



**MARKET ACCESS SECRETARIAT
Global Analysis Report**

Market Overview

Malaysia

June 2014



MARKET SNAPSHOT

- Malaysia registered a total gross domestic product (GDP) of US\$316.2 billion in 2013. Real GDP growth is estimated at 5.4% for 2014, higher than the previous year.
- According to Euromonitor, Malaysia is the 43rd-most populous country in the world with an estimated 29.7 million people in 2013. The population is expected to reach 31.3 million by 2017, and then 32.4 million by 2020.
- With a median age of 27.6 years in 2013, Malaysia has one of the world's youngest populations. The median age is expected to increase to 34.3 years by 2030, but will remain one of the youngest populations in the world.
- Annual per capita consumer expenditure was US\$5,605 in 2013. Spending on food and non-alcoholic beverages represents US\$1,160, or approximately 20.7% of that total, slightly lower than the Asia Pacific average of 22.7%, but higher than Canada's proportion of 9.6%.
- The foodservice industry showed a steady year-on-year growth percentage of just over 5% from 2009 to 2012, and is forecast to continue this growth pattern through 2014, reaching total value sales of US\$11.1 billion.
- As the population becomes more concerned with diabetes, hypertension and obesity, consumers are opting for more health and wellness products. Sales in the health and wellness category are expected to grow by a compound annual growth rate (CAGR) of 5.9% from 2012 to 2014 to reach a total of US\$3.1 billion.
- The agriculture sector employs 11.1% of the work force and is estimated at 11.4% of GDP in 2012 (World Fact Book, 2014).

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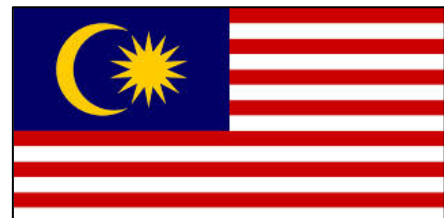
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PRODUCTION

- Agriculture employs 11.1% of the work force in Malaysia (World Fact Book, 2014). The palm oil industry is the largest agriculture sector and utilizes more than 70% of the country's agricultural land (Euromonitor International, 2014).
- As shown in the table below, palm fruit oil, palm oil and palm kernels are the top domestic crops in Malaysia, with palm fruit oil leading in terms of volume production across the 2008 to 2012 period. From 2011 to 2012, both palm fruit oil and palm oil saw a decrease in production of 0.7%.
- Banana production recorded the best volume growth in 2012 with 9.7%, regaining some of the losses experienced in 2011. Across the whole period, fresh vegetables, currently Malaysia's eight-largest crop, registered the strongest growth in volume production with 17.9%.

Crop Production and Livestock in Malaysia

Top ten crops (tonnes)	2008	2009	2010	2011	2012
Oil, palm fruit	88,672,000	87,825,000	84,965,000	94,557,600	93,925,150
Oil, palm	17,734,441	17,564,937	16,993,717	18,911,520	18,785,030
Palm kernels	4,577,000	4,504,000	4,292,000	4,706,000	4,850,000
Rice, paddy	2,353,000	2,511,043	2,464,830	2,575,988	2,750,404
Rubber, natural	1,072,400	857,019	900,000	926,000	970,000
Sugar cane	850,000	850,000	800,000	800,000	820,000
Coconuts	555,120	459,640	550,140	562,556	606,530
Vegetables, fresh nes	290,359	396,010	547,397	550,134	560,000
Bananas	272,331	279,762	332,639	306,283	335,974
Pineapples	384,673	357,654	331,081	309,331	334,400

Meat indigenous (tonnes)	2008	2009	2010	2011	2012
Chicken	996,870	1,001,659	1,083,030	1,213,908	1,249,836
Pork	200,107	195,072	206,032	235,609	231,242
Duck	123,492	124,485	123,191	125,195	128,136
Beef	19,097	14,914	9,141	6,823	10,593
Buffalo	4,074	4,082	3,991	3,991	3,991

