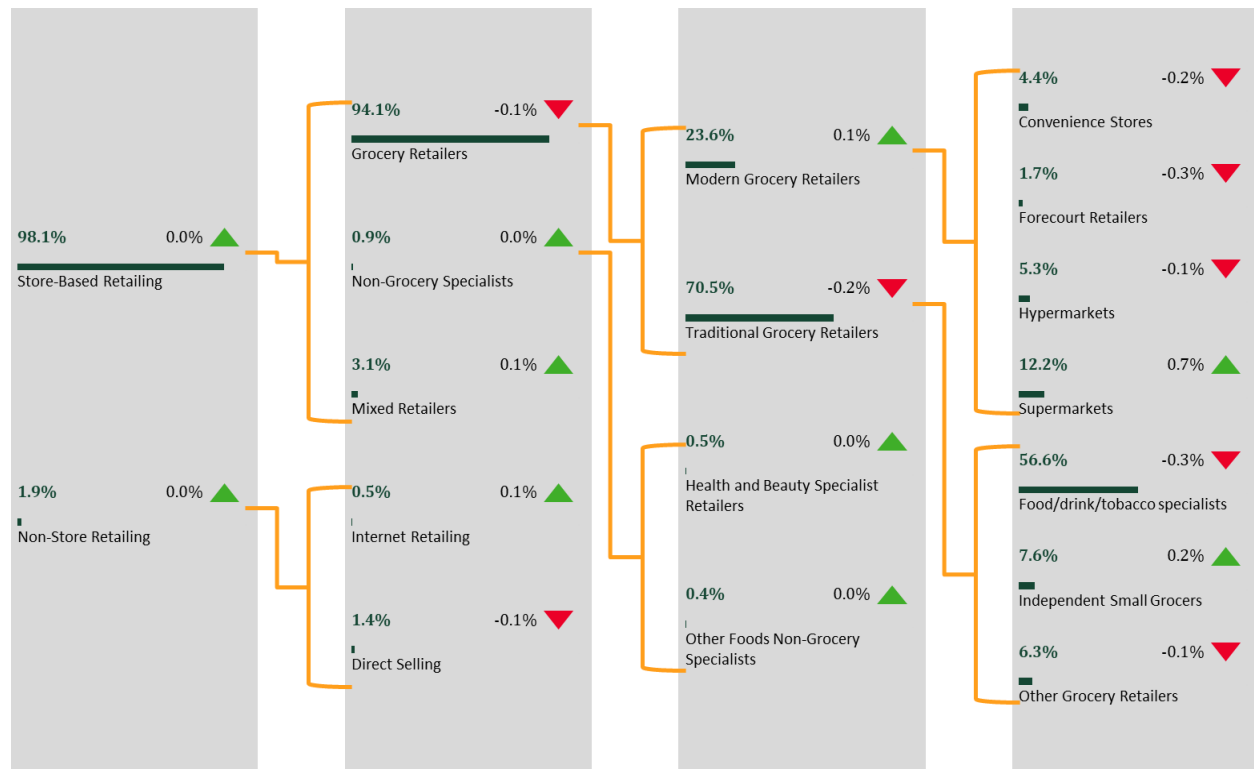
Labelling

Baked goods must comply with generic labelling requirements set out in the Food Regulations, which were described in section 4.2.3. There are also some specific labelling requirements for certain bakery products in the corresponding standards of the food regulations (see above). For example, for wholemeal bread a statement of the percentage of wholemeal wheat flour in the bread must be included.

5.14.5 Distribution

About 1.9% of the retail value of baked goods comes from non-store retailing such as direct selling (1.4%) and internet retailing (0.5%) as depicted in Figure 5-64. The remaining 98.1% is made through store-based retailing, with grocery retailers being the preferred distribution channel. 70.5% of the retail value comes from traditional grocery retailers, in particular from specialist stores (56.6%). Modern grocery retailers accounted for about 23.6% of the retail value, with supermarkets (12.2%) and hypermarkets (5.3%) being the most popular channels. The importance of supermarkets has increased the most in recent years.

Figure 5-64: Distribution channel overview of baked goods in Malaysia (2018); retail value



Source: Euromonitor International: Packaged Food, 2020.

5.14.6 Challenges for EU products

Malaysia is by far a net exporter of baked goods which makes it not the easiest market to exports baked products too. The main exporting countries are all from the ASEAN region such as Indonesia and Thailand, as well as non-ASEAN China. They might be so popular because on the one hand they are not too far away and it is easier to ship products and on the other hand because they very likely can produce and sell their products at lower prices than EU competitors and moreover their products are culturally probably closer to what Malaysians are used to and enjoy. However, the EU still accounted for around 10% of the exported market value in 2019. Furthermore, Malaysian consumers choose baked goods according to their freshness, which is why small artisanal and local bakeries are so on-trend. This is an issue for EU exporters because due to the far distance exports have to cover, they cannot ship fresh baked goods and thus miss out on this segment. Mainly consumers from lower-income groups prefer cheaper packaged baked goods.

However, products in the EU are most likely to be more expensive than the domestic packaged baked goods options, which might be another issue. The competition with packaged baked goods is high because the market is already dominated by two domestic companies: Gardenia and Italian Baker. Frozen products are not very popular in general, but even this market seems to be filled by another domestic producer. There are many challenges to bear in mind, when exporting to Malaysia, however baked goods from the EU are deemed to be of good quality, which suits some consumer profiles.

Market Takeaway: Baked goods

Consumption: In 2018 Malaysia had a consumption of EUR 458m and this amount is forecast to grow slowly between 2018 and 2023.

Competition: The many domestic artisanal bakeries as well as with two leaders Gardenia and Italian Bakery. Imports mainly from other ASEAN or regional countries such as Indonesia, China and Thailand.

Distribution: In particular through traditional grocers such as specialist stores (56.6%) as well as through some modern grocery retailers such as supermarkets (12.2%) and hypermarkets (5.3%). The popularity of supermarkets increased.

Challenges: Consumers mainly prefer fresh and unpackaged baked goods, making it a difficult market for distant imports. The market for packaged products is also already dominated by domestic companies.

Opportunities: New flavours and healthy ingredients; fresh and unpackaged products; smart marketing through campaigns and social media.

5.15 Biscuits and cereal bars

5.15.1 SWOT analysis

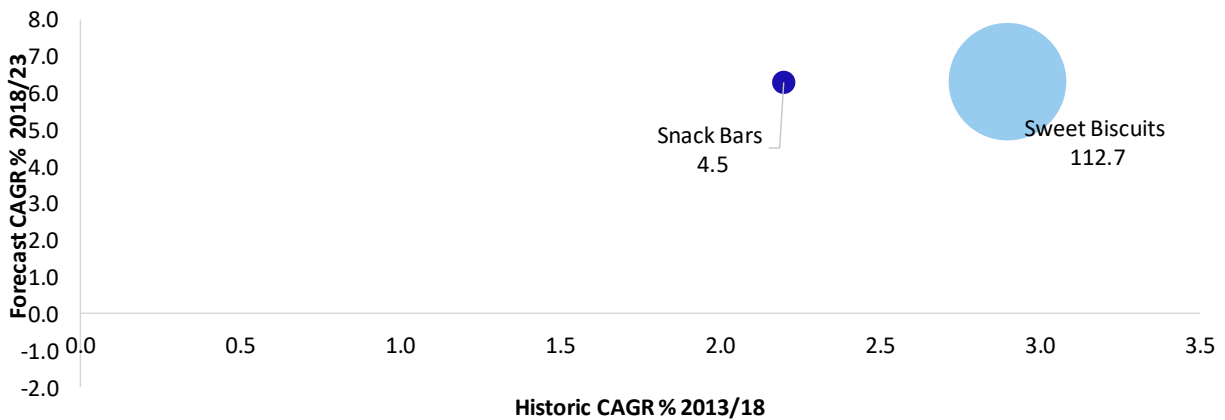
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none">Both products increasingly consumed in Malaysia.The desire for health-focused products has grown.Imports from the EU have grown in recent years with Austria, Poland, and Italy doubling trade throughout products in this sector between 2013-2019.	<ul style="list-style-type: none">Domestic producers have a pricing advantageEU products have a 6% tariff imposed on them which makes them less competitive.Producers have demonstrated they can swiftly can production to cater to new trends, such as the demand for unique flavours.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none">Gifting of these products is a growing occurrence, which provides a window of opportunity for EU products.Young adults in the country have been shown to spend more on unique products from abroad.Rising incomes in the country have allowed for the import of EU products to occur and resonate with a segment of the market.	<ul style="list-style-type: none">Thailand, Indonesia, and China have all increased exports to the country in recent years.Domestic factories have expanded production in recent years.Demand for sugary products has declined in line with a broader health conscious trends.

5.15.2 Consumption

5.15.2.1 Evolution of consumption

As shown below in Figure 5-65 sweet biscuits are the most popular biscuit product in Malaysia. Sweet biscuits have grown at a rate of 2.9% per year in recent years to a market value of EUR 112 million. Pre COVID-19, sweet biscuits were expected to grow twice as fast during the forecasted years up until 2023 with a CARG of 6.3%. Snack bars are a much smaller market in Malaysia at a value of just EUR 4.5 million however this product was expected to also grow quickly throughout upcoming years with a CAGR of 6% expected for snack bars.

Figure 5-65: Evolution and forecast of the market for sweet biscuits and snack bars in Malaysia, 2013-2023; EUR million



Source: Euromonitor International: Packaged Food, 2020.

5.15.2.2 Consumer profile and purchase criteria

5.15.2.3 Consumers

Consumers

Consumers value convenience in Malaysia and snack bars, in particular, have resonated with this need in the Malaysian market. Generally biscuits are available throughout the country and readily accessible to consumers. Biscuits are generally cheap in the country and it is not uncommon for younger consumers to seek out more eccentric flavoured biscuits in the country such as the luxury brand biscuits which are generally more expensive and viewed as a treat product, or a gift product. High fibre and health based biscuits have seen a rise in popularity in the country as the rise of health conscious diets resonates with health conscious consumers. Cereal bars are growing in consumption with more health based consumers likely to purchase snack bars with added fruits and fibre.

Drivers and method of consumption

Gifting is a growing driver of sales for biscuits and cereal bars products in Malaysia. Seasonal promotions of these products have helped entice consumers to purchase these products as gifts with examples including Chinese new year's wafer biscuit boxes and sweet biscuit gifts for Mother day and Valentine day. Social media is also attracting new consumers of these product, especially for young adults.

Manufacturers in the country have innovated to offer breakfast snack bars and snack bar with nutritional added value. Fruit snack bars are increasingly popular in the country. Cereal bar consumption as a part of a breakfast meal is increasingly common and many consumers are also consuming nutritional fibre snack bars as a part of their balanced healthy diets.

