

Malaysia

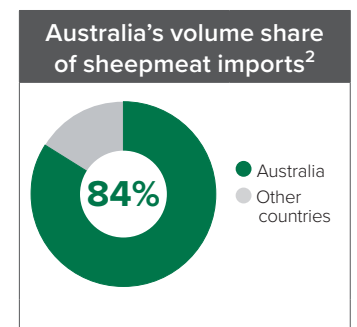
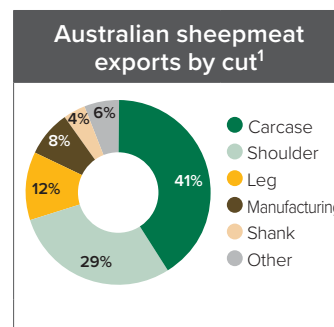
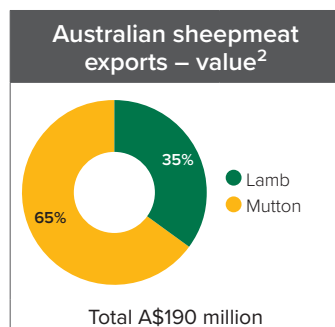
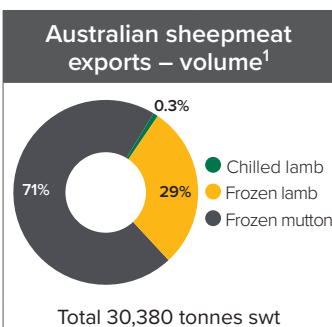
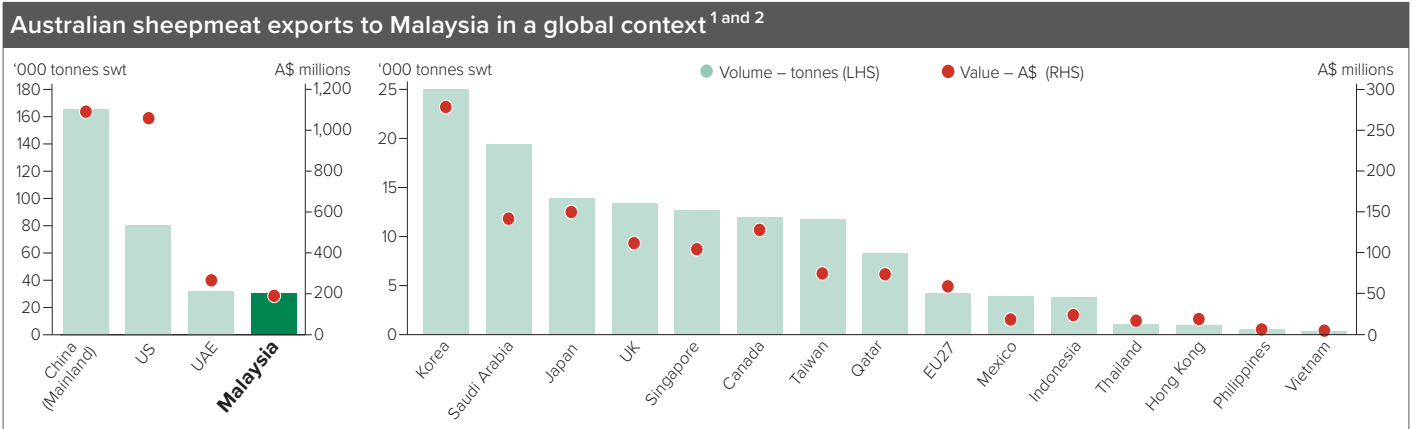
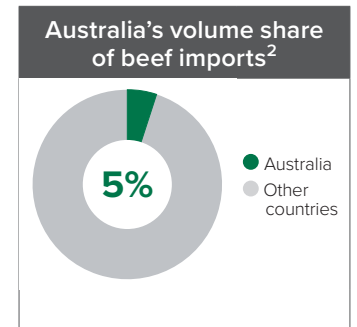
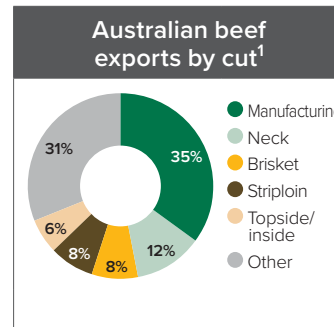
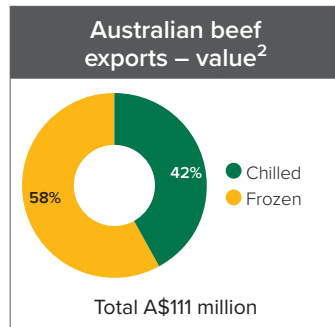
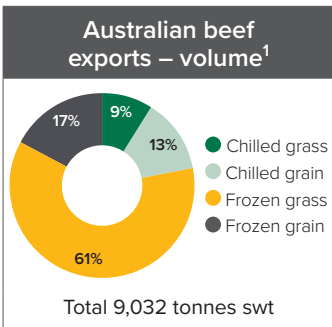
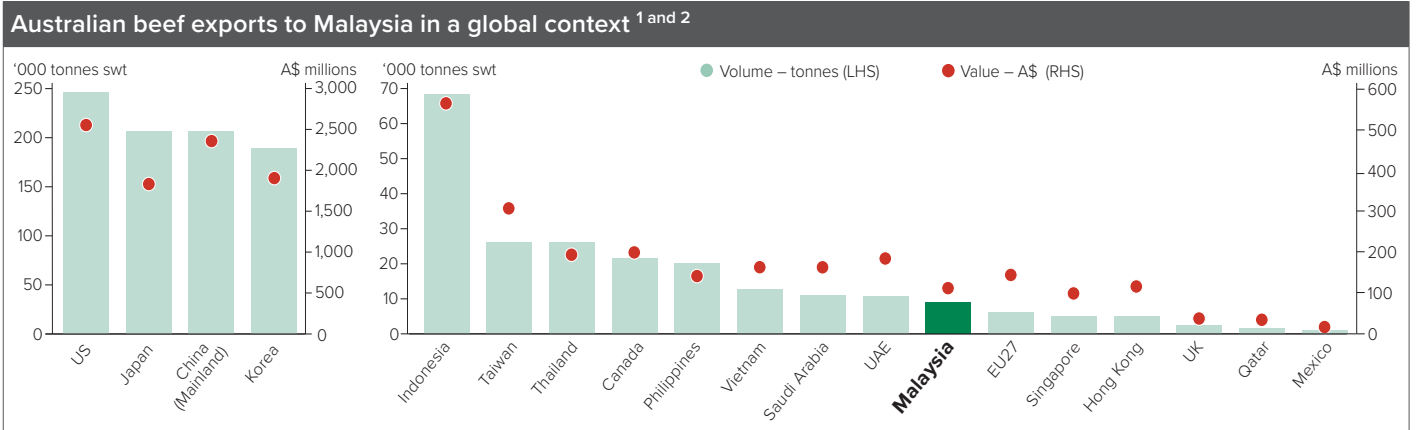