Livestock (head)	2008	2009	2010	2011	2012
Pigs	2,020,117	1,728,310	1,831,308	1,922,321	1,801,247
Cattle	873,327	882,666	893,531	836,910	768,403
Goats	428,263	477,480	514,233	496,194	476,431
Sheep	125,988	131,258	136,285	123,475	126,412
Buffaloes	130,775	131,230	127,152	125,900	123,313

Source for all: FAOSTAT Agricultural Production, February 2014



TRADE

- Malaysia is a net exporter of agri-food and seafood products. In 2012, Malaysia's agri-food and seafood trade surplus was US\$11.7 billion with imports valued at US\$17.5 billion, and US\$29.2 billion in exports. Malaysia's agri-food and seafood imports have been growing at a CAGR of 14.5% since 2007.
- Malaysia's top agri-food and seafood imports in 2012 were cane sugar, palm oil (refined), cocoa beans, palm oil (crude) and soybean oilcake. Key supplying countries were Indonesia, China, Thailand, India and Argentina. Canada was the seventeenth-largest supplier of total agri-food and seafood products to Malaysia in 2012, with a 1.11% share.

Malaysia's Top Agri-Food & Seafood Imports from the World, 2012 (HS 6)

Commodity	Import Value US\$ millions	Top Suppliers and Market Share			Canada's Share
		1	2	3	
Cane Sugar, Raw, Solid Form, without Added Flavour/Color	9,754.7	Brazil 50.87%	Thailand 21.45%	Australia 14.50%	0
Palm Oil, Refined But Not Chemically Modified	9,091.0	Indonesia 99.50%	South Africa 0.39%	Singapore 0.03%	0
Cocoa Beans, Whole Or Broken, Raw Or Roasted	8,784.9	Ghana 33.25%	Indonesia 28.05%	Côte d'Ivoire 13.80%	0
Palm Oil, Crude, Not Chemically Modified	7,962.9	Indonesia 87.79%	Thailand 6.29%	Papua New Guinea 2.75%	0
Soybean Oilcake & Other Solid Residue, Whether/Not Ground	6,135.0	Argentina 93.55%	China 3.76%	India 0.93%	0
Rice, Semi- Or Wholly Milled, Polished Etc Or Not	6,026.5	Vietnam 69.68%	Thailand 12.10%	Pakistan 11.60%	0
Food Preparations Nesoi	5,974.2	Singapore 27.32%	United States 14.64%	Netherlands 9.82%	0.84%
Cotton, Not Carded Or Combed	5,455.9	Brazil 23.95%	Mali 12.3%	United States 10.4%	0.08%
Corn (Maize), Other Than Seed Corn	5,370.9	Argentina 47.87%	India 22.81%	Brazil 19.86%	0.01%
Corn (Maize) Seed, Certified, Excluding Sweet Corn	3,956.5	Argentina 41.3%	Brazil 29.3%	India 21.5%	0

Source: Global Trade Atlas, February 2014

- Malaysia's processed food imports were valued at US\$11.1 billion. Canada's share was 0.78% (US\$89.9 million). Malaysia's processed food imports registered a CAGR of 17.3% from 2007 to 2012.
- Canada's agri-food and seafood exports to Malaysia were valued at US\$107.4 million in 2013. Top exports were soybeans, non durum wheat, canola oil, food preparations, and mink furskins. In 2013, Canada's agri-food and seafood imports from Malaysia were valued at US\$170.1 million, thus Canada registered an agri-food and seafood trade deficit of US\$62.7 million with Malaysia. Canada's top imports from Malaysia were palm oil, cocoa, margarine and vegetable oil.