Purchase criteria

Malaysians are typically attracted to the low costs of biscuit and cereal bar products in the country and producers have taken note. Domestic producers actively compete to have the lowest cost point for their products in the country. While premium products are on the market in Malaysia these are typically outliers (often targeting the special occasion/gift market) with the majority of products being advertised to all consumers in the country. The competitive market in Malaysia means a large percentage biscuit and cereal bar products will be sold at extremely low-cost points to remain competitive in the market.⁵⁶

5.15.2.4 Recent market trends

With a growing awareness for health combined with a demand for new and unique flavours and types of biscuit and cereal bar products in Malaysia, these two trends have come to define the market in recent years. Generally, producers will need to cater to health awareness, the need to have products priced as low as competitively possible, catering to seasonal occasions through promotions, and the utilisation of social media in order to be competitive in the Malaysian market. The gifting of biscuits for special occasion is increasingly common and dates that stand out for this include valentine's day and mother's day. These dates generally see a spike in demand for more premium biscuit products which has been noted by producers who have adapted by combining premium biscuits with promotional items such as cards and candles.

5.15.3 Offer

5.15.3.1 Domestic production

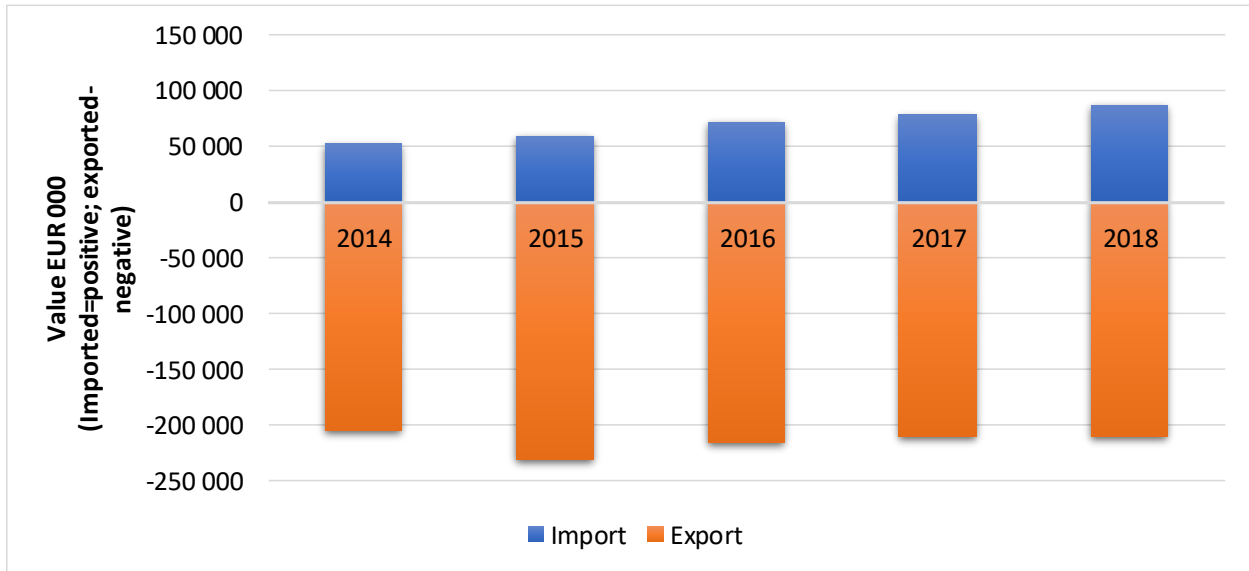
The domestic production of biscuits and cereal bars in Malaysia is competitive however the two largest companies Munchy Food Industries (a local company) and Mondelez (which producers inside Malaysia) account for half the market share. Perfect food Mfg is the third-largest company with a market share of just over 10% followed by a string of smaller competitors that hold a 1-2% of the market share. In recent years companies such as Mondelez have expanded their production capacity as part of a wider initiative to cater to the broader southeast Asian market, Mondelez has spent EUR 5 million on a new plant in the Jahor region for this purpose. Cereal bar production has increased as well in the country as producers aim to capture a market that has grown at CAGR of 6% with Nestle fitness bars and Nestle milo brand bars being increasingly produced in the country.

5.15.3.2 Imports and exports

As illustrated below in Figure 5-66. Malaysia has a trade surplus of biscuits, waffles and wafers. While imports have increased by roughly 20% in recent years the level of exports continues, to far exceed import levels. As production increases domestically in Malaysia exports from the country will likely continue to be far higher than imports.

⁵⁶ Euromonitor International: Packaged Food, 2020.

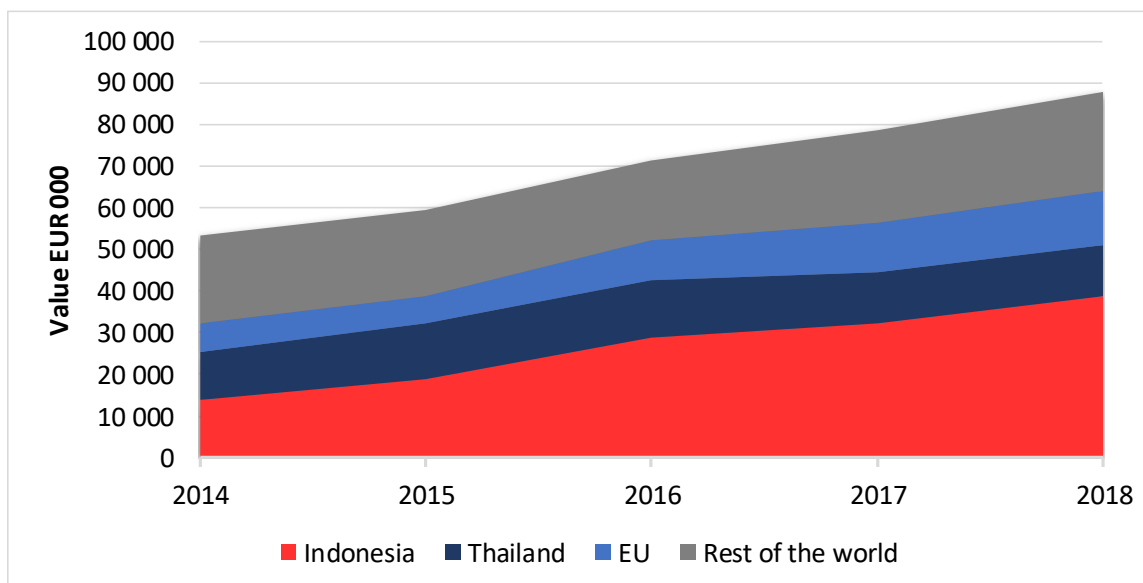
Figure 5-66: Trade balance (imports and exports) of biscuits, waffles and wafers in Malaysia, 2015-19; tonnes



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN codes 190531 and 190532.

As observed below in Figure 5-67 Indonesia is the largest exporter of biscuits, waffles and wafers into Malaysia with exports from the country doubling in recent years. This is followed by Thailand and then the EU as a whole. Notable exporters from the EU in this sector include Germany (sweet biscuits), Poland (wafers) and Italy (wafers). Wafers exports from both Poland and Italy have doubled since 2013 while Austria went from zero trade in 2013 to a market value trade of wafers to Malaysia worth EUR 2 million in 2018. Exports of sweet biscuits from the Netherlands also doubled between 2013-2019.

Figure 5-67: Malaysian imports of biscuits, waffles and wafers by country, 2015-19; tonnes



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN codes 190531 and 190532.

5.15.3.3 EU GI products

No EU GI for biscuit has been registered in Malaysia.

5.15.3.4 Main competitors

Importing competitors for EU products in the region come from neighbouring Indonesia and Thailand who are both experience a growth in export of biscuit and cereal bar products to Malaysia. Exports from China are also increasing in the country and pose a challenge. The main source of competition however is domestic producers already operating in the country, with Malaysia having double the amount of exports than imports of biscuit and cereal bar products due to strong production. Malaysian producers in the country actively compete to have the lowest price point which poses a challenge for EU products in the country which are typically more expensive than domestic and regional counterparts.

5.15.4 Specific market entry requirements

Market Access and Entry

In terms of tariffs, currently European biscuit products imported into Malaysia are generally subject to duties 6%.

Detailed information on import duties and Rules of Origin can be consulted on the European Commission website by entering the corresponding HS code:
e.g. <https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=MY&hscod=190531>

Customs procedures

The customs procedures for importing foodstuffs are set out in 4.2.1. A full list of the general requirements for export set out in Table 4-1. A list specifically for biscuits can be found on the website indicated in the box below (currently no specific requirements are listed).

Any other up to date information on appropriate documents concerning customs procedures can be consulted on European Commission website by entering the corresponding HS code:

e.g. <https://madb.europa.eu/madb/datasetPreviewIFpubli.htm?hscod=190531&countries=MY>

Standards, SPS measures

Various regulations in part 8 of the Food Regulations contain standards relevant for biscuits and cereal bars; most notably parts of regulations 42-75 and regulation 135; though depending on the exact nature of the product, other standards may also be relevant. It is not possible to cover all standards in detail here, but by way of example, the overarching standard for flour confectionery (regulation 135) is set out below:

1. *Flour confection(ery) including pastry, cake and biscuit shall be the product prepared from a mixture of flour or meal and other food. It may be cooked or uncooked.*
2. *Flour confection(ery) may contain -*
 - a. *sorbic acid and its sodium, potassium or calcium salts not exceeding 2000 mg/kg and propionic acid and its sodium, potassium or calcium salts not exceeding 2000 mg/kg as permitted preservative;*
 - b. *permitted colouring substance;*
 - c. *permitted flavouring substance; or*
 - d. *ammonium chloride as a permitted food conditioner not exceeding 2500 mg/kg of flour or meal used and other permitted food conditioners.*
3. *The coating of biscuit described as "chocolate" shall comply with the standard for chocolate prescribed in regulation 279.*

It is recommended that the corresponding standards be checked in the regulations directly. The text of the Regulations can be found (in English) at the link below as a .pdf file:

<http://fsq.moh.gov.my/v6/xs/dl.php?filename=730b5042d10be434b44c3165d1ec588b.pdf>

Or at the link below as a navigable webpage:

<http://fsis2.moh.gov.my/fosimtestsite/HOM/frmHOMFARSec.aspx?id=21>

Up to date information on appropriate documents concerning SPS measures:

<https://madb.europa.eu/madb/viewPageIFPubli.htm?doc=overview&hscod=1905&countryid=MY#h20>