MARKET SNAPSHOT | BEEF & SHEEPMEAT

EXPORTS
Largest sheepmeat destination in SEA

CONSUMERS
Highest regional per capita beef consumption, underpinned by cultural preference and high incomes

GROWTH
Demand for quality protein by affluent locals and Muslim festive celebrations



Data source for charts: ¹DAFF (CY2023), ²S&P Global MI Global Trade Atlas (GTA) (MAT Nov 2023)



CONSUMERS

- Malaysia has the second highest consumer purchasing power in the South-East Asia region after Singapore. Malaysia's average per capita annual disposable income is approximately US\$9,000 compared to US\$4,900 average for the rest of ASEAN (excluding Singapore) (Source: Fitch Solutions).
- Similar to other ASEAN countries, Malaysian diets are dominated by chicken and fish. However, Malaysians have the highest per capita beef consumption among ASEAN countries at 8.9kg per person (Source: Fitch Solutions).
- Beef plays an important role in the Malaysian diet and local cuisine, especially for Muslim consumers, who account for more than 60% of the population and consume beef more frequently than the average population.
- Beef and lamb are considered premium proteins as they are perceived as the most superior meat, with consistently high quality, tenderness and delicious taste. These perceptions drive the willingness of Malaysians to pay more for these meats (Source: MLA Global Consumer Tracker Malaysia, 2023).
- Australian beef is considered the family favorite among imported beef, with consumers appreciating its consistent quality and good variety of cuts (Source: MLA Global Consumer Tracker Malaysia, 2023).
- Australian beef enjoys the highest awareness in Malaysia, reflecting its large shelf space in modern retail. Some 71% of Malaysian consumers claim they have eaten Australian beef, a similarly high consumption rate as local beef (Source: MLA Global Consumer Tracker, Malaysia 2023).
- For religious reasons, Halal is an important element in beef purchasing in Malaysia. Beef consumption typically spikes during the festive seasons both at home and in foodservice venues, particularly around the months of Ramadan and Hari Raya Aidilfitri, and at Christmas.
- Health and wellbeing trends have always held significance for Malaysians, driven not only by the pandemic but also by high obesity rates among the population. Hence, the impact of food products on health and wellbeing is among the most influential factors in food purchase choices. Malaysians are increasingly aware of, and seeking out, beef types associated with naturalness and better health, such as grassfed and organic beef (Source: MLA Global Consumer Tracker Malaysia, 2023; GlobalData Consumer Survey Q2 2023).