CONSUMER FOODSERVICE

- Malaysian consumers continued to remain cost conscious around their spending because of the rising cost of living and food prices, resulting in less spending on dining out (Euromonitor International, 2013). Malaysian foodservice saw value sales growth of 5.1% from 2011 to 2012.
- Like other countries, Malaysian consumers are also looking for healthier menu choices due to the increasing trend of diabetes, hypertension and obesity among the population, resulting in foodservice operators adding healthier food choices to their menu (Euromonitor International, 2013).
- The Malaysian foodservice industry grew at a CAGR of 4.6% from 2008 to 2012. It is predicted to grow by a CAGR of 5.3% through 2016. Fast food and 100% home delivery were the top performing subsectors with a CAGR of 9.2% and 19.9%, respectively, during the 2008 to 2012 historical period. These two subsectors will remain the top two performers through 2016 with a CAGR of 6.4% and 10.0%.
- Independent operators make up 67% of Malaysia's foodservice industry, but are forecasted to experience a lower growth rate (4.5%) than their counterparts (chained operators) which will boast a 6.9% CAGR through 2016.

Malaysian Consumer Foodservice at a Glance

Consumer Foodservice	2010	2012	2014 ^F	2016 ^F
Sales (US\$ millions)	8,984.3	9,989.9	11,064.4	12,275.5
Outlets	29,442.0	30,721.0	32,261.0	34,297.0
Transactions ('000)	1,253,776.5	1,352,698.0	1,471,027.8	1,590,946.7
Average Sales/Outlet	\$305,153	\$325,181	\$342,965	\$357,918
Average Sales/Transaction	\$7.17	\$7.39	\$7.52	\$7.72

Source: Euromonitor International, 2014

F= forecast

RETAIL SALES

- Over the historic period of 2009 to 2012, the health and wellness category demonstrated a 7.7% CAGR and will continue to have positive growth through 2014. The top performing segment within the health and wellness category from 2009 to 2012 was fortified/functional food with a CAGR of 8.8%.
- Packaged food sales increased in value at a CAGR of 5.0% between 2009 and 2012 with a further increase of 4.4% forecasted to 2014. Within this category, one of the best performing growth segments was pasta, registering a CAGR of 15.1% between 2009 and 2012, albeit value sales are lower than the main segments such as dairy, dried processed foods and oils and fats.
- As consumers continue to become more health conscious and aware of health concerns such as diabetes, hypertension and obesity, packaged food manufacturers will have to continue to adapt to meet their demands for healthier packaged food products. Some of the most important health and wellness products are those with less sugar, no sugar, lower fat and high levels of fibre and calcium (Euromonitor International, February 2013).
- Due to a stable Muslim population, Malaysia has developed a strategy to become a regional and global hub for Halal production, logistics and trade and wants to be known as the "Global Halal Hub" in Southeast Asia (Hala Industry Development Corporation, March 2014).



Agri-Food Retail Sales in Malaysia
Historic in US\$ Millions, Fixed 2013 Exchange Rate

Category	2009	2010	2011	2012	2013	2009-13 CAGR %
Health and Wellness by Type	2,210.7	2,400.6	2,569.5	2,757.9	2,924.8	7.2
Better For You (BFY)	123.1	128.3	132.6	137.3	142.6	3.7
Food Intolerance	4.3	4.5	4.6	4.7	4.9	3.4
Fortified/Functional (FF)	1,604.4	1,764.6	1,906.9	2,065.7	2,197.9	8.2
Naturally Healthy (NH)	475.7	499.8	521.7	546.3	575.3	4.9
Organic	3.2	3.4	3.7	3.9	4.1	5.7
Packaged Food	6,146.5	6,449.2	6,773.4	7,112.4	7,449.0	4.9
Baby Food	395.1	424.8	449.4	476.8	495.5	5.8
Bakery	778.3	800.6	826.4	859.8	899.0	3.7
Canned/Preserved Food	291.9	301.2	310.6	319.1	329.3	3.1
Chilled Processed Food	80.9	83.8	87.1	90.6	94.3	3.9
Confectionery	307.4	317.4	327.1	337.9	346.5	3.0
Dairy	935.1	977.5	1,032.6	1,088.2	1,148.3	5.3
Dried Processed Food	1,511.6	1,606.4	1,709.1	1,801.9	1,885.2	5.7
Frozen Processed Food	153.3	159.0	163.4	168.2	173.5	3.1
Ice Cream	157.1	165.4	173.6	182.6	192.8	5.2
Meal Replacement	93.3	123.1	151.5	186.5	217.9	23.6
Noodles	310.8	344.9	377.4	409.0	431.7	8.6
Oils and Fats	719.1	743.3	769.7	801.0	838.3	3.9
Pasta	4.3	5.2	5.9	6.5	7.1	13.6
Ready Meals	32.7	33.9	35.1	36.2	37.4	3.4
Sauces, Dressings and Condiments	390.7	402.8	415.9	429.8	445.8	3.4
Snack Bars	2.4	2.5	2.6	2.7	2.8	3.8
Soup	15.9	16.8	17.6	18.4	19.2	4.8
Spreads	41.9	44.0	46.6	49.6	53.1	6.1
Sweet and Savoury Snacks	273.4	281.8	291.4	300.8	309.7	3.2
Hot Drinks	577.2	612.9	655.2	691.4	726.3	5.9
Soft Drinks	1,025.6	1,104.9	1,176.5	1,257.4	1,330.2	6.7