Labelling

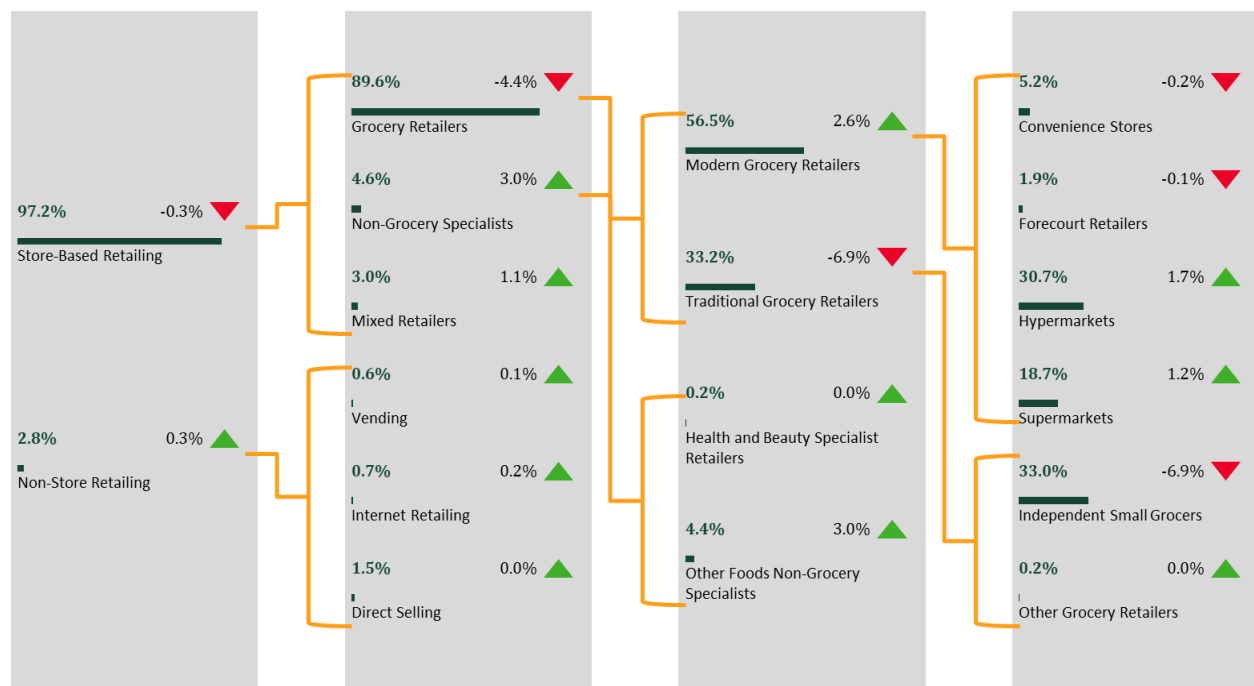
Biscuits and cereal bars must comply with generic labelling requirements set out in the Food Regulations, which were described in section 4.2.3. Additional labelling requirements set out in products standards in the food regulations may also apply, most notably that for confectionery as a whole (no 140):

4. No package of flour confection, sugar confection(ery), frozen confection(ery), ice confection(ery) or table confection(ery) shall be labelled with the word "fruit", "egg" or "milk" or any word of similar meaning, unless it contains a substantial quantity of fruit, egg or milk, as the case may be.
5. No package of any confection(ery) to which has been added a permitted flavouring substance shall be labelled with the name of any fruit or other natural substance imitated in flavour unless the name is conjoined in uniform lettering with the word "flavour".
6. No picture of a fruit, or expression or device (other than the name of a fruit conjoined with the word "flavour") that indicates, suggests or implies the presence of a fruit or fruit juice shall appear in the label on a package of frozen confection(ery), ice confection(ery) or table confection(ery) unless such confection(ery) contain at least 5 per cent of that fruit or fruit juice, as the case may be.

5.15.5 Distribution

As shown below in Figure 5-68, predominantly sales of biscuits in Malaysia come from grocery retailers with modern and traditional grocery retailers each having a large percentage of distributed sales of biscuits in the country. Hypermarkets and supermarkets are both growing distributors while independent small grocers have seen a decline of 6.9% in recent years. Non-store retailing is small at just 2.8% of sales which includes internet retailing which accounts for less than 1% of sales.

Figure 5-68: Distribution channel overview of sweet biscuits in Malaysia (2018); retail value

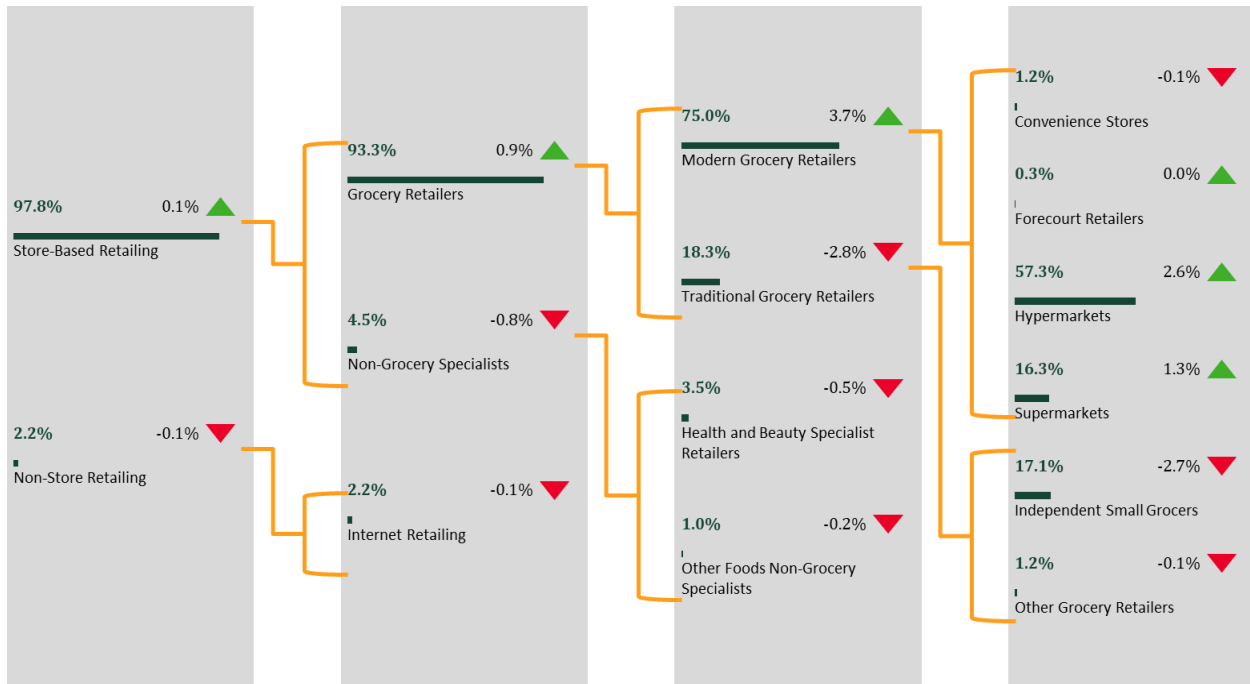


Source: Euromonitor International: Packaged Food, 2020.

As for snack bars, Figure 5-69 illustrates that, as is the case for biscuits, grocery retailers are the predominant distribution channel for snack bar products. Three-quarters of sales come from modern grocery retailers with hypermarkets alone accounting for 57% of sales followed by supermarkets at 16%.

Independent small grocers are also seeing a decline in sales for snack bars. Internet retailing of this product has declined recently which is notable as typically internet retailing is growing across most sectors.

Figure 5-69: Distribution channel overview of snack bars (including cereal bars) in Malaysia (2018); retail value



Source: Euromonitor International: Packaged Food, 2020.

5.15.6 Challenges for EU products

EU products face a variety of challenges in this market. The market in Malaysia is largely geared towards achieving the lowest cost point possible in order to be competitive which straight away gives EU producers a disadvantage in the market, accentuated by the 6% tariffs imposed on their imports. Malaysian producers have grown their production capacity in recent years and are now confident enough to look outside the Malaysian market which demonstrates they have been successful within Malaysia; and this is notable as these producers are more in tune with the flavour demands and product types typically desired by consumers in the country. Thailand, Indonesia, and China have also increased exports to Malaysia which poses an external challenger for EU products.

Market Takeaway: Biscuits and Cereal bars

Consumption: Consumed as a snack food, however increasingly incorporated into main meals such as breakfast.

Competition: Domestic and regional producers pose the greatest challenge for EU producers.

Distribution: Predominantly sold through store-based retailers with Hypermarkets accounting for a large segment of sales. Small independent grocery sales have declined as a result of the growth of modern retailers.

Challenges: Price is a large factor in the decision-making process for Malaysian consumers, these products are actively marketed to have the lowest price possible in the country which is a disadvantage for EU products.

Opportunities: Gifting these products in Malaysia is increasingly common, EU products are attractive for this purpose.

6 Communication

6.1 Communication strategy

Companies marketing and advertising in Malaysia have many different channels to consider. The aim of this section is to breakdown each section of the mass media landscape in Malaysia and to introduce the main communication channels (new and traditional media, as well as fairs) available in Malaysia, as well as key regulations for the advertisement of F&B.

6.1.1 Online & Digital Media

Internet penetration in Malaysia is high. The basic facts are the following:

- The Malaysian households' access to the internet reached 90% at the end of 2019, increasing on the year before
- Smartphone usage to access the internet remained stable at about 98% of phone owners in 2019.
- Over 70% of Malaysian households had access to a computer in 2019.
- Internet users can be distributed into the following different broad age groups: below 20 years 8%, between 20-30 years 30%, between 30-40 years 26%, between 40-50 years 18%, between 50-60 years 12% and older than 60 years 7%.
- Usage of internet for different activities can also be divided into different age groups as follow: 20 to 24 years old individuals mainly use the internet to search for jobs and to watch TV online, 25 to 29 years old individuals preferably use the internet for internet banking and to order goods and services online, 35 to 39 years old individuals use the internet to use services related to travel or travel-related accommodation and 45 to 49 years old individuals mainly enjoy to post their opinions or voting on civic or political issues on the internet.⁵⁷

Digital advertising agencies (see box below) may provide companies with support to develop a successful digital marketing strategy.