Top five attributes when:

Selecting between proteins	Justify a premium price
Fresh	Is the most superior meat
Cheaper	Tastes delicious
High nutritional value	My/my family's favourite meat
The industry is environmentally sustainable	The meat is usually tender
The animal is well-cared for	The animal is well-cared for

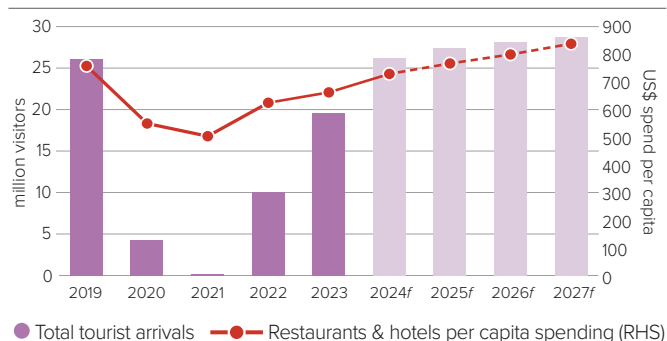
Source: MLA Global Consumer Tracker Malaysia, 2023

FOODSERVICE



- Malaysia has an established and expanding foodservice sector, driven by changing consumer lifestyles, growing local and international tourism and increasing consumer spending.
- Australian beef exported to Malaysia is typically used in higher-end hotels and restaurants. Global recognition of Malaysia's fine dining sector was reflected in the country's 2023 debut Michelin Guide.
- Local Malaysian is the favourite cuisine, followed by Chinese. Japanese, Korean and Western cuisines are gaining popularity, mostly driven by young, educated and affluent consumers. Many affluent consumers who frequent the high-end foodservice sector are keen on Wagyu beef.
- Malaysia's Quick Service Restaurant industry is experiencing remarkable growth, primarily driven by shifting consumer behaviors and a burgeoning demand for convenience. This trend is particularly evident in urban areas where consumers often have a fast-paced lifestyle and possess higher purchasing power.
- Food delivery will continue to be a significant source of revenue for the Malaysian foodservice sector. Many dine-in services have expanded into delivery services by collaborating with apps like FoodPanda, GrabFood, and Beep. Following rapid adoption during the pandemic, consumers still appreciate the convenience of meal delivery, even as dine-in options have normalised.

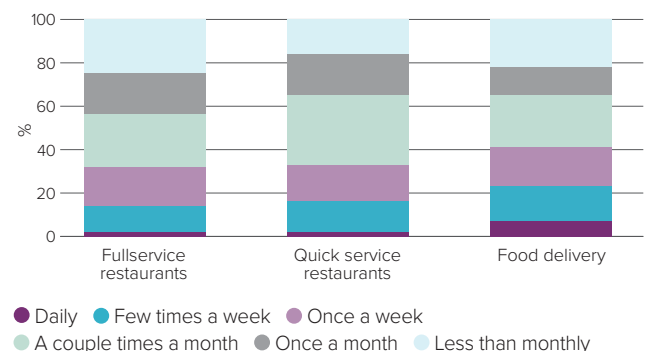
Malaysia international tourist arrivals and restaurants and hotels spending



Source: Fitch Solutions

- Centred on Greater Kuala Lumpur in the Klang Valley, a vibrant foodservice sector offers a wide variety of choices from affordable local to luxury international cuisines. Klang Valley is home to approximately 200 shopping malls, which are popular destinations for food, drinks and social interactions in Malaysia. The region is seeing a growing number of contemporary, culture-themed restaurants including Asian, European, American and Middle Eastern styles.