Source: Euromonitor, March 2014.



Agri-Food Retail Sales in Malaysia
Forecast in US\$ Millions, Fixed 2013 Exchange Rate

Category	2014	2015	2016	2017	2018	2014-18 CAGR%
Health and Wellness by Type	3,091.8	3,263.0	3,445.7	3,636.9	3,839.3	5.6
Better For You (BFY)	147.7	153.2	158.7	164.6	170.9	3.7
Food Intolerance	5.1	5.3	5.5	5.7	5.9	3.6
Fortified/Functional (FF)	2,328.2	2,461.3	2,604.5	2,754.5	2,913.5	5.8
Naturally Healthy (NH)	606.4	638.7	672.3	707.2	743.8	5.2
Organic	4.3	4.5	4.7	4.9	5.2	5.1
Packaged Food	7,780.5	8,121.6	8,473.6	8,836.6	9,214.6	4.3
Baby Food	514.1	532.7	552.0	572.1	593.2	3.6
Bakery	931.3	962.1	993.5	1,026.5	1,060.9	3.3
Canned/Preserved Food	340.3	352.0	364.4	377.1	390.5	3.5
Chilled Processed Food	98.0	101.8	105.9	110.1	114.6	4.0
Confectionery	355.0	363.6	372.4	381.4	390.6	2.4
Dairy	1,211.0	1,276.2	1,342.9	1,411.9	1,483.5	5.2
Dried Processed Food	1,971.8	2,064.8	2,157.2	2,253.9	2,353.8	4.5
Frozen Processed Food	179.1	185.2	191.9	199.2	206.9	3.7
Ice Cream	201.5	210.3	219.9	229.6	239.7	4.4
Meal Replacement	247.3	276.1	306.4	335.8	365.8	10.3
Noodles	449.6	467.6	485.2	502.6	520.4	3.7
Oils and Fats	873.8	910.4	949.8	989.7	1,032.6	4.3
Pasta	7.6	8.0	8.4	8.7	9.1	4.6
Ready Meals	38.7	40.2	41.8	43.5	45.3	4.0
Sauces, Dressings and Condiments	461.1	476.9	493.5	510.6	528.3	3.5
Snack Bars	2.9	3.1	3.2	3.3	3.4	4.0
Soup	19.9	20.5	21.1	21.8	22.4	3.1
Spreads	56.2	59.4	62.6	66.0	69.6	5.5
Sweet and Savoury Snacks	319.6	329.7	340.5	351.7	363.5	3.3
Hot Drinks	766.2	809.6	857.4	911.3	971.6	6.1
Soft Drinks	1,399.3	1,467.2	1,539.5	1,616.7	1,698.0	5.0

Source: Euromonitor, March 2014.



RESOURCES

Euromonitor International (2014).

- Country Profile: Malaysia (January 2014)

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- Packaged Food Sales in Malaysia (February 2013)
- Health and Wellness in Malaysia (October 2013)
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Market Overview: Malaysia

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