



FRUITS AND VEGETABLES MARKET OF MALASIA





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GENERAL OVERVIEW

Over the last few years, The Malaysian economy has been growing at an average rate of 4.7%¹. With its GDP totaling around US\$ 525 billion in 2013 distributed across the Services sector (48.1%), Industry (40.6%) and Agriculture (11.2%). The Agriculture, Industry, and Services sectors employ around 11.1%, 36% and 53.5% of labor force respectively². Malaysia's top three imports are electrical & electronic products (27% of total imports), petroleum products (10.9%) and chemical & chemical products (8.5%).

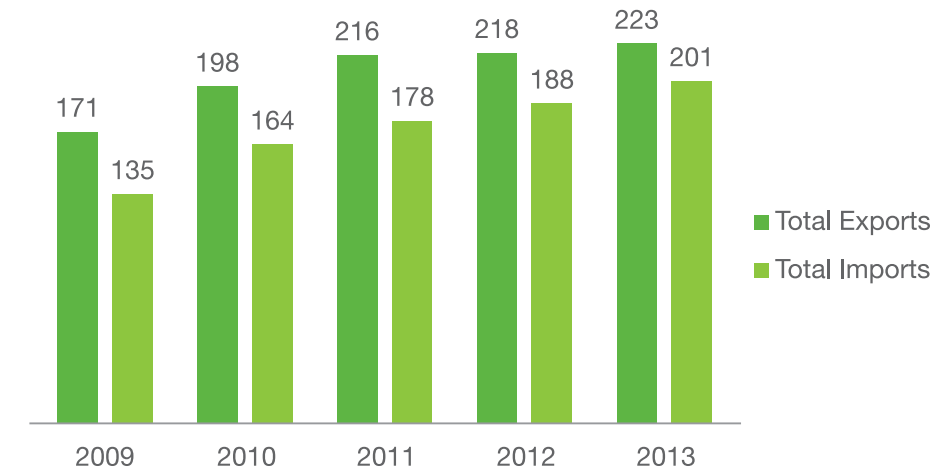
STATISTICS

Per capita consumption in Malaysia has increased for fruits from 80.4kg in 2006 to 93kg in 2010 (Ministry of Agriculture, Malaysia, 2012). Meanwhile, for vegetables commodities, per capita consumption has slightly declined from 58kg in 2006 to 54.7 in 2010³. Both Imports and exports in Malaysia have been increasing over the years. Over the past four years, the average growth rate of exports was 7.0% while the rate of imports was 10.72%. If Malaysia stays on this trend, imports will eventually outweigh exports, making the country a net importer of products.

Malaysia's Agricultural Land is 20% of the total area. Industrial crops (Oil Palm, rubber, cocoa, tobacco and pepper) occupy 77% of the total agricultural land while 16% accounts for other crops (paddy, fruits, vegetables & coconut). The Climate of Malaysia produces the proper conditions for production of exotic produce. The area is rarely affected by hurricanes or drought. The weather stays hot and humid all year long.

Exports of fruits increased by 0.4% in 2013 and reached 223\$ billion. On the other hand, imports increased by 7% and recorded a value of 201\$ billion.

Malaysia Import/Export Value For All Products (Million USD) (2009-2013)

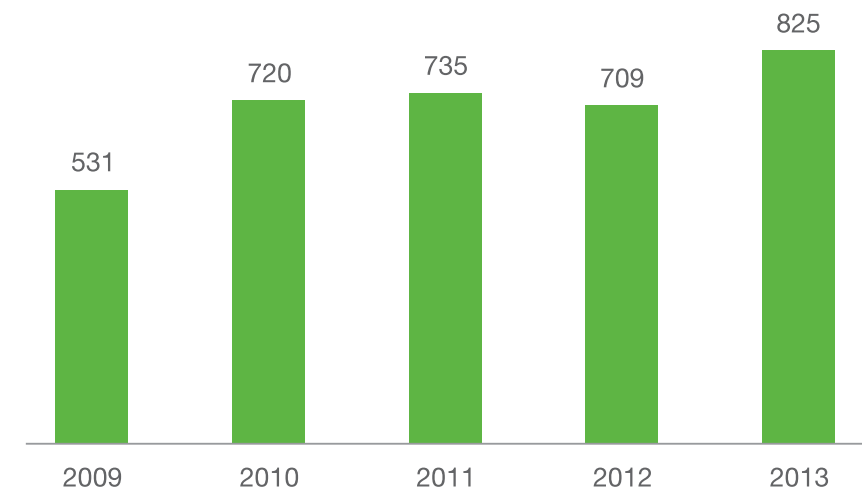


Source: Malaysia External Trade Statistics System, Department of Statistics Malaysia

Imports of vegetable products increased by 6.4% in 2013 reaching approximately 825.052\$ million. Over the past four years,

the average growth rate of vegetables was around 12.6%.