Frequency of Malaysians ordering food from foodservice types

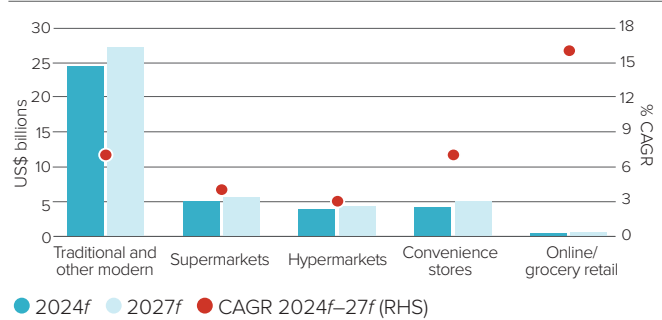


Source: Global Data Global Consumer survey, Malaysia Q3 2023



- Malaysia's grocery retail sector is fragmented, with modern retailers accounting for approximately 36% of the market. Despite a relatively high disposable income and urbanisation rate compared to other South-East Asian countries, traditional channels such as wet markets are still dominant.

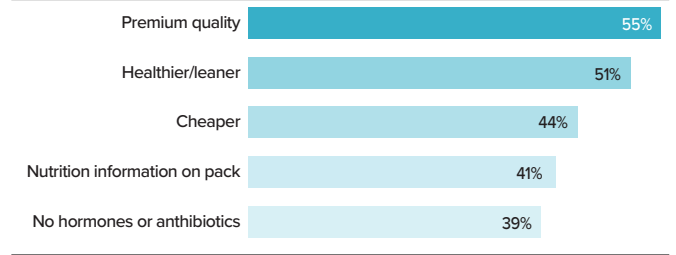
Grocery retail sales by channel forecast



Source: IGD. CAGR = compound annual growth rate

- Most Malaysian consumers frequent traditional markets to buy local beef and Indian buffalo meat, and modern retail outlets such as supermarkets or hypermarkets for imported beef, including Australian. However, during the pandemic, traditional markets were closed under government orders, meaning consumers could only buy meat from modern retail stores, mini grocery stores and online retailers.
- Even after pandemic restrictions were lifted, a significant number of shoppers continue to enjoy purchasing groceries and beef online. This is supported by increased availability of options resulting from partnerships between online retailers and brick-and-mortar stores. In 2023, 31% of beef consumers claim to have bought beef online at least once per month, significantly higher than the 13% in 2018 (Source: MLA Global Consumer Tracker, Malaysia).

Important factors Malaysian shoppers consider when purchasing fresh red meat



Source: MLA Global Consumer Tracker, Malaysia 2023

- The retail landscape is evolving as larger stores lose their attractiveness to customers. Shoppers are now favouring smaller-format stores, leading retailers to adjust their strategies by opening smaller stores in residential areas that cater to the specific needs of local communities. As an example, international retailers are planning to expand by opening more smaller supermarkets of approximately 1,000 square meters in size (Source: IGD).
- Premium retailers are also gaining popularity due to their superior food quality offerings, including high proportion of imports and selections of naturally healthier products. This trend offers a growing avenue for premium beef such as that supplied by Australia.
- Halal slaughter practices are an important factor in influencing Muslim consumer decisions, and are tied up in consumers' perceptions of freshness, hygiene and safety. Beyond Halal, freshness is a very important factor influencing Malaysian consumers' beef purchasing decisions as it is thought to affect the taste of the dish.