⁵⁷ Malaysian households' access to Internet rose to 90.1% end-2019, <https://www.thestar.com.my/business/business-news/2020/04/10/malaysian-households-access-to-internet-rose-to-901-end-2019>; Malaysia's Internet penetration is now 85.7 per cent, <https://www.nst.com.my/business/2018/03/346978/malaysias-internet-penetration-now-857-cent>; Age group distribution of internet users in Malaysia as of August 2018, <https://www.statista.com/statistics/981334/malaysia-internet-users-age-group-distribution/>

Main Digital Advertising Agencies in Malaysia⁵⁸

iProspect - www.iprospect.com
Silver Mouse - www.silvermouse.com.my
Gapture – www.gapture.com
Rozzario - <https://www.rozzario.com.my/>
Lion & Lion – www.lionandlion.com
Nexus Media Works - www.nexusmediaworks.com
PurpleClick – www.purpleclick.com.my
Macgad - www.macgad.com
Emperikal - www.emperikal.com
IH Digital - www.ihdigital.com.my

6.1.1.1 Social media platforms

Due to the high internet penetration in Malaysia social media marketing becomes a very important aspect to consider. Malaysia is one of the countries with the highest mobile social media penetration worldwide and is one of the leaders of this section in Southeast Asia along with its neighbours Singapore and Thailand. Many internet users use mobile commerce platforms which is why Malaysia offers great possibilities in the online marketing segment.

The average Malaysian is estimated to spend way over 5h per day on social media platforms. Almost 1/5th even spend more than 9 hours on platforms each day, whereas only about fraction are online for less than 1 hour. In general, women are more prone to spend more time on social media than men. Even though social media usage is high only about 2/5ths of internet users think their own social media use it too high, which is another plus point for social media marketing, with women being more prone to think this than men. Over half of the internet users think that they are spending the right amount of time on social media networks and even about 60% stated that they would not delete their social media accounts even for money. The two most important aspects why most internet users go on social media are to remain up-to date/to know everything about current events and to stay in contact with friends. Moreover, people like to share pictures or videos, enjoy watching or looking at funny content to amuse themselves or to research about products they are interested in.

Many chat platforms are very popular in Malaysia such as WhatsApp or Facebook Messenger. However, these platforms cannot be used for marketing properly as they are meant to be tools for communication. All social media platforms which are not only made for communication are great tools for social media marketing. Facebook (around 70% of total social media users) it the most used platform in Malaysia, followed by YouTube (just under 70%) and Instagram (just under half). Twitter (30%), LinkedIn (~20%) and Pinterest (17%) are used as well, yet much less than the first three.⁵⁹

⁵⁸ 20 Best Digital Marketing Agencies in Malaysia, <https://www.soravjain.com/best-digital-marketing-agencies-malaysia/>

⁵⁹ Malaysians spend almost a quarter of their day on social media, <https://my.yougov.com/en-my/news/2019/04/30/malaysians-spend-almost-quarter-their-day-social-m/>; Malaysia ranks top 5 globally in

Facebook

Worldwide more than 2bn people use Facebook. With the introduction of Facebook Messenger in 2016 the platform reached 1bn active monthly users for the first time. Facebook is the most popular social media platform in Malaysia. People use it to watch videos, like content of other users, read articles and to talk to friends. In 2017 approximately 22m Malaysians were estimated to use Facebook. This number is forecast to increase and reach over 24m in 2023.⁶⁰

Top Facebook influencers in Malaysia⁶¹

Tintu-Mon
Upin & Ipin
Siakap Keli
Clement Hii
Berita Harian Online
Harian Metro
Jordan Yeoh
ROTIKAYA
Sinar Harian
Najib Razak

YouTube

Malaysian moreover use YouTube a lot and rank among the highest YouTube using countries worldwide. People spend most time listening to music, watching movies, shows and follow different themed YouTube channels.⁶²

Top YouTube channels in Malaysia⁶³

Les' Copaque Production
办公室小野官方频道 Ms Yeah Official Channel
TV3MALAYSIA Official
Astro Gempak
KiniTV
Namewee

mobile social media penetration, highest in region,
<https://www.nst.com.my/lifestyle/bots/2019/01/456119/malaysia-ranks-top-5-globally-mobile-social-media-penetration-highest>;
Top 5 social media platforms by total users in Malaysia,
<https://blog.silvermouse.com.my/2018/09/top-5-social-media-platforms-malaysia.html>

⁶⁰Number of Facebook users in Malaysia from 2017 to 2023, <https://www.statista.com/statistics/490484/number-of-malaysia-facebook-users/>

⁶¹ Malaysia Facebook page statistics, <https://www.socialbakers.com/statistics/facebook/pages/total/malaysia>

⁶² Msians watch more YouTube than anyone else in the world,
<https://www.nst.com.my/news/2016/02/129141/msians-watch-more-youtube-anyone-else-world>

⁶³ YouTube statistics for Malaysia, <https://www.socialbakers.com/statistics/youtube/channels/malaysia>

FMC Music
MeleTOP
MVM MUSIC
Rusa Music

Instagram

Malaysians are one of the top Instagram users in Southeastern Asia. In particular, young people enjoy posting pictures and sharing part of their lives on the social media platform. However, Instagram is also gaining popularity within older age groups and thus is an interesting marketing target.⁶⁴

Top Instagram influencers in Malaysia⁶⁵

JIHAN MUSE - @jihanmuse
ROTIKAYA - @rotikaya
Nur Shahida Mohd Rashid - @shahidadherbs
pu azman - @pu_azman
Shahrol Azizie Azmi - @shahrol_shiro
Liyamaisarah ♡ - @liyamaisarah_
DOL - @luqmanpodolski
ROZITA JRM OFFICIAL - @bondarozitaibrahim
Zhafou | Zhafoujr - @fouziahgous
farrah ♡ - @n.frrah

6.1.1.2 Food blogs

Ideas given in section 6.1.1.1 are also useful with regard to food blogs. Well-known food bloggers are influencers as well and often cross over between written blogs and several social media accounts. This diversity of channels used also diversifies the exposure of a product on several platforms. Thus, these bloggers can be approached and asked to promote a product in one of their blogs or on social media. The following list is only an indication of the availability of some interesting bloggers. There are many more available and easily to find in online searches. Some of them even specialised in some products.

Top Malaysian Food Bloggers⁶⁶

Bangsar Babe - <http://www.bangsarbabe.com/>
Places And Foods - <https://www.placesandfoods.com/>
FoodEveryWhere / SYCookies - <https://foodeverywhere.net/>
KY Speaks - <http://kyspeaks.com/>

⁶⁴ Malaysians most active Instagram users in Asia Pacific, as popularity of photo-sharing surges, <https://www.tnsglobal.com/asia-pacific/intelligence-applied/malaysians-most-active-instagram-users-asia-pacific-popularity-photo-sharing>

⁶⁵ Influencer Malaysia, <https://starnpage.com/app/global/influencer/ranking/malaysia/lifestyle>

⁶⁶ 10 Malaysian Food Bloggers To Guide Our Food Adventures With Reliable Reviews, <https://vulcanpost.com/318801/10-malaysian-food-bloggers/>

Follow Me To Eat La - <https://followmetoeatla.blogspot.com/>
Pure Glutton - <https://pureglutton.com/>
JK Drooling - <https://jkdrooling.blogspot.com/>
Malaysian Foodie - <https://www.malaysianfoodie.com/>
J2Kfm aka Motormouth - <http://www.j2kfm.com/>
VKeong - <http://www.vkeong.com/>

6.1.2 Traditional Media

While digitalisation is putting pressure on traditional medias in Malaysia, it has been shown that Malaysians actually trust traditional media more. It should also be noted that a lot of traditional media is anyhow available online as well.⁶⁷

More details on traditional media in Malaysia is set out below:

- **Television:** There are around 15 free to air TV stations in Malaysia as well as countless paid channels. It is estimated that Malaysians spend an average of just over 2 hours of TV per day. However, TV is decreasing in popularity with only seven in ten internet users now watching TV.⁶⁸
- **Print media:** There are over 30 main newspapers in Malaysia. Most are in one of four languages: Malay, English, Chinese and Tamil. Printed circulation however is generally falling, and is now in the 1 to 2 million range; while circulation of Chinese language newspapers have picked up of late, those in English and Malay have fallen. The Star is English language newspaper with the highest circulation, followed by the Straight Times.⁶⁹
- **Radio:** there are around 70 radio stations in Malaysia, the majority of which are government owned and run by Radio Televisyen Malaysia (RTM). Radio remains popular in Malaysia; it is estimated that Malaysians listen to an average of 13 hours of radio per week; with the breakfast and early evening weekday slots being the most listened to ones. Stations in Bahasa Malaysian are by far the most popular, followed by Chinese language stations. It is estimated that just under 4m people listen to English language stations.⁷⁰

6.1.3 Fairs and exhibitions

In addition to the digital approach, some companies decide to advertise their products at trade fairs. While there are various trade fairs in Malaysia, it should be noted that neighbouring Singapore is a popular venue for regional fairs which often are also relevant to Malaysia. Against this background, it is worth looking at fairs both in Malaysia and in Singapore. Common venues that host trade fairs in Malaysia include the Kuala Lumpur Convention Centre and the Malaysia International Trade and Exhibition Centre.

⁶⁷ <https://www.malaymail.com/news/malaysia/2019/07/10/malaysians-now-trust-traditional-media-more-study-shows/1770152>

⁶⁸ <https://www.tnsglobal.com/asia-pacific/intelligence-applied/82-connected-consumers-malaysia-watching-online-video-content-daily-basis> ; <https://www.thestar.com.my/tech/tech-news/2019/05/24/storymalaysians-can-enjoy-15-free-channels-on-myfreeview-digital-tv-service>

⁶⁹ <https://penanginstitute.org/publications/issues/breaking-old-habits-is-vital-for-malaysias-mainstream-newspapers/>

⁷⁰ <https://marketingmagazine.com.my/malaysians-tune-in-to-radio-weekly-for-an-average-of-13-hours/>

A list of different upcoming fairs can be found online on websites such as:

- <https://10times.com/malaysia/tradeshows>
- https://www.eventseye.com/fairs/c1_trade-shows_malaysia.html
- <https://www.tradefairdates.com/Fairs-Malaysia-Z155-S1.html>

6.2 Advertising regulations

In 1977 the Advertising Standards Advisory (ASA) was set up to enable independent examinations of the back then newly set up self-regulatory system of the industry. The ASA's goal is to promote high ethical standards in advertisements by stepping in where regulations are broken, by identifying and solving occurring problems, by being a channel for communication and to make sure that the system is working in the interest of the public. The ASA has different member organisations which are the following:

- i. Malaysian Advertisers Association
- ii. Association of Accredited Advertising Agents, Malaysia
- iii. Malaysian Newspaper Publishers Association
- iv. Media Specialists Association
- v. Outdoor Advertising Association of Malaysia⁷¹

To enable proper enforcement the ASA is following the principles of the Malaysian Code of Advertising Practice. The whole document can be found at the following website: <https://www.asa.org.my/code.php>.

