



FOOD INDUSTRY IN MALAYSIA

Ideal Prospects, Immense Opportunities

Malaysian culture has grown from a potpourri of ethnic mixes derived from some of the world's oldest civilisations. This fusion has created a rich diverse society that gives a unique essence in everything Malaysians do. Malaysia is a lush tropical land full of natural resources that add flavour and variety to research, cultivation and processing of foods. Thus, Malaysia is poised to become one of the leading Asian countries in food production and processing. With a deep-rooted tradition to excel, Malaysia is committed to develop the country's food industry for import substitution and export. Malaysia's commitment is her promise to your success. You don't just invest in Malaysia. You acquire a long-term profitable partnership from Malaysia.

Diverse Resources

It is estimated that Malaysia's total agriculture land is amounted to 5.5 million hectares from 33 million hectares total land area. Industrial crops are mostly planted which consist of oil palm, rubber, cocoa, tobacco and pepper while other crops include paddy, fruits, vegetables and coconut. A steady supply of agricultural produce for processing is sustainable due to Malaysia's year long growing season. Malaysia has taken concrete measures to improve and increase agricultural production and adopting a liberal policy to allow duty-free importation of raw materials to enable the food industry meets specific market demand. Agriculture is one of the sectors identified in the National Key Economic Areas (NKEAs). It focuses on selected sub-sectors including aquaculture, seaweed farming, swiftlet farming, herbal products, fruits and vegetables and premium processed food which have high-growth potential. There is a growing demand for these high value products which provide source opportunities for farmers to increase their income. Alternatively, paddy and livestock sub-sectors are also encouraged to ensure national food security.

The agriculture sector is expected to grow by 3.5 per cent per annum, contributing 8.2 per cent to total GDP by 2020 under the 11MP, with the agro-food sub-sector growing an expected 5.4 per cent per annum. The sub-sector will be transformed into a high-income and sustainable industry through innovative R&D and modernization initiatives. Malaysia has gradually developed and improved its agriculture and food processing industry to become a net exporter of processed food.

The food-processing sector account for about 10% of Malaysia's manufacturing output. Processed food contributed about RM21.76 billion and are exported to more than 200 countries, while import value of processed food is amounted RM20.27 billion in 2019.

Advances in processing technology have widened the usage of local raw materials, expanding the range of products and increasing the investment absorbing capacity in the food industry.

MALAYSIA'S FOOD INDUSTRY



Livestock and Dairy: Poultry processing constitutes 60% of the meat processing industry. Although Malaysia is a net exporter of poultry meat, it is still a net importer of meat products, particularly beef and mutton. Poultry meat is a major raw material for further processed livestock products.

Among dairy products produced are milk powder, sweetened condensed milk, pasteurised or sterilised liquid milk, ice cream, yoghurt and other fermented milk. Except for the production of pasteurised milk, the dairy product industry is heavily dependent on imports.

Fisheries: The fisheries sector produced about 2.2 million tonnes of fish in 2019 of which aquaculture sector contributed more than 400,000 tonnes yearly.

An export-oriented sector, seafood processing includes the processing of prawns, frozen products, canning of fish and the production of surimi and surimi products. Malaysia's total exports of seafood processed products exceeded RM1.1 billion in 2019.



Cereal Products/Flour Based Products:

The cereal products sub-sector, including the production of biscuits, bakery items and noodles, is well established in Malaysia. Although this sub-sector is dependent on imported raw materials, Malaysia is a net exporter of cereal preparations/products, with a net export of more than RM3.5 billion in 2019. The range of products includes pre-mixes, bread, biscuits, snack foods, instant noodles, vegetarian food, frozen cakes and pastries.

Chocolate and Sugar Confectionaries:

Malaysia is the seventh largest cocoa grinding country in the world. Malaysia is a net exporter of cocoa products including chocolates, exporting to more than 90 countries. Exports of cocoa preparations were valued at RM5.5 billion in 2019.

Malaysia's cocoa grinding capacity recorded 249,661 tonnes in 2019, provides raw materials for further downstream processing.