Malaysia Import Value for Vegetables (Million USD) (2009-2013)



Source: United Nations Commodity Trade Statistics Database

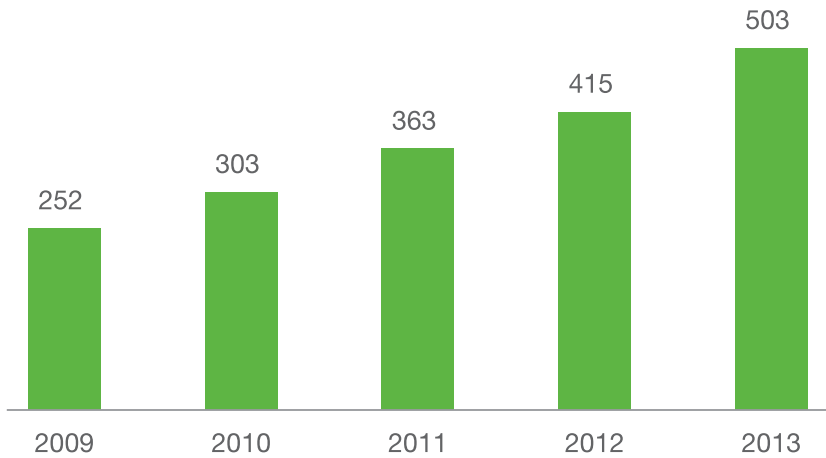
¹ World Bank national accounts data, and OECD National Accounts data files

² Central Intelligence Agency, The World Factbook

³ Federal Agriculture Marketing Authority of Malaysia

The estimated value of imports for fruit products in 2013 increased by 21.4% from the previous year and was recorded at approximately \$503.409 million. Over the past four years, the average growth rate of fruits was approximately 18.9%.

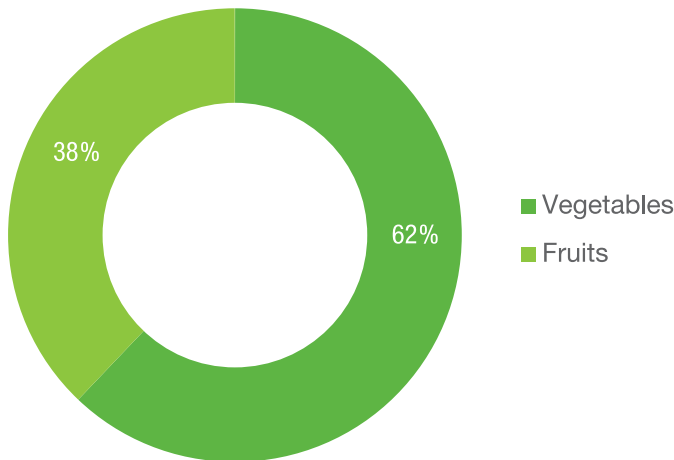
Malaysia Import Value for Fruits (Million USD) (2009-2013)



Source: United Nations Commodity Trade Statistics Database

During 2013, the value of vegetable imports recorded approximately 825 million dollars and fruit imports 503 million dollars. Vegetables had the higher import share in the market controlling 62% while fruits controlled 38%.

Malaysia Import Share for Fruit and Vegetable Products (2013)



Source: United Nations Commodity Trade Statistics Database

RULES AND REGULATIONS FOR IMPORT

A phytosanitary certificate stating that the imports are free from applicable diseases or pests is required for the importation of plants and plant products, fruits and vegetables in Malaysia.

Due to the complexity of sanitary and health regulations, exporters are urged to confer with their Malaysian customers regarding the specific information needed for the importation of plants⁴.

An import license is required for plants.

Malaysia’s Food Act 1983 and the Food Regulations of 1985 govern food safety and quality control, including food standards, food hygiene, food import and export, food advertisement and accreditation of laboratories. The Food Safety and Quality Division (FSQD) of the Ministry of Health (MOH) is charged with implementing and enforcing the

law. FSQD implements an active food safety program, which includes routine compliance, sampling, food premises inspection, food import control activity and licensing of specified food substances required under Food Act 1983 and its Food Regulation 1985.

Import duty and taxes are due when importing goods into Malaysia (whether by a private individual or a commercial entity). The valuation method is CIF (Cost, Insurance and Freight), which means that the import duty and taxes payable are calculated on the complete shipping value, which includes the cost of the imported goods, the cost of freight, and the cost of insurance. Some duties are also based on quantity measurements, like weight or volume. In addition to duty, imports are subject to sales tax (VAT), and in some cases to excise.

DUTY RATES

Duty rates in Malaysia vary from 0% to 50%, with an average duty rate of 5.74%. Some goods are not subject to duty

(e.g. laptops, electric guitars and other electronic products).

SALES TAX

The standard VAT is levied at 10% of the sum of the CIF value, duty and any excise applicable. A reduced rate between 0%

and 5% applies to some products. Sales Tax may sometimes be specific, i.e. applicable on units per liter and per kg.

⁴ Federal Service for Veterinary and Phytosanitary Surveillance

MINIMUM THRESHOLDS

Imports with a shipment value, i.e. CIF value, up to MY\$ 500 are exempt of duty, with the exception of alcohol, wine and tobacco products from USA. There is no minimum threshold for sales tax and excise.

OTHER TAXES AND CUSTOM FEES

Excise rates vary and are applicable either ad valorem or specific, i.e. on units (MY\$) per liter, per liter of alcohol (LAL), per kg, per Sticks (ST- for cigarettes).