The following main principles of the Code of Advertising Practice, that should be kept in mind at all time, when trying to promote a product on the Malaysian market:

- All advertisements must be legal, honest, decent and truthful.
- The Malaysian culture is very diverse due to its very different inhabitants and advertisement must respect this diversity and put forward the philosophy of RUKUN NEGARA⁷², which is the Malaysian Declaration of national philosophy.
- Advertisements are not allowed to identify or stereotype any particular racial groups or sex vocations, not identify or typecast any specific racial group or sex with vocations, traditional values and backgrounds.
- It always has to respect and comply with the Malaysian (common and statute) laws.
- Advertisements need to show a sense of responsibility to Malaysian consumers and society as a whole.
- All advertisements need to conform to the principles of fair competition, which are widely accepted in business.
- No advertisement is allowed to bring disrepute to or reduce confidence in advertising as a service to the industry and the public.
- Advertisements must be undoubtedly distinguishable as such.

⁷¹ Code of Practice, <https://www.asa.org.my/code.php>

⁷² National Principles, <https://www.malaysia.gov.my/portal/content/30110>

Moreover, there are specific rules for different categories that might be important for the advertisement of foodstuffs such as children and young people, medicinal and related products and advertisements containing health claims and advertisements for alcoholic drinks.⁷³

⁷³ Malaysian Code of Advertising Practice, <https://www.asa.org.my/files/code-eng-2014.pdf>

7 Malaysian Etiquette

7.1 Quick facts

It is important to note that due to the large variety of ethnic groups and religions in Malaysia what is perceived as proper etiquette will often depend on the individuals you are dealing with and their background. What offends someone from the Malay population may not offend someone from the Chinese population. Thus, Malaysians pay attention to respectfully interact with people from all kinds of different backgrounds. Some norms are widely respected in the Malaysian society. These **core concepts** are gentleness, 'budi', respect, courtesy, modesty, face, filial piety and diversity. There is no English equivalent for 'budi', but it generally is connected to wisdom, virtue, etiquette as well as morality. According to these principles, politeness and proper etiquette are important to Malaysians.

Social hierarchies are important and respected. Locals feel more comfortable when they know another person's status, so they know how to behave in front of them. Education, English proficiency and wealth and age are all indicators of social standing.

Name giving in Malaysia is complicated due to the different ethnicities:

- Malays: First name followed by patronym such as bin, binte or binti, followed by their father's first name.
- Chinese-Malaysians: Follow Chinese naming conventions, which means the surname comes first followed by one or several given names.
- Indian-Malaysians: Follow Indian naming rules, which often do not include a surname and the initial of the father's name is placed in front of the given name.

Verbally, Malaysians mainly use indirect **communication** due to their politeness. People often used similes, proverbs or even poems to express their points of view indirectly, while always remaining polite and respectful. Due to this, it is complicated to understand if a Malaysian is on the same side or maybe refuses what is said. It is important to pay attention to any hints of hesitation or subtexts of what they are saying. Malaysians tend to laugh when they are embarrassed and would never raise their voice in a heated conversation.

Malaysians are very **collectively** orientated, their families are highly important to them and are seen as a collective unit. This means that if one individual member of a family acts in a negative way it might affect the reputation of the family as a whole. Malaysians value social connections and put a lot of effort into their friendships.⁷⁴

⁷⁴Malaysia, <https://www.commisceo-global.com/resources/country-guides/malaysia-guide>; Family, <https://culturalatlas.sbs.com.au/malaysian-culture/malaysian-culture-family#malaysian-culture-family>; Core concepts; <https://culturalatlas.sbs.com.au/malaysian-culture/malaysian-culture-core-concepts#malaysian-culture-core-concepts>; Naming, <https://culturalatlas.sbs.com.au/malaysian-culture/malaysian-culture-naming#malaysian-culture-naming>; Communication, <https://culturalatlas.sbs.com.au/malaysian-culture/malaysian-culture-communication#malaysian-culture-communication>

7.2 Key DOs and DON'Ts

Dos	Don'ts
<ul style="list-style-type: none"> • Malaysians are warm-hearted people; a smile goes a long way and is appreciated. • Try to keep discussions harmonious and use indirect communication if a problem comes up. • It is appreciated to be interested in the personal background of people and answer their personal questions (in particular about people's families) as well. • Modest clothing, which covers shoulders and knees is important and a sign of respecting culture and religions. • Be in particular respectful towards elderlies and respect social hierarchies, in particular when asking someone of higher status to do a task or favour. • Compliment people's hospitality as this is an important component of interaction. • Do the "Salam", which is the traditional Malay greeting, using both hands but without the hard grasp, rather than a normal handshake. Note that some Malay women may not shake the hand of a man in a business context. A slight bow of the head with the hand on the heart is an alternative method of greeting to the handshake. • Most times punctuality is not the most important thing and people may visit each other without prior arrangements. That said, in a business context, arriving on time shows respect to your host. • Always remove shoes when entering someone's place. • If a host offers drinks it is polite to accept them. • When invited it is polite to leave a small amount of food on the plate, which indicates the meal was filling and good. 	<ul style="list-style-type: none"> • Try not do directly criticise Malaysians and do not point out their mistakes. • Do not humiliate people in public because people will perceive it as disrespectful and might think less of you. • Do not show any kind of aggressive behaviour (shouting, raised voice) because it can lead to strong disapproval by the other person. • When silence during a conversation occurs try not to fill it. • Do not criticise the Malaysian royal family or the country itself. • Try to avoid the topic of ethnic relations in Malaysia. Each Malaysian has different experiences and background which might lead them to have very different opinions. • Do not touch anyone's head (in particular children and elders) because the head is seen to be the most sacred part of the human body, which is why this is perceived to be rude. • It is not okay to handle objects with the left hand only. Either use both hands or pass the object while the left arm is touching the right elbow. • The right forefinger is not used to point at places, objects or persons. Instead, the thumb of the right hand with four fingers folded under is the preferred usage. • Avoid smoking cigarettes in front of Malaysians. • When invited, do not start to eat before the host indicates it. • As a general rule, do not arrange business meetings for Fridays. This is the day of Muslim prayer.

-
- | | |
|---|--|
| <ul style="list-style-type: none">• It is polite to refuse a gift once before accepting it. | |
|---|--|

75

⁷⁵ Malaysian culture do's and don'ts, <https://culturalatlas.sbs.com.au/malaysian-culture/malaysian-culture-do-s-and-don-ts#malaysian-culture-do-s-and-don-ts>; Top 10 Cultural do's and Don'ts for Malaysia, <https://www.townandtourist.com/malaysia-culture-guide/>; Do's and Don'ts in Malaysia, <https://2018.ifla.org/dos-and-donts-in-malaysia>

8 Directory of Trade Support Projects, Organisations, and Service Providers

There are a variety of services available, both within the EU and in Malaysia, for producers wishing to export to Malaysia. These service providers include EU funded projects, services provided by the Member States and their embassies, other organizations and service providers, as well as buyers, importers, and distributors.

- Section 8.1 contains the project profiles for EU funded initiatives operating in Malaysia.
- Section 8.2 contains the contact information for Member State embassies within Malaysia.
- Section 8.3 contains a listing of service providers including some information on the services available.
- Section 8.4 provides a calendar of exhibitions, trade shows, and other events to be held in Malaysia in 2020.
- Section 8.5 contains a database of professionals' contacts (buyers, importers, and distributors).

8.1 European Union Organisations


Certain EU funded, or co-funded, projects within Malaysia offer a range of business enabling services and information providing important insights into the Malaysian market. Depending on your company profile these services can be free or fee based; and are available for companies from any EU Member State.




EU-Malaysia Chamber of Commerce and Industry (EUMCCI)

The EUMCCI represents the business interest of European companies seeking to invest and engage with the Malaysian market. The mission of the EUMCCI is to carry out activities that encourage the networking of European and Malaysian business partners, the organisation is also involved in lobbying on behalf of European producers in Malaysia.

Contacts

 Suite 10.01, Level 10, Menara Atlan, 161B Jalan Ampang, 50450 Kuala Lumpur

 (+60) 3-2162 6298


 eumcci@eumcci.com



EU-ASEAN Business council

Based in the country of Singapore, the EU-ASEAN business council is a voice for European business operating in the ASEAN region. The overarching objective of the EU-ABC is to promote changes in policies, rules and regulations so that European businesses can more easily invest and develop their businesses in ASEAN, benefiting not only their own shareholders but also local economies and populations.

Contacts

 19/F Singapore Tower, 50 Raffles Place, Singapore 048623

 (+65) 6631 2751

 info@eu-asean.eu

 <https://www.eu-asean.eu/>





Delegation of the European Union in Malaysia

The European Union delegation in Malaysia represents the voice of the European Union in Malaysia and actively encourages deeper co-operation in a number of spaces including business. The delegation is available to advocate on European interests in the country. The delegation has been involved in the promotion of EU agri-food products in Malaysia.

Contacts

 Menara Tan & Tan, Suite 10.01 207 Jalan Tun Razak

 (+60) 3 2723 7373

 delegation-malaysia@eeas.europa.eu

 <https://eeas.europa.eu/>

8.2 Directory of EU Member State Embassies/Consulates




EU MS	Address	Contact information
Austria (Embassy)	Wilsma Goldhill, Suite10-12, Level 10 67, Jalan Raja Chulan 52000 Kuala Lumpur	☎ (+60) 3 20-300 400 ✉ embassy@embassymalaysia.at 🌐 https://www.bmeia.gv.at/
Belgium (Embassy)	Suite 20-12, Menara Tan & Tan 207 Jalan Tun Razak 50400 Kuala Lumpur	☎ (+60) 3 216 200 25 ✉ kualalumpur@diplomabel.fed.be 🌐 https://malaysia.diplomatie.belgium
Bulgaria (Embassy in Indonesia is responsible for Malaysia)	34-36, Jalan Imam Bonjol 10310 Jakarta Indonesia	☎ (+62) 23-390-4049 ✉ Embassy.Jakarta@mfa.bg 🌐 www.mfa.bg/embassies/indonesia
Croatia (Embassy)	Level 35, Vista tower, The Intermark, 348 Jalan Tun Razak , 50400 Kuala Lumpur	☎ (+60) 3 21815037 ✉ croemb.kuala-lumpur@mvep.hr 🌐 http://www.mvep.hr/
Cyprus (Honorary Consulate)	23 Jalan Taming Tujuh, Taming Jaya Industrial Park, 3300 Seri Kembangan, Selangor	☎ (+60) 3 8961 2621/ 2 ✉ Chewan@pc.jaring.my 🌐 http://www.mfa.gov.cy/
Czech Republic (Embassy)	348, Jalan Tun Razak, 50400 Kuala Lumpur	☎ (+60) 3-2166 1900 ✉ ConsularKualalumpur@embassy.mzv.cz 🌐 https://www.mzv.cz/
Denmark (Embassy)	86, Jalan Ampang, 50300 Kuala Lumpur	☎ (+60) 3 2032 2001 ✉ kualamb@um.dk 🌐 https://malaysia.um.dk/
Estonia (Honorary Consulate)	23 Lorong Setiabistari 7 Bukit Damansara 50490 Kuala Lumpur	☎ (+60) 3 209 31132 ✉ dato.harbands@mfa.ee
Finland (Embassy)	258, Jalan Ampang, Kampung Datuk Keramat, 55000 Kuala Lumpur	☎ (+60) 3 425 57746 ✉ inquiries.KUL@formin.fi 🌐 https://finlandabroad.fi/
France (Embassy)	Level 31 Integra Tower, 348, Jalan Tun Razak, 50400 Kuala Lumpur	☎ (+60) 3-2053 5500 ✉ ambassade.kuala-lumpur-amba@diplomatie.gouv.fr 🌐 https://my.ambafrance.org/
Germany (Embassy)	26th Floor, Menara Tan & Tan, 207 Jalan Tun Razak, 50400 Kuala Lumpur	☎ (+60) 3 21 61 98 00 ✉ penang@hk-diplo.de 🌐 https://kuala-lumpur.diplo.de/
Greece (Embassy)	Unit D-8-5, Floor 8 Block D, Megan Avenue 1, 189, Jalan Tun Razak, Kuala	☎ (+60)3 2775 2388 ✉ consul@greece.org.my