Pepper and pepper products:

Malaysia's export of pepper and pepper products amounted to RM246.6 million in 2019. Value-added pepper and pepper products include specialty pepper and processed pepper-based products such as spice mixes and blends, seasonings and flavourings.

Fruits and Vegetables:

A variety of fruits and vegetables are produced for fresh consumption in domestic and export markets as well as for downstream processing. Major activity in the downstream processing of fruits is the canning of pineapple and pineapple juice. Other fruits such as guava, passion fruit, jackfruit and banana are also being processed into puree/juice, snacks, pickles and jam. Processing of vegetables is confined to the production of sauces and pickles.

Malaysia's import of processed fruits and vegetables is valued at RM2.0 billion in 2019, while exports recorded at RM1.1 billion. The fruit and vegetable processing industry has tremendous potential for import substitution and export opportunities. Investors are encouraged to undertake the commercial cultivation of fruits and vegetables.

Palm Oil-based Products:

Malaysia is the world's largest exporter and the second world's largest producer of palm oil in the world. Malaysia and Indonesia account for more than 84 per cent of the world palm oil output and about 89.6 per cent of global exports of palm oil. Export earnings from oil palm products reached RM63.7 billion in 2019. Major markets for oil palm products are India, Europe, People's Republic of China, Pakistan and Philippines.

Main products exported are RBD palm oil, RBD palm olein and stearin, specialty fats such as cocoa butter substitutes, margarine, shortening and vanaspati. Further development is seen in the production of value-added palm oil-based specialty products to cater to health conscious and vegetarian consumers.

GROWING DEMAND FOR FOOD

Malaysia's current population of 33.6 million with purchasing power (per capita income) exceeded RM44,686 in 2019. Lifestyle changes have led to an increase in the demand for convenience and health foods.

Exports of processed food recorded a positive growth indicating the increasing acceptance of Malaysia's food products in overseas market. This is contributed mainly by products such as cocoa and cocoa preparations, prepared cereals and flour preparations, processed seafood and dairy products. The Association of Southeast Asian Nations (ASEAN), with a population of over 668 million has a vast market potential to be tapped and Malaysia is poised to become a major exporter of processed food for this region.



Halal Industry

The global halal market is currently estimated at US\$2.3 trillion and is expected to grow up to 3.4 trillion by 2024. With a majority Muslim population, Malaysia has a ready domestic market for halal food. Recognised as a modern Muslim nation, Malaysia is well positioned to be an international halal food hub in the branding, processing and marketing of halal foods to world Muslim populations.

The concept of halal is associated with food products which are of high quality in terms of cleanliness, sanitation and compliance with religious requirements. The Department of Islamic Development Malaysia (JAKIM) certifies all halal food products. The government has introduced Halal certification such as :

- MS 1500:2009 - on the Halal Food : Production, Preparation, Handling and Storage which has incorporated the GMP and hygienic sanitary requirements.
- MS 2565:2014 - Halal Packaging-General Guideline. This Malaysian standard describes the general guidelines in the manufacturing and handling of halal packaging.

RESEARCH AND DEVELOPMENT

Malaysia's Halal industry provides immense opportunities for food processing industry players, due to its strong value propositions. The country's Halal certification is well-accepted internationally, boosting Muslim consumer confidence, and indicating that certified products have passed safety, quality, and legal requirements based on Good Manufacturing Practice (GMP) and Hazard Analysis and Critical Control Points (HACCP). Potential investors are encouraged to leverage on this comprehensive halal ecosystem, particularly in the food industry.

The Malaysian Agricultural Research and Development Institute (MARDI) focuses on genetic improvement and pest management using biotechnology, post-harvest technology and mechanization. It is also involved in the development of value-added products, with some of its research projects ready for commercialization.

The Malaysian Palm Oil Board (MPOB) also conducts R&D to enhance the well-being of Malaysia's palm oil industry. Many of the technologies and products developed by MPOB have been commercialized, among them are red palm oil, healthful margarine and oil blends.