Below is an indication of the excise rates as they are applied:

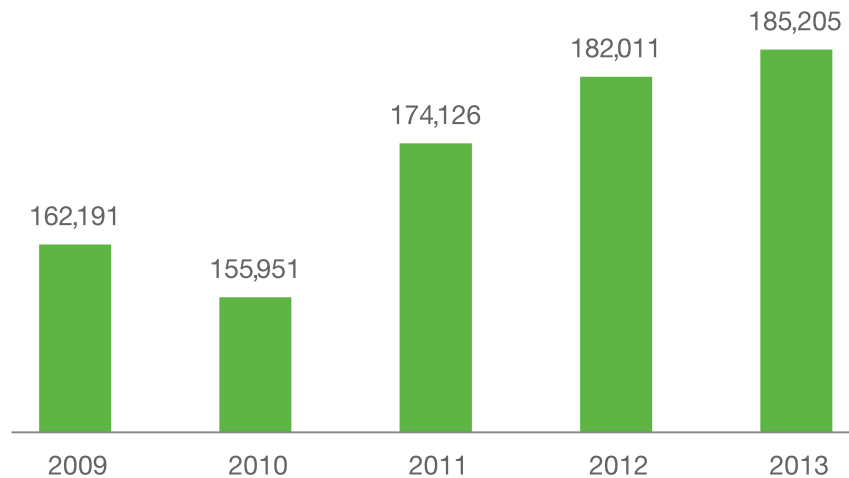
- ▶ 10% to 105.0%
- ▶ \$0.1 PER L to \$34 PER L
- ▶ \$22.5 PER LAL to \$42.5 PER LAL
- ▶ \$0.22 PER ST
- ▶ \$7.5 PER KG to \$220 PER KG

Due to the complexity of sanitary and health regulations, exporters are urged to confer with their Malaysian customers regarding the specific information needed for the importation of plants. An import license is required for plants.

IMPORT ANALYSIS BY MAIN CROP

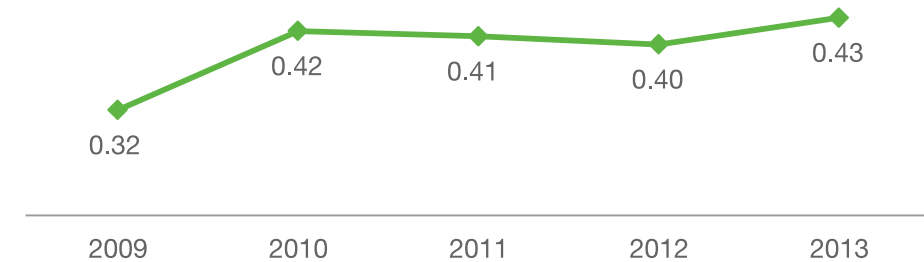
POTATOES

Malaysia Potato Imports (Tons) (2009-2013)



Source: United Nations Commodity Trade Statistics Database

Variation in Price of Potato Imports (USD) (2009-2013)

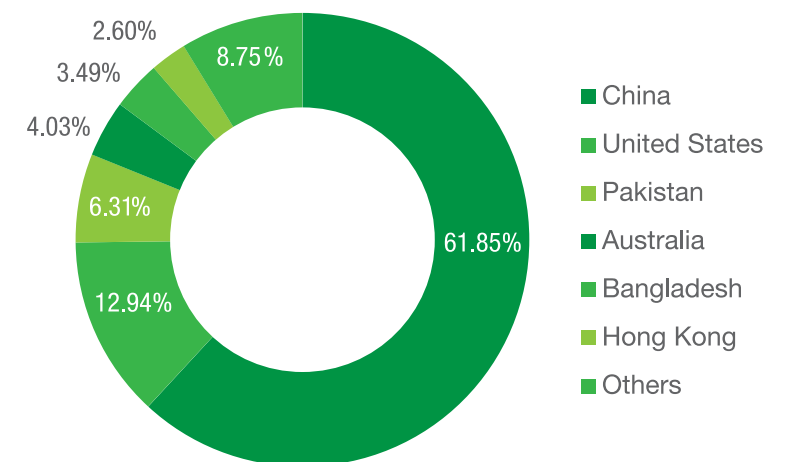


Source: United Nations Commodity Trade Statistics Database

FACTS AND FIGURES

- ▶ 185,205 tons of potatoes were imported by Malaysia in 2013 valued at RM ('000) 252657.9
- ▶ The average growth rate of imports over the past 5 years stood at 3.5%
- ▶ Price of potato imports increased by 34% between 2009 and 2013
- ▶ The average growth rate of the price of imports over the past 5 years was 8.2%
- ▶ The price of 1kg of Potato as of 2014 was 2.99 RM

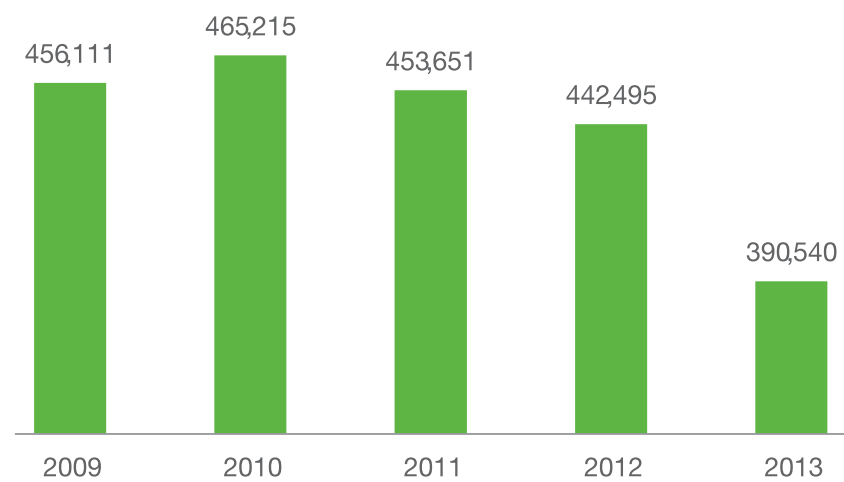
Share of Potato Importers to Malaysia (2012)