COMPETITIVE LANDSCAPE

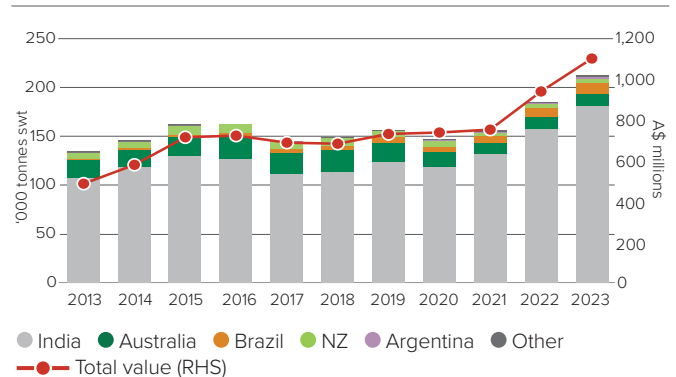


- Malaysia's domestic beef production system produces only about 13% of the country's total consumption requirements, with imports filling the large gap (Source: GIRA). Overall, beef imports increased 15% year-on-year to reach a record high of 212,416 tonnes swt in the 12 month ending in August 2023, valued at over A\$1 billion for the first time, underscoring Malaysia's strong demand.
- India is by far the largest supplier, accounting for 85% of total import volume. In the 12 month ending in August 2023, imports of Indian buffalo meat (IBM) grew 15% year-on-year, reaching a record high of 180,719 tonnes swt.
- In the 12 month ending in August 2023, Australia accounted for 6% of total imports at 12,283 tonnes swt, which marked a 6% drop on the previous year. Demand for Australian product can be attributed to the rising demand in the dynamic foodservice sector and the expansion of modern retail, where Australian beef enjoys a strong presence on shelf.
- Brazil is the third largest supplier behind Australia, with volumes increasing 25% year-on-year in the 12 month ending in August 2023. Brazilian beef unit price is positioned in between IBM and more premium beef such as Australian and US beef.
- Demand for chilled beef has been growing in recent years, reaching 2,382 tonnes swt in 2022-23. Australia is the largest supplier of chilled beef, accounting for approximately 86% by volume.
- After Australia, Japan is the second largest exporter of chilled beef to Malaysia. In 2022-23, imports of Japanese chilled beef remained stable. However, more Japanese Wagyu

brands are being imported into Malaysia, showing a growing niche market for high quality beef.

- Malaysia maintains strict Halal requirements for food products. Meat intended to be imported to Malaysia must be Halal. This means that meat plants must follow Halal protocols and be inspected and approved by the Malaysian Department of Islamic Development (JAKIM) and the Department of Veterinary Services (DVS) (Source: Malaysia Department of Veterinary Services).
- In October 2022, Malaysia ratified the Comprehensive and Progressive for Trans-Pacific Partnership Agreement (CPTPP) improving market access for markets without bilateral agreements such as Canada, Mexico and Peru.

Malaysia beef imports by supplier*



Source: S&P Global MI Global Trade Atlas (GTA), *MAT year ending August



Sheepmeat

CONSUMERS



- Although Malaysia has modest per capita sheepmeat consumption levels, it still accounts for a relatively high proportion of dietary protein at 25%. About one-third of consumers say they have bought lamb or mutton in the last month, well-above Asia's average of 21% (Source: MLA Global Consumer Tracker).
- Malaysia's cuisine is influenced by many different cultures including Malay, Chinese, Arabic, Indian, Indian Muslim, Javanese and European. Sheepmeat is not only popular among the Muslim and Indian communities, but also enjoyed by many other groups in the population. Sheepmeat is not restricted by most religions and hence can be enjoyed by many consumers.
- Sheepmeat has increasingly become a favourite meat for daily consumption among many families, in addition to being a favourite meat for special treats or special occasions. Demand for sheepmeat typically spikes during the Muslim festive seasons, particularly during the months of Diwali, Ramadan and Hari Raya Aidilfitri.

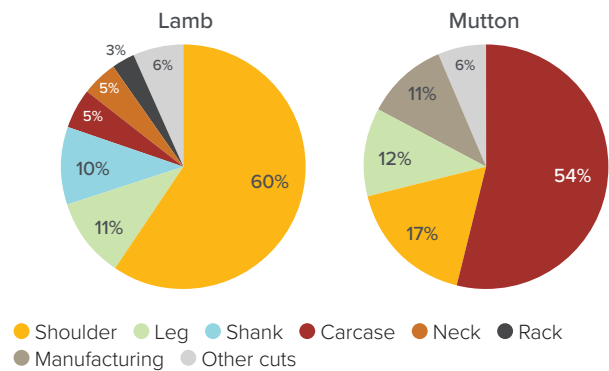
- Malaysian consumers tend to be more familiar with sheepmeat than those in neighbouring countries. Malaysian consumers are more likely to consider lamb, alongside beef, as superior proteins, and are willing to pay a price premium for them relative to chicken and fish (Source: MLA Global Consumer Tracker).
- The pandemic encouraged more consumers to experiment with cooking lamb at home, leading to greater familiarity with sheepmeat. As a result, the top two barriers to purchasing lamb in 2021, which related to taste and smell, significantly declined by 2023, and were replaced by concerns about the high cost of the meat (Source: MLA Global Consumer Tracker).
- Malaysia is Australia's largest sheepmeat market in South-East Asia, with lamb accounting for a third of total sheepmeat exports. In 2022–23, 65% of exported mutton were carcasses, trunk meat and trimmings used in the manufacturing industry. However, 60% of exported lamb were shoulder cuts, suitable for foodservice meals and adventurous consumers cooking lamb at home.