To achieve Malaysia's vision of becoming a key center for cocoa processing in Asia, the Malaysian Cocoa Board (MCB) is continuously intensifying its R&D program for both the upstream and downstream sectors particularly in widening the product-base of cocoa products. The laboratory in the Downstream Research Centre of the MCB is accessible to manufacturers for analytical support.

The Forest Research Institute of Malaysia (FRIM) is another major research institution actively conducting research into the commercial cultivation of herbs and medicinal plants. It provides research-based services for the conservation, processing, management, development and utilization of these forest resources for commercialization.

The Fisheries Research Institute (FRI) conducts research in various fields including aquaculture, aquatic ecology, fish diseases, fisheries products and biotechnology.



INCENTIVES FOR INVESTMENT

MINISTRY OF AGRICULTURE AND AGRO-BASED INDUSTRY (MOA)

- 100% Income Tax Exemption for 10 years for production of selected food activities
- 100% Income Tax Exemption for 5 years for reinvestment in the production of selected food activities

- Reinvestment Allowance (RA) for 15 years;
- Tax deductible expenses for halal quality and safety certifications;
- PS/ITA for cold chain facilities and services;
- Import duty exemption on raw materials, machinery and equipment;
- Incentives for R&D

MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY (MIDA)

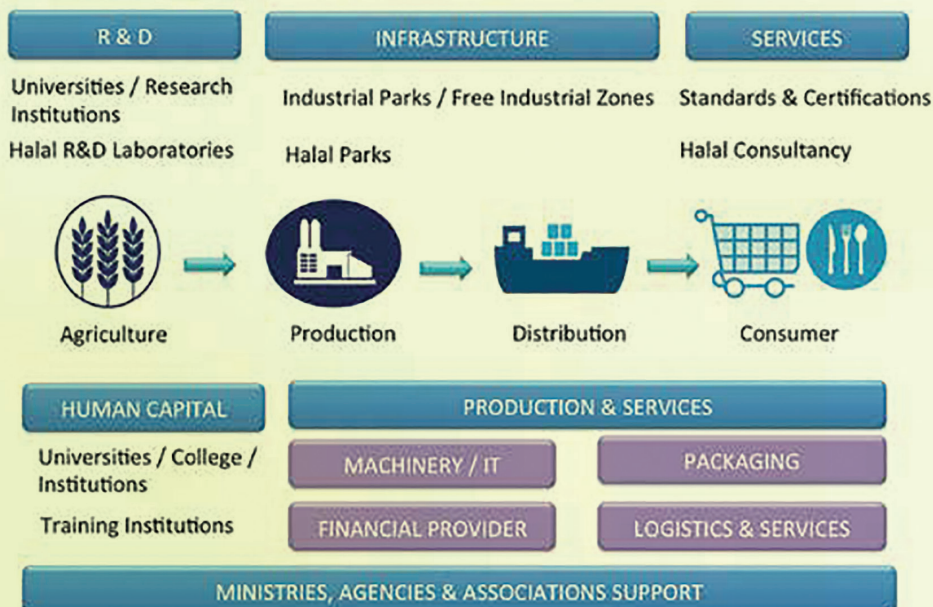
- 100% Income Tax Exemption for 15 years or 100% Investment Tax Allowance for 10 years for manufacture of food products in the less developed areas
- Pioneer Status (PS)/Investment Tax Allowance (ITA);
- PS/ITA for small-scale companies;
- Additional 5 years reinvestment incentives for promoted food products;

Halal Industry Development Corporation (HDC)

- 100% income tax exemption on capital expenditure for 10 years or income tax exemption on export sales for 5 years for productions of Halal Specialty Processed Food, Pharmaceuticals, Nutraceuticals & Probiotics, Cosmetics and Personal Care products, Halal Ingredients and Livestock and Meat products.



AGRICULTURE & FOOD ECOSYSTEM





NEW INVESTMENT OPPORTUNITIES

Investment opportunities abound in the food processing sector. The three thrust areas are:

Health Food/Functional Food:

Malaysia is moving towards organic farming. Besides organic products, health foods include low caloric, fibre/nutrient enriched products, fruit juices and herbal products. New products using Malaysia's traditional herbs and resources are continuously being developed for Asian and global markets.