Source: Global Agricultural Information Network, USDA

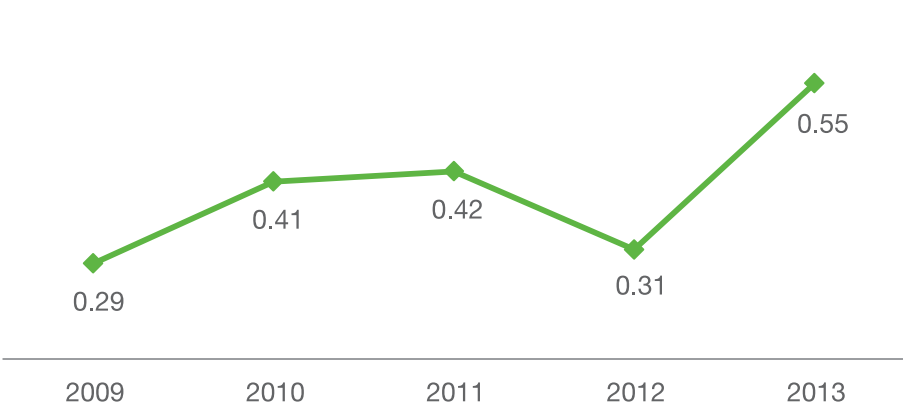
ONIONS

Malaysia Onion Imports (Tons) (2009-2013)



Source: United Nations Commodity Trade Statistics Database

Variation in Price of Onion Imports (USD) (2009-2013)



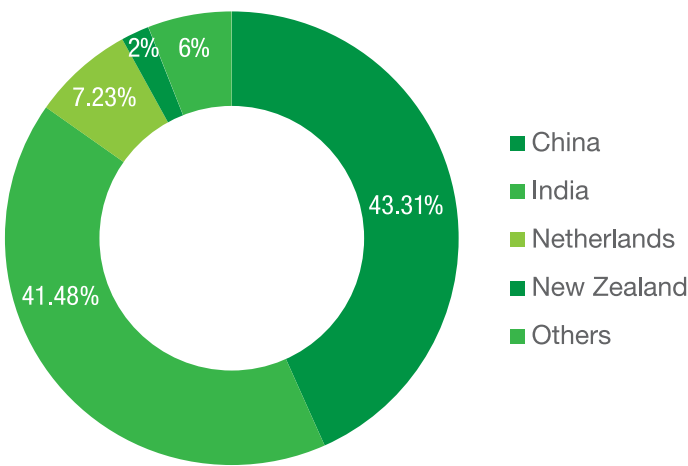
Source: United Nations Commodity Trade Statistics Database

FACTS AND FIGURES

- ▶ 390,540 tons of onions were imported by Malaysia in 2013
- ▶ The average growth rate of imports over the past 5 years was -3.7%
- ▶ Price of onion imports increased by 90% between 2009 and 2013
- ▶ The average growth rate of the price of imports over the past 5 years was 23.2%
- ▶ Malaysia is in the top 3 largest importers of onions, with approximately 3 million tons of onions imported between 2007 and 2011⁵
- ▶ The price of 1kg of onion as of 2014 was 2 RM

⁵ Food and agriculture organization of the united nations statistics division

Share of Onion Importers to Malaysia (2012)



Source: Global Agricultural Information Network, USDA

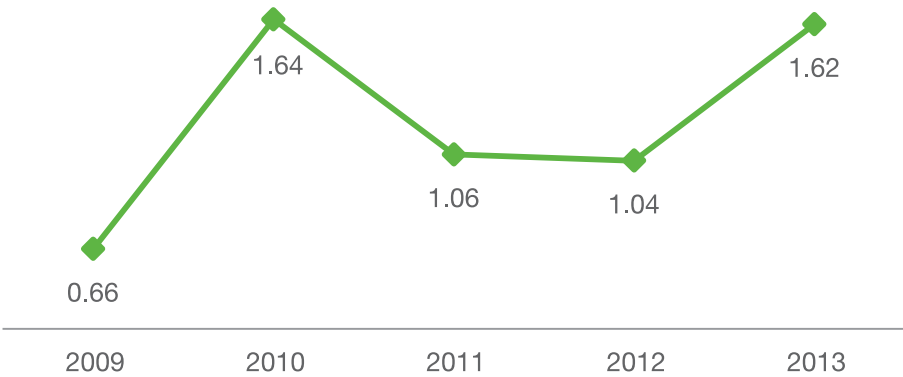
GARLIC

Malaysia Garlic Imports (Tons) (2009-2013)



Source: United Nations Commodity Trade Statistics Database

Variation in Price of Garlic Imports (USD) (2009-2013)



Source: United Nations Commodity Trade Statistics Database

FACTS AND FIGURES

- ▶ 52,985 tons of garlic were imported by Malaysia in 2013
- ▶ The average growth rate of imports over the past 5 years was -44.3%
- ▶ The average growth rate of the price of imports over the past 5 years was 41.5%
- ▶ The price of 1kg of Garlic as of 2014 was 5 RM