EU MS	Address	Contact information
	Lumpur City Centre, 50400 Kuala Lumpur	 https://www.mfa.gr/
Hungary <i>(Embassy)</i>	Level 11, Wisma Goldhill, No. 62, Jalan Raja Chulan, 50200 Kuala Lumpur	 (+60) 3 2020 1076  mission.kul@mfa.gov.hu  https://kualalumpur.mfa.gov.hu/
Ireland <i>(Embassy)</i>	5th Floor South Block The Amp Walk 218 Jalan Ampang 50450 Kuala Lumpur	 (+60) 3 2167 8200  Contact through Website  https://www.dfa.ie/
Italy <i>(Embassy)</i>	99, Jalan U Thant, Taman U Thant, 55000 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	 (+60) 3 42565122  amb.kualalumpur@cert.esteri.it  https://ambkualalumpur.esteri.it/
Latvia <i>(Honorary Consulate)</i>	Pavilion Residences, A-9-6, Jalan Bukit Bintang, 55100 Kuala Lumpur	 ino@consul-latvia.sg  www.consul-latvia.sg
Lithuania <i>(Honorary Consulate)</i>	No.40-2 Jalan 2/109E Desa Business Park Taman Desa Off Jalan Kelang Lama 58100	 hlp@edasu.com  https://www.urm.lt/
Luxembourg <i>(Honorary Consulate)</i>	14 Jalan Balau Bukit Damansara 50490 Kuala Lumpur	 (+60) 3 2094 6236  luxembourg.kl@gmail.com
Malta <i>(Honorary Consulate)</i>	2nd Floor, Feisco Suite Kompleks Udarama, No. 51-3, Jalan 2/64A, Off jalan Ipoh, 50350 Kuala Lumpur	 (+60) 3 4042 3618  malta@galileokl.net
The Netherlands <i>(Embassy)</i>	7th Floor, South Block, The AmpWalk 218, Jalan Ampang 50450 Kuala Lumpur	 (+60) 3 2168 6200  kll@minbuza.nl  https://www.netherlandsandyou.nl
Poland <i>(Embassy)</i>	No 10, Lorong Damai 9, Off Jalan Damai, 55000 Kuala Lumpur	 (+60) 3 2161 0805  kualalumpur.amb.sekretariat@msz.gov.pl  https://www.gov.pl/
Portugal <i>(Nearest Embassy is in Singapore)</i>	3 Killiney Rd, Winsland House, 239519 Singapore	 (+65) 62242256  singapura@men.pt  www.singapura.embaixadaportugal.men.pt/
Romania <i>(Embassy)</i>	<u>114, Jalan Damai (Off Jalan Ampang) 55000 Kuala Lumpur</u>	 (+60) 3 21423172  kualalumpur@mae.ro  http://kualalumpur.mae.ro/

EU MS	Address	Contact information
Slovakia <i>(Honorary Consulate)</i>	11, Jalan U-Thant 55000 Kuala Lumpur Malaysia	☎ (+60) 3 2115 0016 ✉ sinoman2013@yahoo.com ✉ https://www.mzv.sk/
Slovenia <i>(Honorary Consulate)</i>	Wisma G.A.M, Lot 8241, Jalan 51A/225, 46100, Petaling Jaya, Selangor	☎ (+60) 3 7958 5190 ✉ https://www.mzv.sk/
Spain <i>(Embassy)</i>	Office Suite E-12-02 Level 12, East Wing The Icon, N° 1 Jalan 1/68F Off Jalan Tun Razak 50400 Kuala Lumpur	☎ (+60) 3 2162 0261 ✉ emb.kualalumpur@maec.es 🌐 http://www.exteriores.gob.es/
Sweden <i>(Embassy)</i>	A-12-2 Hampshire Place Office 157 Hampshire 1 Jalan Mayang Sari 50450 Kuala Lumpur	☎ (+60) 3 2203 0201 ✉ ambassaden.kuala-lumpur@gov.se 🌐 https://www.swedenabroad.se/

8.3 Other organisations and service providers

Service provider	Address	Contact information
SERVICES FOR AUSTRIAN COMPANIES		
Advantage Austria in Malaysia	Suite 14.1 Level 14, Menara IMC 8 Jalan Sultan Ismail, 50250 Kuala Lumpur	☎ +60 3 2032 2830 ✉ kualalumpur@advantageaustria.org 🌐 https://www.advantageaustria.org/
SERVICES FOR BELGIAN COMPANIES		
MBLBC Malaysia Belgium Luxembourg Business Council	B2-G Lorong Selangor, Pusat Komersial Gaya, Pusat Bandar Melawati, 53100 Kuala Lumpur	☎ + 60 3 41081282 ✉ info@mlblc.org 🌐 https://mlblc.org/
Flanders Investment & Trade	Embassy of Belgium, 8 Shenton Way 14-01 AXA Tower 068811 Singapore	☎ (+65) 62 27 39 97 ✉ singapore@fitagency.com 🌐 https://www.flandersinvestmentandtrade.com/en/contact/foreign-offices/singapore
Wallonia Export & Investment	51 Goldhill Plaza #21- 11/12 308900 Singapore	☎ (+65) 62 51 00 79 ✉ Singapore@brusselsinvestexport.com 🌐 http://singapore.invest-export.brussels/fr/about-us
SERVICES FOR BULGARIAN COMPANIES		
Bulgarian Chamber of Commerce & Industry	17, Adriana Budevskia Str. Sofia 1463, Bulgaria	☎ (+359 2) 8117 400; 987 26 31 ✉ bcci@bcc.bg
SERVICES FOR CROATIAN COMPANIES		
Croatian Chamber of Economy	Rooseveltov trg 2, 10000 Zagreb, Croatia	✉ investicije@hgk.hr; hgk@hgk.hr 🌐 www.investincroatia.hr
SERVICES FOR CZECH COMPANIES		
Czech Chamber of Commerce	Florentinum, Na Florenci 2116/15, 110 00 Praha 1	☎ +420 266 721 300 ✉ office@komora.cz 🌐 komora.cz
SERVICES FOR CYPRIOT COMPANIES		
Cyprus Chamber of Commerce and Industry	38, Grivas Dhigenis Ave. & 3, Deligiorgis Str., P.O.Box 21455, 1509 Nicosia	☎ +357 22889800 ✉ chamber@ccci.org.cy
SERVICES FOR DANISH COMPANIES		
Danish Chamber of Commerce	Dansk Erhverv, Børsen, DK-1217 Copenhagen K	☎ +61 8 9848 2065 ✉ info@danskerhverv.dk 🌐 www.danskerhverv.dk
SERVICES FOR DUTCH COMPANIES		
MDBC Malaysian Dutch Business Council	Unit 808, 8 th floor wisma lim foo yong 86 Jalan	☎ +60 3 2722 8335 ✉ info@mdbc.com.my

Service provider	Address	Contact information
	Raja Chulan, 50200 Kuala Lumpur	 https://www.mdbc.com.my/
SERVICES FOR ESTONIAN COMPANIES		
Estonian Chamber of Commerce & Industry	Toom-Kooli 17, 10130 Tallinn	 +372 604 0060  koda@koda.ee
SERVICES FOR FINNISH COMPANIES		
MFBC Malaysian- Finnish Business Council	Nordic House, #18-3A Binjai 8 premium Soho, 2 Lorong Binjai, 50450 Kuala Lumpur	 +60 3 2713 6532  office@mfbc.org.my  http://www.fbcsg.org/
SERVICES FOR FRENCH COMPANIES		
CCI France Malaysia	Unit 2B-10-3, 10 TH floor Plaza Sentral Jalan Stesen Sentral 5 Kuala Lumpur	 +60 3 2714 6151  https://www.mfcci.com/
SERVICES FOR GERMAN COMPANIES		
Malaysian – German Chamber of Commerce and Industry	Lot 20-01, Level 20, Menara hap Seng 2, Plaza Hap Seng, no 1 Jalan P. Ramlee 50250 Kuala Lumpur	 +60-3-9235 1800  info@malaysia.ahk.de  https://www.malaysia.ahk.de/
SERVICES FOR GREEK COMPANIES		
Enterprise Greece – Invest & Trade	109 Vasilissis Sophia's Avenue, 115 21 Athens, Greece	 +30 210 335 5700  info@enterprisegreece.gov.gr
SERVICES FOR HUNGARIAN COMPANIES		
Hungarian Export Promotion Agency	1095 Budapest, Ipar utca 5	 06 1 810 1600  info@hepa.hu  hepa.hu
SERVICES FOR IRISH COMPANIES		
ICCM Irish chamber of commerce in Malaysia	Menara Bangkok Bank 1- 17-1, Central park, no 105 Jalan Ampang, Kuala Lumpur	 +60 3-2181 5254  membership@iccm.com.my
SERVICES FOR ITALIAN COMPANIES		
IMBA Italy Malaysia Business Association	Level 14, UOA Centre, No.19, Jalan Pinang, 50450 Kuala Lumpur	 60 3 2164 9931  http://imba.org.my/
SERVICES FOR LATVIAN COMPANIES		
Latvian Chamber of commerce and industry	35 Krisjana Valdemara str., Riga, LV-1010, Latvia	 +371 67225592  info@chamber.lv
SERVICES FOR LITHUANIAN COMPANIES		