Convenience Food:

Demand for convenience foods that can be prepared within minutes is a growing worldwide trend. Locally made convenience foods include frozen foods such as ready-to-eat meals, spiced fish and chicken, ethnic or traditional cuisine, instant powdered juice and retort pouch products. Malaysia is also in an excellent position to produce Asian recipes with convenience food technologies to meet the increasing global demand for specialty and ethnic foods.

Food Ingredients:

Functional ingredients, food flavours, additives, colouring, seasonings and palm oil-based additives are some of the products that have vast potential for further development to enhance Malaysia's presence in the developed markets in the USA, the UK, Japan and Australia. The quality of these products is backed by continuous nutritional research.



MIDA Headquarters

Malaysian Investment Development Authority, MIDA Sentral, No.5, Jalan Stesen Sentral 5,
Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia
Tel: (603) 2267 3633 Fax: (603) 2274 7970 Email: investmalaysia@mida.gov.my
Website: www.mida.gov.my

MIDA State Offices

Johor

Director

Malaysian Investment Development Authority
No. 5, Level 13, Menara Tabung Haji
Jalan Ayer Molek
80000 Johor Bahru
Johor Darul Takzim
Tel : (607) 224 5500 / 226 5057
Fax : (607) 224 2360
E-mail : johor@mida.gov.my

Kedah & Perlis

Director

Malaysian Investment Development Authority
4th Floor, East Wing, No. 88
Menara Bina Darulaman Berhad
Lebuhraya Darulaman
05100 Alar Setar
Kedah Darul Aman
Tel : (604) 731 3978
Fax : (604) 731 2439
E-mail : kedah@mida.gov.my

Kelantan

Director

Malaysian Investment Development Authority
Aras 5-C, Menara Pejabat Kelantan Trade Centre
Jalan Bayam
15200 Kota Bharu
Kelantan Darul Nairn
Tel : (609) 748 3151
Fax : (609) 744 7294
E-mail : kelantan@mida.gov.my

Melaka

Director

Malaysian Investment Development Authority
3th Floor, Menara MITC
Kompleks MITC, Jalan Konvensyen
75450 Ayer Keroh
Melaka
Tel : (606) 232 2877
Fax : (606) 232 2875
E-mail : melaka@mida.gov.my

Negeri Sembilan

Director

Malaysian Investment Development Authority
Suite 13.01 & 13.02, 13th Floor, Menara Zurich
70200 Seremban
Negeri Sembilan Darul Khusus
Tel : (606) 762 7921
Fax : (606) 762 7879
E-mail : nsembilan@mida.gov.my

Pahang

Director

Malaysian Investment Development Authority
Suite 3, 11th Floor, Kompleks Teruntum
P.O. Box 178
25720 Kuantan
Pahang Darul Makmur
Tel : (609) 513 7334
Fax : (609) 513 7333
E-mail : pahang@mida.gov.my

Perak

Director

Malaysian Investment Development Authority
Level 4, Perak Techno Trade Centre (PTTC)
Bandar Meru Raya, Off Jalan Jelapang
P.O.Box 210
30720 Ipoh
Perak Darul Ridzuan
Tel : (605) 5269 962/ 961
Fax : (605) 5279 960
E-mail : perak@mida.gov.my

Pulau Pinang

Director

Malaysian Investment Development Authority
Unit 14.01, Level 14
Menara Boustead Penang
39, Jalan Sultan Ahmad Shah
10050 Pulau Pinang
Tel : (604) 228 0575
Fax : (604) 228 0327
E-mail : penang@mida.gov.my

Sabah

Director

Malaysian Investment Development Authority
Lot D9.4 & D9.5, Tingkat 9
Block D, Bangunan KWSP, Karamunsing
88100 Kota Kinabalu
Sabah
Tel : (6088) 211 411/230 411
Fax : (6088) 211 412
E-mail : sabah@mida.gov.my

Sarawak

Director

Malaysian Investment Development Authority
Room 404, 4th Floor, Bangunan Bank Negara
No. 147, Jalan Satok, P.O. Box 716
93714 Kuching
Sarawak
Tel : (6082) 254 251/237 484
Fax : (6082) 252 375
E-mail : sarawak@mida.gov.my