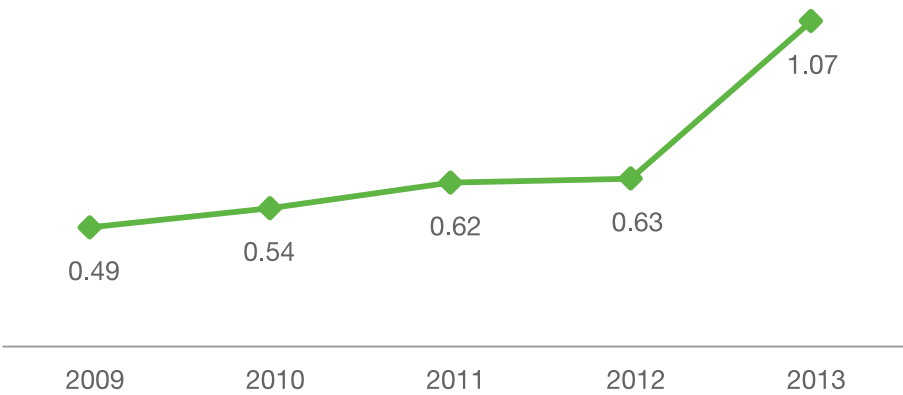
APPLES

Malaysia Apple Imports (Tons) (2009-2013)



Source: United Nations Commodity Trade Statistics Database

Variation in Price of Apple Imports (USD) (2009-2013)



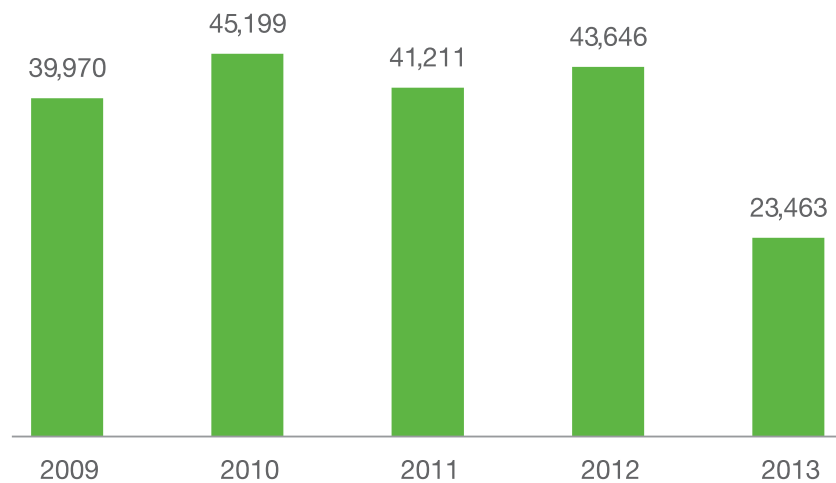
Source: United Nations Commodity Trade Statistics Database

FACTS AND FIGURES

- ▶ 78,382 tons of apples were imported by Malaysia in 2013
- ▶ The average growth rate of imports over the past 5 years was -4.6%
- ▶ Price of apple imports increased by 118% between 2009 and 2013
- ▶ The average growth rate of the price of imports over the past 5 years was 24.4%
- ▶ The price of 1kg of Apples as of 2014 was around 7.25 RM

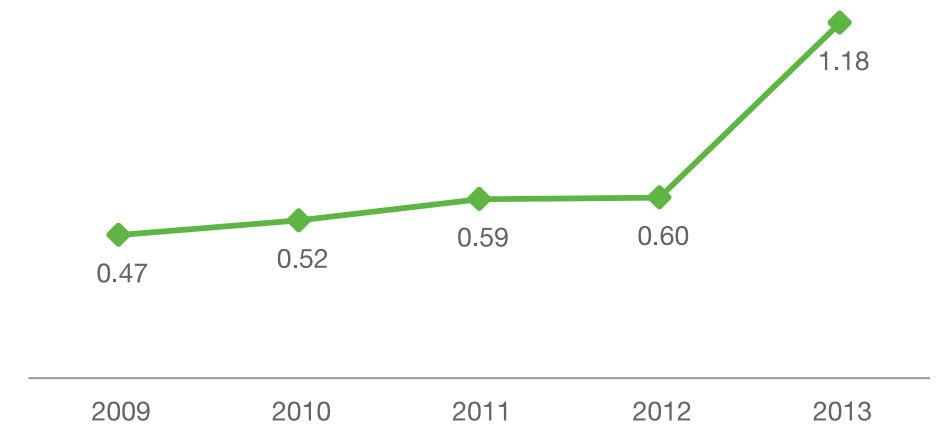
PEARS

Malaysia Pear Imports (Tons) (2009-2013)



Source: United Nations Commodity Trade Statistics Database

Variation in Price of Pear Imports (USD) (2009-2013)