Service provider	Address	Contact information
Lithuanian Chamber of commerce and industry	Vašingtono sq. 1-63a, LT-01108 Vilnius	☎ (370) 2613 102 ✉ info@chambers.lt 🌐 https://chambers.lt/en/
SERVICES FOR LUXEMBURG COMPANIES		
MBLBC Malaysia Belgium Luxembourg Business Council	B2-G Lorong Selangor, Pusat Komersial Gaya, Pusat Bandar Melawati, 53100 Kuala Lumpur	☎ + 60 3 41081282 ✉ info@mlblc.org 🌐 https://mblbc.org/
SERVICES FOR MALTESE COMPANIES		
The Malta Chamber of Commerce, Enterprise and Industry	64, Republic Street, Valletta, Malta	☎ + 356 2203 2000 🌐 https://www.maltachamber.org.mt/
SERVICES FOR POLISH COMPANIES		
Malaysian Poland Business Association	No.8, Jalan Rs1, Pusat Bandar Rawang, 48000 Rawang, Selangor.	☎ +60 3 6091 2606 🌐 http://www.kualalumpur.msz.gov.pl
SERVICES FOR PORTUGUESE COMPANIES		
Camara de comercio (Portuguese Chamber of commerce)	Rua Das portas de Santo Antao,89	☎ + 351 213 224 050 ✉ geral@ccip.pt 🌐 https://www.ccip.pt/en/
SERVICES FOR ROMANIAN COMPANIES		
Chamber of Commerce and Industry of Romania	Address: 2, Octavian Goga Blvd, sector 3, 030982 Bucharest	☎ +40 21 3117534 ✉ narcis.pirna@ccir.ro 🌐 www.ccir.ro
SERVICES FOR SLOVAK COMPANIES		
Slovak Chamber of Commerce & Industry	Gorkého 9, 81603 Bratislava, Slovakia	☎ +421 2 54433272
SERVICES FOR SLOVENIAN COMPANIES		
Chamber of Commerce and Industry of Slovenia	Dimičeva 13, SI-1504 Ljubljana	☎ +386 1 5898 000 ✉ info@gzs.si
SERVICES FOR SPANISH COMPANIES		
La Camara, Spanish Chamber of Commerce in Malaysia	20 th floor, Menara Boustead 69, Jalan Raja Chulan, 50200 Kuala Lumpur	☎ +603-21487300 ✉ xo@lacamara.org.my 🌐 https://www.lacamara.org.my
SERVICES FOR SWEDISH COMPANIES		
Sweden Chamber of Commerce	Brunnsgatan 2, 111 38 Stockholm, Sweden	☎ (+46) 8 555 100 00 🌐 https://www.chamber.se/

8.4 Calendar of trade events and exhibitions in 2020

Note: the ongoing issues with coronavirus at the time of writing both resulted in various cancellations/delays without fixed rescheduling dates and may result in further changes to the calendar outlined below. In view of this:

- 1. Scheduled fairs which did not take place have been included with their original date, as it is generally not clear when they will be rescheduled for, and most events are anyhow recurring. It is recommended that the links provided be monitored for news on when the event or the next edition is being scheduled for.**
- 2. It is strongly recommended to monitor the links provided for any future events to check whether they are still going ahead, and if not whether a new date has been decided.**
- 3. Some fairs have not yet announced dates, making it unclear as to if and when they will take place.**

Event	Date	Recurrence	Venue	Organiser Details
JULY 2020				
Halfest	1 st	Annual	Menara MATRADE, Jalan Sultan Haji Ahmad Shah, 50480 Kuala Lumpur	☎ (+60) 3 6203 433 ✉ _enquiry@halal.org.my 🌐 http://www.halfest.com/
Malaysian International food and beverage trade fair	22-24	Annual	Kuala Lumpur Convention Centre Hall 1-6	☎ (+60) 3 7989 1133 ✉ Contact through website 🌐 https://mifb.com.my/
Absolutely Halal Malaysia	24-26	Annual	Mid Valley Exhibition centre, Mid Valley Megamall, Kuala Lumpur	☎ (+60) 3 91073133 ✉ Contact through website 🌐 http://www.absolutelyhalalmalaysia.com.my/
Taste Fully Food & Beverage Expo	31-02	Annual	AEON BiG Falim, Ipoh	☎ (+60) 163799269 ✉ dicky@tastefully.com.my 🌐 https://www.tastefullyexpo.com/
AUGUST 2020				
International Conference on Food, Drug and Cosmetic	5-6	Annual	Wisma Lincoln, No. 12-18, Jalan SS 6/12, Darul Ehsan, 47301 Petaling Jaya, Selangor,	☎ (+60) 1112809033 ✉ icfdc2020@lincoln.edu.my 🌐 http://icfdc2020.lincoln.edu.my/
International Conference on	11-13	Annual Location	University Putra, Serdang	☎ (+60) 3-9769 4330 ✉ ei2020@upm.edu.my

Event	Date	Recurrence	Venue	Organiser Details
Agricultural and food engineering		Rotation		http://www.cafei.upm.edu.my/
Penang International Halal Expo & Conference	21-23	Annual	Penang International Sports arena, George Town	☎ (+60) 262 5444 ✉ pihec@halalpenang.com 🌐 http://www.pihec.com.my/
SEPTEMBER 2020				
Malaysia International Halal Showcase	01-04	Annual	Jalan Wangsa Delima 5, KLSC 11, Section 5, Wangsa Maju, 53300 Kuala Lumpur	☎ (+60) 3 4142 1699 ✉ sales@hwlima.org 🌐 http://mihaw.com.my/
Asia International feed, livestock & Meat industry show	08-10	Annual Location Rotation	MITC Convention Centre, Malacca	☎ (+60) 3 9771 2688 ✉ livestockmalaysia-my@informa.com 🌐 https://www.livestockmalaysia.com/
OCTOBER 2020				
Selangor International Expo	14-17	Annual	Kuala Lumpur Convention Centre	☎ (+60)3 551 02005 ✉ exhibition@investselangor.my 🌐 https://selangorsummit.com/
NOVEMBER 2020				
World's leading wines	3rd	Annual	Intercontinental Kuala Lumpur	☎ (+44) 20 3930 8672 ✉ info@worldsleadingwines.com 🌐 https://worldsleadingwines.com/
January 2021				
Café Malaysia	14-16	Annual	Malaysia International Trade and Exhibition	☎ (+60) 3 6211 2438 ✉ cm@cems.com.my 🌐 https://www.cafe-malaysia.com/

8.5 Database of professionals' contacts: List of relevant buyers, importers and distributors


































Note: As noted in section 4.4.2.2, due diligence will have to be performed for any contacts on this database as no warranty is given as to the standing of these individuals, organisations or firms and no corresponding responsibility or liability is accepted by the authors.

Company name	Type	Area of interest	Contact information
99 Speedmart	Supermarket chain	Food & beverages	☎ 603-3362 6863 ✉ info@99speedmart.com.my 🌐 www.99speedmart.com.my
7Eleven	Supermarket chain	Food & beverages	☎ 603-2142 1136 🌐 www.7eleven.com.my
A & L Adventure Leisure	Import / Distribution / Supplier	Wine, spirits	☎ 603 762 98908 🌐 www.a-and-l.com / https://www.facebook.com/aladve.wine/
Aeon Group	Retailing group	Food & beverages	☎ 603-9207 2005 ✉ feedback@aeonretail.com.my 🌐 www.aeonretail.com.my
Aeroshield	Import / Distribution	Food & beverages	☎ 603-4291 9266 🌐 www.aeroshield.com.my
Aisy Cool Delight	Import / Distribution / Supplier	Confectionery and chocolate	☎ 60127904544 🌐 www.aisydelight.com.my
Albert Wines & Spirits	Import / Distribution	Wine, spirits	☎ 603 6276 3993 🌐 www.albertwines2u.com.my
Amazing Greens	Distribution	Food & beverages	☎ 6013-521 8500 ✉ amazing.greens@yahoo.com
Arty Foods	Import / Distribution / Processing	Food & beverages (notably fresh)	☎ 603-7831 3871 🌐 www.artyfoods.com
Asia Business	Import / Distribution / Processing	Various Food & beverages inc oil dairy	☎ 603-7980 1033 ✉ info@wwubs.com 🌐 www.wwubs.com
AsiaEuro Wines and Spirits	Import / Distribution	Wines and spirits	☎ 603-7883 2828 ✉ info@asiaeurowines.com.my 🌐 www.asiaeurowines.com
BGS	Distribution / Supplier meat and dairy products to food service	Food & beverages	☎ 603-5634 0888 ✉ info@bgstrading.com.my 🌐 www.bgstrading.com.my

Company name	Type	Area of interest	Contact information
Ben's Independent Grocer	Supermarket chain	Food & beverages (higher end)	☎ 603 6143 1366 ✉ info@big.com.my 💻 www.big.com.my
Boulevard Hypermarket	Supermarket	Food & beverages	☎ 6085-422 199 💻 www.boulevardeshop.com
BSH Enterprise	Distribution / Supplier	Mainly beverages and canned food	☎ 603-5191 7888 ✉ admin@bsh.com.my 💻 www.foodservicemalaysia.com
Buah-Buahan Kah Lim	Distribution / Supplier fruits and vegetables	F&V	☎ 604-539 0249 💻 www.facebook.com/buahbuahan.kahlim/
Central Distribution Agency	Import / Distribution	Wine, spirits, beer	☎ 60 3-8062 3991 💻 www.cdasb.com
CCK Fresh Mart	Supermarket chain and food processor	Food & beverages (retail); meat (processing)	☎ 60 82-363 177 💻 www.cckfm.com.my
Century Season	Import / Distribution	Beverage	☎ 6017-613 3386 ✉ centuryseason@gmail.com 💻 www.centuryseason.com
Checkers Hypermarket	Hypermarket	Food & beverages	☎ 60 3-5511 2255 💻 www.checkers.com.my
City Grocer	Importer / Supermarket	Food & beverages	☎ 60 88-488 844 💻 www.citygrocer.com.my
Cmart	Supermarket (main online / collection)	Food & beverages	✉ cmartmalaysia@gmail.com 💻 www.cmart.com.my
CS Brothers	Supermarket chain	Food & beverages	☎ 603-6143 9106 ✉ cmartmalaysia@gmail.com 💻 www.mycs.com.my
Darabif meat	Import / Distribution / Supplier meat products	Halal beef	☎ 603- 7728 0933 ✉ info@daraburgers.com 💻 www.daraburgers.com
Corks out Wine shop	Import / Distribution	Wine	☎ 60-3-7727-7033 💻 https://corks-out-wine-shop-kl.business.site/
Doca	Import / Distribution	Pet food	☎ 60 3-6143 1670 ✉ doca.enquiry@gmail.com