Selangor

Director

Malaysian Investment Development Authority
22nd Floor, Wisma MBSA
Persiaran Perbandaran
40000 Shah Alam
Selangor Darul Ehsan
Tel : (603) 5518 4260
Fax : (603) 5513 5392
E-mail : selangor@mida.gov.my

Terengganu

Director

Malaysian Investment Development Authority
5th Floor, Menara Yayasan Islam Terengganu
Jalan Sultan Omar
20300 Kuala Terengganu
Terengganu Darul Iman
Tel : (609) 622 7200
Fax : (609) 623 2260
E-mail : terengganu@mida.gov.my

MIDA Overseas Offices

ASIA-PACIFIC

AUSTRALIA

Sydney

**Consul(Investment)/Director
Consulate of Malaysia (Investment Section)**
Malaysian Investment Development Authority
Level 6, 16 Spring Street
Sydney NSW 2000
Australia
Tel : 61 (02) 9251 1933
Fax : 61 (02) 9251 4333
E-mail : sydney@mida.gov.my

JAPAN

Tokyo

Director

Malaysian Investment Development Authority
32F, Shiroyama Trust Tower
4-3-1, Toranomon, Minato-ku
Tokyo 105-6032, Japan
Tel : 81 (3) 5777 8808
Fax : 81 (3) 5777 8809
Email : tokyo@mida.gov.my

Osaka

Director

Malaysian Investment Development Authority
Mainichi Intecio 18F
3-4-5 Umeda, Kita-ku
Osaka 530-0001, Japan
Tel : 81 (6) 6451 6661
Fax : 81 (6) 6451 6626
Email : osaka@mida.gov.my

REPUBLIC OF KOREA

Seoul

**Counselor (Investment)/Director
Embassy of Malaysia
(Malaysian Trade and Investment Centre)**
Malaysian Investment Development Authority
Level 17, Standard Chartered
Bank Korea Limited Building
47, Jongro, Jongro-gu
Seoul 110-702, Republic of Korea
Tel : 82 (2) 733 6130/6131
Fax : 82 (2) 733 6132
E-mail : seoul@mida.gov.my

TAIWAN

Taipei

Director (Investment)
Malaysian Investment Development Authority
Malaysian Friendship & Trade Centre
12F, Suite A, Hung Kuo Building
No. 167, Tun Hua North Road
Taipei 105, Taiwan
Tel : 886 (2) 2713 5020 (GL) /2718 6094
Fax : 886 (2) 2514 7581
Email : taipei@mida.gov.my

PEOPLE'S REPUBLIC OF CHINA

Shanghai

Director

Consulate General of Malaysia
(Investment Section)
Malaysian Investment Development Authority
Unit 807-809, Level 8
Shanghai Kerry Centre
No.1515, Nanjing Road (West)
Shanghai 200040
People's Republic of China
Tel : 86 (21) 6289 4547
Fax : 86 (21) 6279 4009
E-mail : shanghai@mida.gov.my

Guangzhou

Director

Malaysian Investment Development Authority
Unit 1804B-05
CITIC Plaza Office Tower
233 Tianhe Bei Road
Guangzhou 510610
People's Republic of China
Tel : (8620) 8752 0739
Fax : (8620) 8752 0753
E-mail : guangzhou@mida.gov.my

Beijing

**Counselor (Investment) / Director
Embassy of Malaysia (Investment Section)**
Malaysian Investment Development Authority
Unit C, 12th Floor, Tower A, Gateway Plaza
No.18, Xiaguangli, East Third Ring North Road
Chaoyang District, Beijing 100600
People's Republic of China
Tel : (8610) 8440 0071/0072
Fax : (8610) 8440 0076
E-mail : beijing@mida.gov.my

UNITED ARAB EMIRATES

Dubai

Consul(Investment)/Director Consulate General of Malaysia (Investment Section)