Attributes associated with premium prices and lamb meat

Top attributes to justify a premium price	Attributes associated with lamb meat
Is the most superior meat	Is the most superior meat
Tastes delicious	The animal is well-cared for
Is my/my family's favourite meat	Consistent quality standards
The meat is usually tender	Usually tender
The animal is well-cared for	Tastes delicious
Fresh	Willing to pay more for this meat

Source: MLA Global Consumer Tracker Malaysia, 2023

Australian sheepmeat exports to Malaysia, top cuts



Source: DAFF, Australian financial year 2022–23

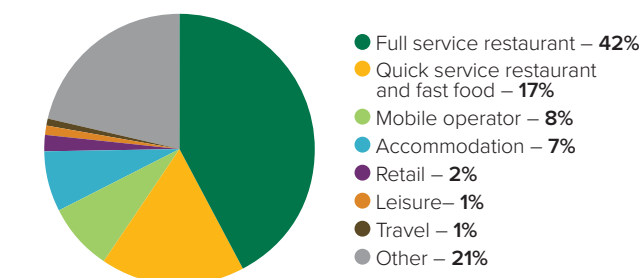
FOODSERVICE



- Foodservice plays a significant role in growing sheepmeat consumption in Malaysia as a key driver of home cooking trial. About 28% of lamb consumers don't purchase it for eating at home, instead enjoying it when dining out (Source: MLA Global Consumer Tracker, Malaysia 2023).
- Australian lamb exported to Malaysia finds its primary use in high-end hotels and restaurants, especially in Kuala Lumpur. This vibrant and ever-evolving foodservice segment offers a wide array of choices, spanning affordable local dishes and Japanese *Shabu-Shabu*, Chinese hot pot, to luxurious international cuisines.

- Innovations that occurred during the pandemic such as ready-to-cook meal kits and marinated spicy chops sold through online channels, remain key channels for sheepmeat, and an important source of future growth.
- Sheepmeat is widely served in many restaurants and there is a growing interest from Chinese restaurants to serve sheepmeat for stir fry, braised, stewed, clay pot and hot pot because of its versatility. Grilled and BBQ lamb chops are also growing in popularity on menus of Asian buffet dining restaurants and pub restaurants.

Lamb usage estimate by foodservice channel



Source: GlobalData, 2022



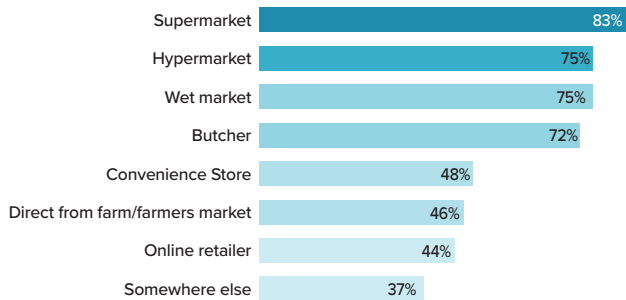
Braised lamb with soy sauce in clay pot





- Malaysian consumers buy sheepmeat from multiple retail outlets, including both modern and traditional. Supermarkets and hypermarkets remain the most common places to purchase imported sheepmeat products.

Place of purchase for frequent lamb consumers



Source: MLA Global Consumer Tracker, Malaysia 2023
Base: Malaysians who purchase lamb from these channels at least monthly

- Although still a small portion of overall sales, e-commerce adoption continues to grow beyond the initial bump during the pandemic. Retailers are heavily investing in and developing this channel by enhancing customer services, such as substantive return policies, to assuage consumer fears of purchasing perishable goods online.