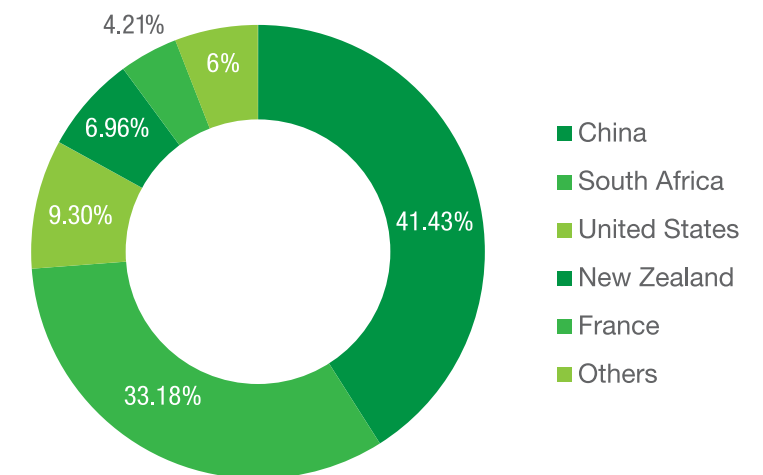


Source: United Nations Commodity Trade Statistics Database

FACTS AND FIGURES

- ▶ 23,463 tons of pears were imported by Malaysia in 2013
- ▶ The average growth rate of imports over the past 5 years was -9%
- ▶ Price of pear imports increased by 151% between 2009 and 2013
- ▶ The average growth rate of the price of imports over the past 5 years was 30.3%

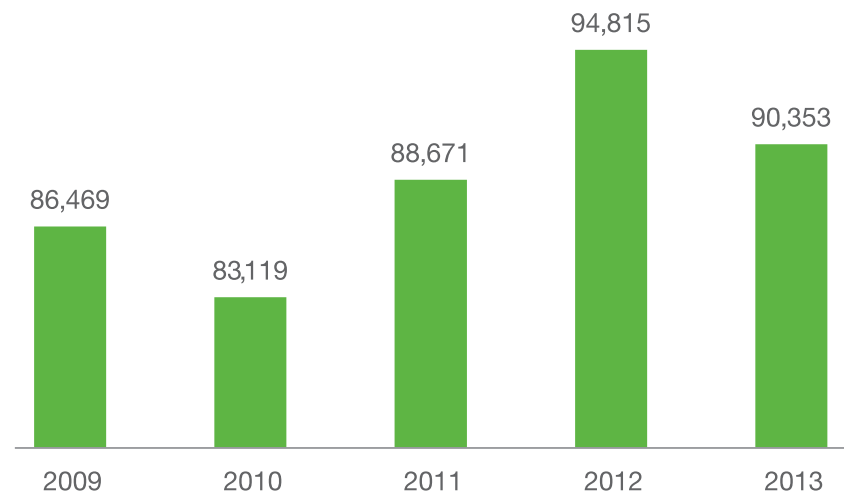
Share of Apples and Pears Importers to Malaysia (2012)



Source: Global Agricultural Information Network, USDA

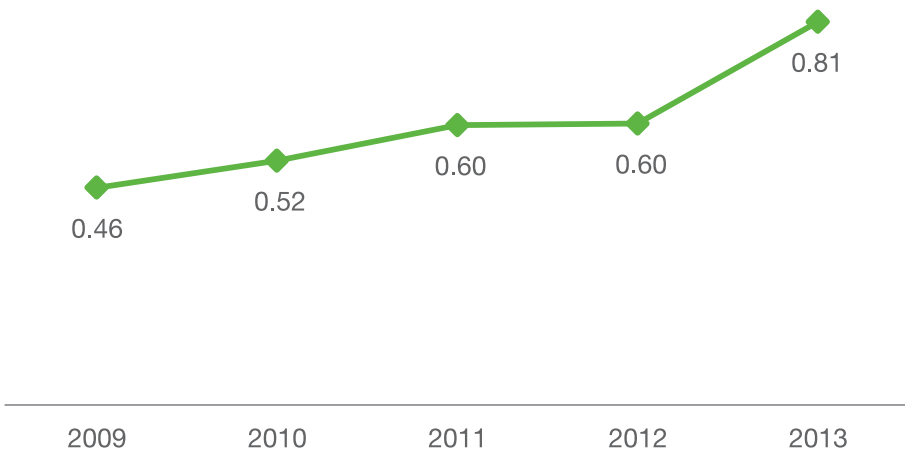
ORANGES

Malaysia Orange Imports (Tons) (2009-2013)



Source: United Nations Commodity Trade Statistics Database

Variation in Price of Orange Imports (USD) (2009-2013)

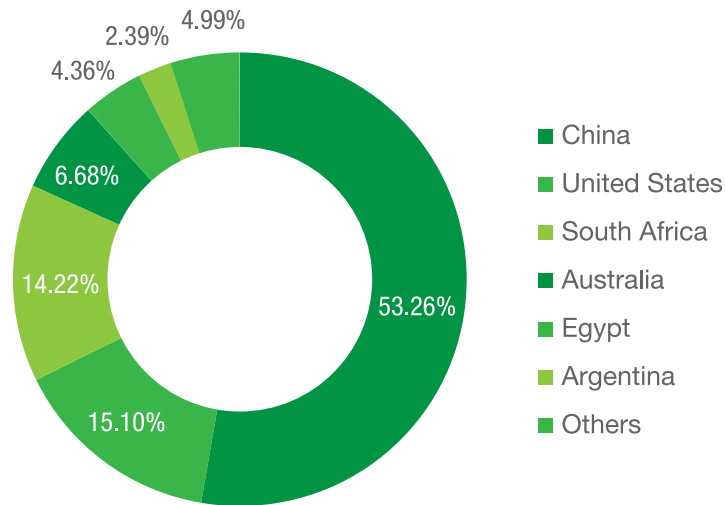


Source: United Nations Commodity Trade Statistics Database

FACTS AND FIGURES

- ▶ 90,353 tons of oranges were imported by Malaysia in 2013
- ▶ The average growth rate of imports over the past 5 years was 1.3%
- ▶ Price of orange imports increased by 76% between 2009 and 2013
- ▶ The average growth rate of the price of imports over the past 5 years was 15.9%
- ▶ The price of 1kg of Oranges as of 2014 was 7.24 RM