Malaysian Investment Development Authority
Unit 2205, 22nd Floor, Tower A
Business Central Tower
Dubai Media City
(P.O.Box: 502876) Dubai
United Arab Emirates
Tel : (9714) 4343 696/697
Fax : (9714) 4343 698
Email : dubai@mida.gov.my

INDIA

Mumbai

Consul (Investment)/Director Consulate General of Malaysia (Investment Section)

Malaysian Investment Development Authority
81 & 87, 8th Floor, 3rd North Avenue
Maker Maxity
Bandra Kurla Complex, Bandra (E)
Mumbai 400051, India
Tel : (9122) 2659 1155 / 1156
Fax : (9122) 2659 1154
E-mail : mumbai@mida.gov.my

SINGAPORE

Consul (Investment)/Director High Commission of Malaysia

Malaysian Investment Development Authority
No. 7, Temasek Boulevard
26-01, Suntec Tower One
Singapore 038987
Tel : (65) 6835 9326 / 9580 / 7069
Fax : (65) 6835 7926
E-mail : singapore@mida.gov.my

EUROPE

FRANCE

Paris

Director

Malaysian Investment Development Authority
42, Avenue Kleber
75116 Paris, France
Tel : (331) 4727 6696 / 3689
Fax : (331) 4755 6375
E-mail : paris@mida.gov.my

FEDERAL REPUBLIC OF GERMANY

Frankfurt

Consulate General of Malaysia (Investment Section)

Malaysian Investment Development Authority
(MIDA)
Level 9, HAT 64
Bleichstrasse 64-66
60313 Frankfurt Am Main
Germany
Tel : +49(0) 69 8700 679-0
E-mail : frankfurt@mida.gov.my

Munich

Director

Malaysian Investment Development Authority
Level 6, Bürkleinhaus
Bürkleinstrasse 10
80538 Munich, Germany
Tel : (4989) 2030 0430
Fax : (4989) 2030 0431-5
E-mail : munich@mida.gov.my

SWEDEN

Stockholm

Economic Counsellor

Malaysian Investment Development Authority
c/o Embassy of Malaysia
Karlavaegen 37, P.O. Box 26053
S-10041 Stockholm, Sweden
Tel : (468) 440 8400 / 440 8416
Fax : (468) 791 8761
E-mail : stockholm@mida.gov.my

UNITED KINGDOM

London

Counsellor for Investment (Director)

High Commission of Malaysia
Malaysian Investment Development Authority
17 Curzon Street
London W1J 5HR
United Kingdom
Tel : (4420) 7493 0616
Fax : (4420) 7493 8804
E-mail : london@mida.gov.my

ITALY

Milan

Consul (Investment)/Director

Consulate of Malaysia (Investment Section)

Malaysian Investment Development Authority
2nd Floor, Via Albricci 9
20122 Milan, Italy
Tel : (39) 02 8909 382-4
Fax : (39) 02 8909 545-418
E-mail : milan@mida.gov.my

NORTH AMERICA

SAN JOSE

Director

Malaysian Investment Development Authority
226, Airport Parkway, Suite 480
San Jose, CA 95110
United States of America
Tel : (1408) 392 0617/8
Fax : (1408) 392 0619
E-mail : sanjose@mida.gov.my

NEW YORK

Consul (Investment)/Director

Consulate General of Malaysia (Investment Section)

Malaysian Investment Development Authority
313 East, 43rd Street
New York, NY 10017
United States of America
Tel : (1212) 687 2491
Fax : (1212) 490 8450
E-mail : newyork@mida.gov.my

CHICAGO

Director

Malaysian Investment Development Authority
John Hancock Center, Suite 1515
875, North Michigan Avenue
Chicago, IL 60611
United States of America
Tel : (1312) 787 4532
Fax : (1312) 787 4769
E-mail : chicago@mida.gov.my

For more information, please contact:



Food Technology and Resource Based Industries Division
Malaysian Investment Development Authority
Level 23, MIDA Sentral, No. 5, Jalan Stesan Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur, Malaysia

Tel : (603) 2263 2593
Fax : (603) 2273 8467
E-mail : investmalaysia@mida.gov.my
Website : www.mida.gov.my

June 2020