- Roast, grill, stew, pan-fry, curry and BBQ are the most popular ways of cooking lamb at home. Malaysian consumers tend to use more pre-prepared ingredients such as marinades when cooking sheepmeat dishes to help make cooking sheepmeat easier.
- Capturing the growing need for convenient home-cooking, there has been an increase in the number of pre-prepared 'ready to cook' meals including marinated lamb sold through online channels such as Shopee, Lazada, Grabmart and Happy Fresh, alongside traditional retailers.
- The increase in home cooking during the pandemic exposed more Malaysian consumers to lamb. The concurrent increase in accessible tips and recipes on social media has led to an uptick in interest in new cooking styles.



Gule Kambing, a popular menu item for Eid al Adha

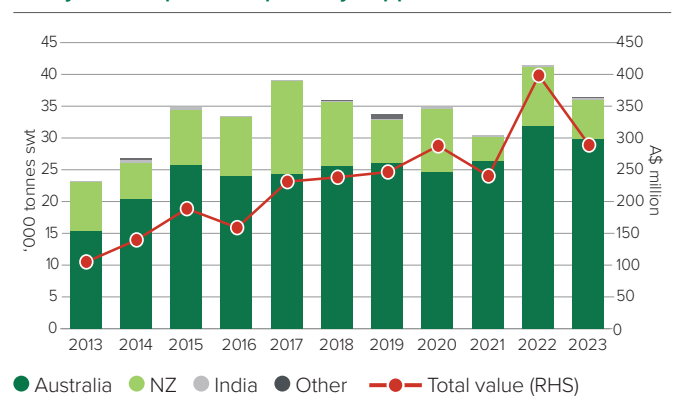
COMPETITIVE LANDSCAPE



- Malaysia produces only about 10% of the total sheepmeat consumed, needing to import over 90% to meet domestic demand. This demand is expected to grow by 3.5% annually between 2022 and 2027 (Source: GIRA).
- In the 12 month ending in August 2023, imports dropped 12% to a total of 36,409 tonnes swt after recording an all-time high the previous year. Australia is the leading supplier, with a market share of around 81%, followed by New Zealand at 17% and very small volumes from India and Saudi Arabia. Frozen bone-in sheepmeat accounts for 88% of Malaysia's imports.
- Total imports rebounded after the pandemic. Over the past decade, Australia has consistently grown exports to Malaysia to reach just above 29,000 tonnes swt in the 12 month ending in August 2023 valued at almost A\$226 million. Imports from New Zealand declined 32% year-on-year to 6,253 tonnes swt, which is below their five-year average.
- Mutton comprises two-thirds of Australian sheepmeat exports to Malaysia, surpassing the US to become the second-largest market for Australian mutton, after China. Against the backdrop of Australian sheepmeat exports reaching all-time highs in 2022–23, Malaysia ranks as the second-largest market for mutton and the seventh for lamb.
- Aside from Australia and New Zealand, few other exporters play in the market. India is the only other consistent supplier to Malaysia, typically exporting around 200 tonnes per year, and some other intermittent suppliers who shipped small volumes.

- Most of the Malaysia sheepmeat imports consist of frozen products, with chilled lamb accounting for a relatively small volume. During 2022–23, the most commonly imported cuts from Australia included lamb shoulder, making up 56% of the total imported Australian lamb, while 56% of the imported Australian mutton consisted of carcasses.

Malaysia sheepmeat imports by supplier*



Source: S&P Global MI Global Trade Atlas (GTA), *MAT year ending August

Beef



Market access overview – beef

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
ASEAN-Australia New Zealand Free Trade Agreement (AANZFTA) Malaysia-Australia Free Trade Agreement (MAFTA) Trans-Pacific Partnership (CP-TPP)	Under AANZFTA and MAFTA: 0% for all product lines	India: 0% New Zealand: Same conditions as Australia Brazil: 0%	Zero	Maintains import regulations in accordance with Halal and health requirements

Best access Major challenges

Source: Trade agreements, DFAT, WTO

Sheepmeat



Market access overview – sheepmeat

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
ASEAN-Australia New Zealand Free Trade Agreement (AANZFTA) Malaysia-Australia Free Trade Agreement (MAFTA) Trans-Pacific Partnership (CP-TPP)	Under AANZFTA: 0% for all product lines	New Zealand: Same conditions as Australia	Zero	Maintains import regulations in accordance with Halal and health requirements

Best access Major challenges

Source: Trade agreements, DFAT

Global Insights on

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