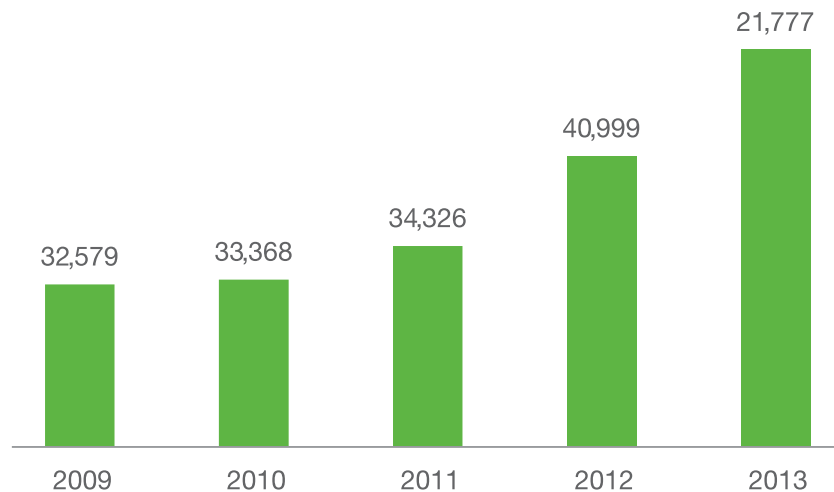
Share of Citrus Importers to Malaysia (2012)



Source: Global Agricultural Information Network, USDA

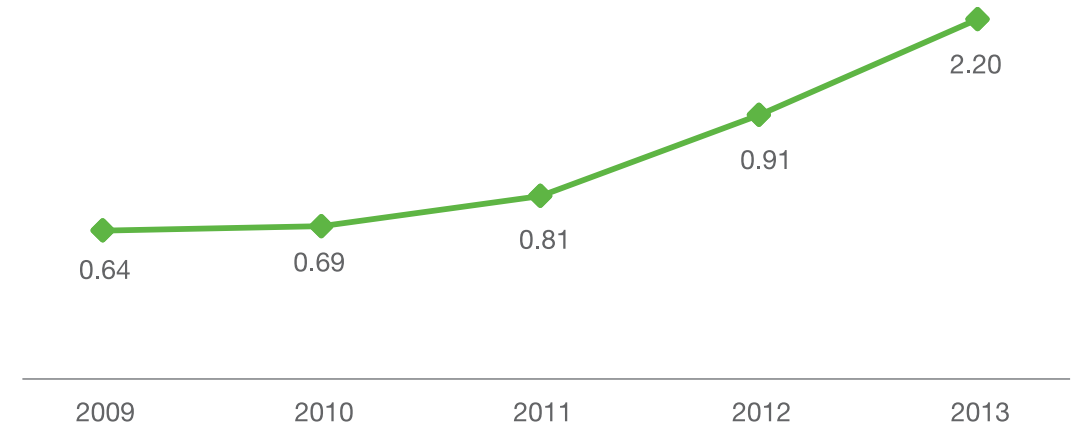
GRAPES

Malaysia Grape Imports (Tons) (2009-2013)



Source: United Nations Commodity Trade Statistics Database

Variation in Malaysian Grapes imports price (RM '000) (2009-2013)

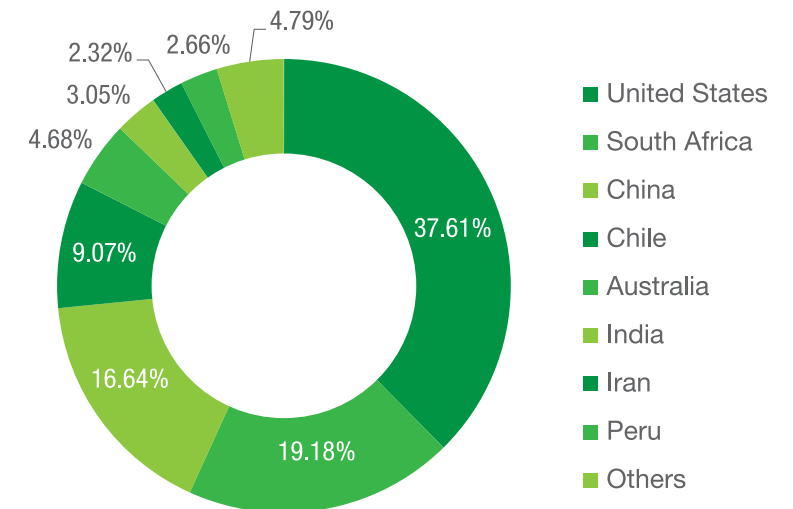


Source: United Nations Commodity Trade Statistics Database

FACTS AND FIGURES

- ▶ 44,595 tons of grape were imported by Malaysia in 2013
- ▶ The average growth rate of imports over the past 5 years was -5.5%
- ▶ Price of grape imports increased by 156% between 2009 and 2013
- ▶ The average growth rate of the price of imports over the past 5 years was 44.9%
- ▶ The price of 1kg of Grapes as of 2014 was 10 RM