Company name	Type	Area of interest	Contact information
Doh S Store	Import / Wholesale / Distribution	Pet food	☎ 60-017-5554143
Eciatto Group	Import / Distribution	Beverages (mainly hot)	☎ 603-9174 6967 ✉ enquiries@eciatto.com 💻 www.eciatto.com
Emart	Supermarket chain	Food & beverages	☎ 60 82-687 985 ✉ customerservice@emart.my 💻 www.emart.my
Euro-Atlantic	Import / Distribution	F&V, seafood, gourmet products	☎ 603-4251 8482 ✉ info@euro-atlantic.com.my 💻 www.euro-atlantic.com.my
Everise Frozen Foods	Import / Distribution frozen meat	Frozen foods inc. meat	☎ 60 3-6277 6339 💻 www.everise.com.my
Family Mart	Supermarket chain	Food & beverages	✉ familymart@ql.com.my 💻 www.familymart.com.my
Farm Fresh	Distribution / Supplier	Dairy	💻 www.farmfresh.com.my
Fatric	Import / Distribution meat	Meat	☎ 603 6138 8601 ✉ admin@fatric.com.my 💻 www.fatric.com.my
Focal	Import / Distribution	Food & beverages (various)	☎ 603- 6275 3821 ✉ info@focal.net.my 💻 www.focal.net.my
Fruitable Fresh	Distribution / Supplier fruit and vegetables	F&V	☎ 603- 3292 0188 ✉ vincent@fruitable.com.my 💻 www.fruitable.com.my
Full Glory	Import / Distribution / Supplier meat products	Fresh, processed meat	☎ 603-7847 5531 💻 www.meaty.com.my
Gama	Supermarket	Food & beverages	✉ gamapng@gama.com.my 💻 www.gama.com.my
Giant Group	Hypermarket chain	Food & beverages	☎ 603-5544 8888 💻 www.giant.com.my
Greenlove Distribution	Distribution / Supplier	Oils, beverages	☎ 603-9171 8899 ✉ marketing@greenlovefood.com.my 💻 www.greenlovefood.com
Guan Hing	Import / Distribution	F&V	☎ 604-262 2808 ✉ sales@guanhing.com 💻 www.guanhing.com

Company name	Type	Area of interest	Contact information
H&L Supermarket	Supermarket chain	Food & beverages	☎ 60 82-577 339 🌐 www.hlgrou.com.my
Heap Lee Chan	Import / Distribution	F&V	☎ 604- 539 2589 🌐 www.heapleechan.com
Hwa Thai	Supermarket	Food & beverages	☎ 607-354 4211 ✉ hello@hwathai.my 🌐 www.hwathai.my
Jetsin	Importer / Distributer	Meat, other frozen products	☎ 6088-256 317/ 225 768 ✉ info@jetsin.com.my 🌐 https://www.jetsinsb.com/
John Cope Wine Consultant	Importer / Distributer	Wine	☎ 603- 2148 4969
Kami Food	Importer / Distributer	Fish, pastry products	☎ 603-6274 10547 ✉ enquiry@kamifood.com 🌐 www.kamifood.com.my
Kip Mart	Supermarket chain	Food & beverages	☎ 603-6252 0888 ✉ inquiry@kip.com.my 🌐 www.kipmart.com.my
Kitty Farm Plt	Distribution / Supplier	Pet food	☎ 601-79287492 ✉ kittyfarmmalaysia@gmail.com 🌐 www.facebook.com/kittyfarmmalaysia/
KK Group	Hypermarket	Food & beverages	☎ 60 3-9057 3308 🌐 www.kkgroup.my/kk-super-mart
LLS Fresh Fruits	Distribution / Supplier fruit and vegetables to food service	F&V	☎ 6088-71 3340 ✉ llstc136@gmail.com 🌐 www.facebook.com/LLSfreshfruits/
Loong Kee	Distribution / Supplier meat products	Fresh, processed meat	☎ 603-2144 5423 ✉ info@loongkee.com.my 🌐 www.loongkee.com.my
LST Fresh Fruits	Distribution / Wholesale	F&V	☎ 603-6138 3388 🌐 www.facebook.com/lstfreshfruits/
Lucky Frozen	Distribution / Supplier	Chilled foods - mainly meat, dairy	☎ 604-642 8118 ✉ enquiries@luckyfrozen.com.my 🌐 www.luckyfrozen.com.my
Luen Heng Agency	Import / Distribution	Wine, spirits, beers	☎ 603- 9173 0398 ✉ enquiries@luckyfrozen.com.my 🌐 www.luenheng.com
Lulu Hypermarket	Hypermarket chain	Food & beverages	☎ 60 17-644 4200 ✉ info@luluhypermarket.my

Company name	Type	Area of interest	Contact information
			 http://malaysia.luluhypermarket.com/MY
MBf Pacific Distributors	Import/ Distribution	Wine	 603-2167 8000  www.mbfh.com.my
MC Maju	Importer/ Supplier	Meat	 673 3 333316/20  www.mcmaju.com
Medan Departmental Store & Supermarket	Supermarket chain	Food & beverages	 60 84-348 388  www.medan.com.my
Milawa	Import/Distribution/Supplier	Wine	 603-6258 8262  wines@milawa.com  www.milawa.com
Muihua	Import / Distribution	Wine	 603- 6275 8221  https://www.muihua.com.my/
Mydin	Hypermarket chain	Food & beverages	 60 84-348 839  www.mydin.com.my
Nam Lee Cheong	Distribution / Supplier	Wine, spirits	 603-2141 3177  www.namleecheong.com.my/contact  www.namleecheong.com.my
Nona	Distributor / Producer	Food & beverages	 603-6274 0700  info@nona.com.my  www.nona.com.my
NSK Trade	Supermarket chain	Food & beverages	 603-6120 7481/84/86  nsktradecity@nskgroup.com.my  http://www.nsktrade.com/
Orix Marketing	Import / Distribution	Wine and Spirits	 606- 6137 5192
Peppy Pet	Import / Distribution / Wholesaler	Pet food	 60122653383
Pet Hypermart	Hypermarket pet products	Pet food	 www.pethypermart.com
Ramly Group	Import / Distribution of meat and processed meat	Food & beverages	 www.ramly.com.my
Radiant	Import / Distribution	Whole foods, baby food	 603- 8066 6336  info@radiantwholefood.com.my  www.radiantwholefood.com.my
Sangla Foods	Import / Supplier	Food & beverages (notably pasta, sauces)	 603-5569 2318  Info@sanglafoods.com  www.sanglafoods.com

Company name	Type	Area of interest	Contact information
Servay Hypermarket	Hypermarket	Food & beverages	☎ 6 016-832 3990 ✉ customerservices@servay.com.my 💻 www.servay.com.my
Sri Manisan	Distribution / Supplier meat, dairy, dairy products and meat products	Various Food & beverages	☎ 603-7806 2687 ✉ enquiry@srimanisan.com 💻 www.srimanisan.com
SKM Market	Importer / distributor	Food & beverages (primarily seafood)	☎ 603-8964 4969 💻 skmarket.com.my
Sogo Co.	Hypermarket chain	Food & beverages	☎ 603-2698 2111 💻 www.sogo.com.my
Sunshine Mart	Hypermarket chain and wholesaler	Food & beverages	☎ 6018-388 5660 💻 www.sunshineonline.com.my
Sunnyfresh fruit and vegetable	Distribution / Supplier fruit and vegetables	F&V	☎ 604-507 8910
Sure Supply	Importer / Distribution / Supplier	F&V	☎ 603-4021 8000 ✉ info@suresupply.com.my 💻 www.suresupply.com.my
Syarkat Pemprosesa	Distribution / Production	Fresh meat (halal – chicken)	☎ 603-6120 6041 ✉ jatimesra@gmail.com 💻 www.jatimesra.webs.com
Tap Beer	Import / Distribution	Beer	☎ 603-2110 1560 ✉ mybeer@tapsgroup.my 💻 www.tapsbeerbar.my
T.F. Value Mart	Supermarket chain	Food & beverages	☎ 603-5613 4888 ✉ enquiry@tfvaluemart.com.my 💻 www.tfvaluemart.com.my
Teik Senn	Distribution / Supplier FMCG	Food & beverages	☎ 603-5192 9696 ✉ carol_teoh@teiksenn.com 💻 www.teiksenn.com
Tesco	Supermarket chain	Food & beverages	☎ 1300 13 1313 ✉ tescohelpline@tesco.com.my 💻 www.tesco.com.my
TMG Mart	Supermarket chain	Food & beverages	☎ 60 9-567 9888 ✉ hello@tunasmanja.com 💻 www.tunasmanja.com/

Company name	Type	Area of interest	Contact information
Toong Hing Chang Trading	Distribution / Supplier	Various Food & beverages inc confectionery	☎ 603-6272 3133 ✉ tee@toonghingchang.com.my 💻 www.thcexport.com
Top East Asia	Import / Distribution / Supplier	F&V, pasta	☎ 603-6211 7066 ✉ sales@topeastasia.com.my 💻 www.topeastasia.com
UO Superstore	Supermarket chain	F&V	☎ 60 18-328 9297 ✉ customerservice@uo.com.my 💻 www.uo.com.my
Vintage Cellars	Supermarket chain	Food & beverages	☎ 60 36143 1366 💻 www.vintagecellars.com.my
Village Grocer	Import / Distribution	Wine	☎ 60 4 229 3393 💻 https://villagegrocer.com.my
Way Huat Trading	Distribution / Supplier	Biscuits, cereal bars	☎ 603-6257 2903
Wing Heong Meat	Distribution / Supplier meat and meat products producer	Food & beverages	☎ 603-7877 5455 ✉ sales@wingheong.com 💻 www.wingheong.com
Wonderful Circle Food	Distribution / Supplier meat and meat products	Food & beverages	☎ 607-512 6924 ✉ customerservice@deluxegroups.com 💻 www.deluxegroups.com
Yow Seng	Import / Distribution fruit and vegetables	F&V	☎ 603-6157 3221 ✉ inquiry@yowseng.com.my 💻 www.yowseng.com.my
Zenxin Agri-organic food	Production / Import / Distribution fruit and vegetables	Organic produce	☎ 607-772 8199 ✉ zenxinluang@zenxin.com.my 💻 www.zenxin.com.my
ZTB Reliable Importer	Import / Distribution of bovine meat frozen	Meat	💻 www.ztb.importer.com.my

EB-01-20-479-
EN-N