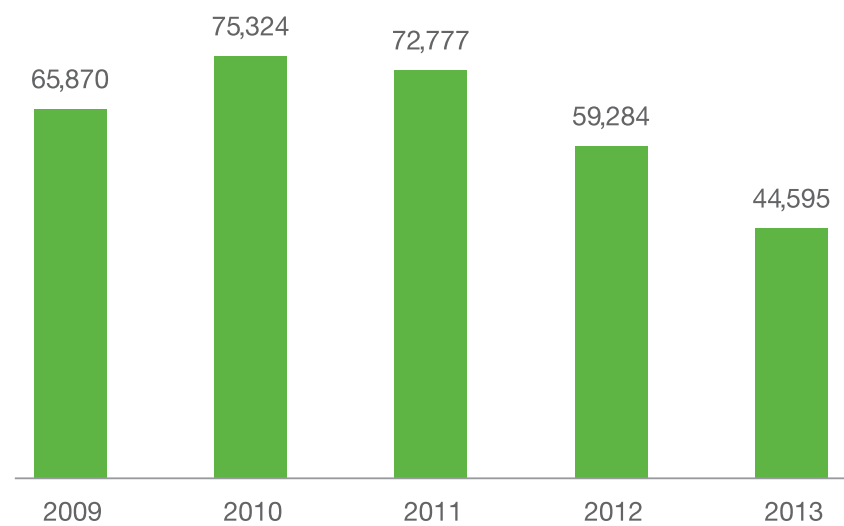
Share of Grape Importers to Malaysia (2012)



Source: Global Agricultural Information Network, USDA

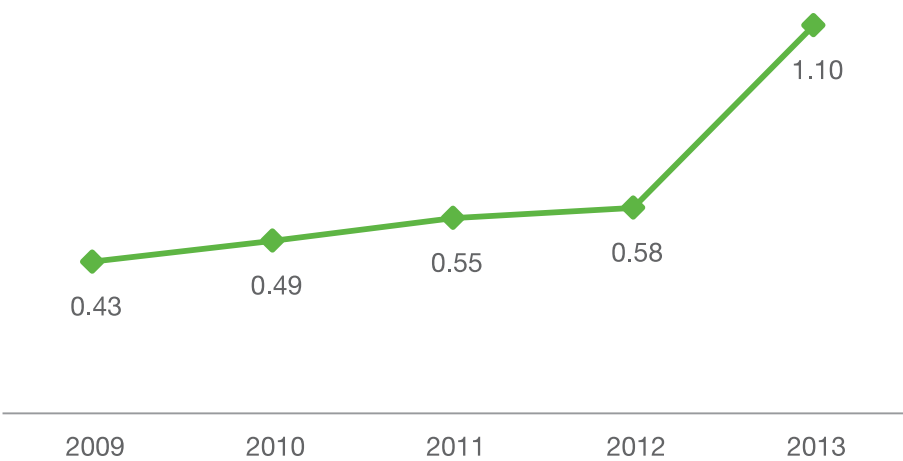
MANDARINS

Malaysia Mandarin Imports (Tons) (2009-2013)



Source: United Nations Commodity Trade Statistics Database

Variation in Malaysian Mandarin imports price (RM '000) (2009-2013)



Source: United Nations Commodity Trade Statistics Database

FACTS AND FIGURES

- ▶ 44,595 tons of mandarins were imported by Malaysia in 2013
- ▶ The average growth rate of imports over the past 5 years was -8.1%
- ▶ Price of mandarin imports increased by 156% between 2009 and 2013
- ▶ The average growth rate of the price of imports over the past 5 years was 30.3%

CONCLUSION

Finally, statistics show that Malaysia's import of fruits and vegetables is decreasing with time while its local production of fruits and vegetables is increasing. The climate of Malaysia produces the proper conditions for production of exotic produce. It is located on a peninsula in Southeast Asia. Malaysia maintains a humidity level around ninety percent because of its location close to the equator. The weather stays hot and humid all year round.

In the last five years Malaysia showed a positive trade balance. Their exports exceeded their imports thus increasing the price of imports. This increase encouraged local production. Indeed, the price of importing fruits and vegetables to Malaysia has shown a significant increase in the last few years. There are four seasonal monsoons based on some uniform- periodic changes in the wind flow patterns: the southwest monsoon, northeast monsoon and two shorter periods of inter-monsoon seasons. The southwest monsoon season is usually established in the second half of May or early June and ends in September and is a drier period for most of the states in Malaysia⁶.

Malaysia's agriculture sector is not an attractive one for Lebanese exporters. Many of their imports are originated from China due to their cheapness and facilities to attain. However, during their dry period, Malaysia's imports of fruits and vegetables are at its highest. Therefore, Lebanese exporters might benefit from this period by offering specific fruits and vegetables at a reasonable cost.



⁶ WORKSHOP ON FOOD SECURITY, January 2012, ASIA PACIFIC ECONOMIC COOPERATION (APEC) “



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