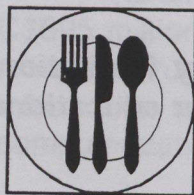


6. AGRI-FOOD PRODUCTS AND SERVICES*



► **There are good export prospects for fresh and processed fruits, bulk commodities such as soya beans and wheat, and halal food products.**

In 1993, agricultural trade accounted for 14% of Malaysia's total two-way trade. Agricultural exports (including forestry/timber products) amounted to US\$10.0 billion (an increase of 18% over 1992) and agricultural imports amounted to US\$3.0 billion (an increase of 8% over 1992). Leading import items include food and feed grains, fruits and vegetables, fish, dairy products and sugar. In 1993, Canada exported C\$32 million of agri-food products to Malaysia; these accounted for approximately 16% of total Canadian exports to Malaysia. Exports consisted of C\$24.1 million in wheat (75% of total agri-food exports), C\$4.7 million in soy beans (5%), C\$580 000 in dried peas (2%) and C\$450 000 in frozen french fries (1.5%).

Major domestic crops are palm oil, rice, rubber, fresh pineapple, cocoa and raw sugar. The swine sector, after poultry, is the second largest livestock sector in Malaysia. Agriculture employs 21% of the Malaysian work force.

In January 1993, Malaysia announced a new National Agricultural Policy (NAP) for 1992-2010. The NAP policy statement aims to modernize Malaysian agriculture through greater mechanisation, technology use, efficiencies of scale, and extension services and training for farmers. Malaysia has set itself a growth target of 3% annually in the value-added component of agricultural output.

In general, Malaysia's food and trade policies are not overly restrictive. It should be noted that because the country is predominantly Muslim, there are halal slaughter and certification requirements that must be satisfied for the importation of beef and poultry products. Food items that contain any animal product also require halal certification for purchase by a Muslim consumer. Effective October 28 1994, import duties for more than 600 food and agricultural items were reduced or abolished.

Several factors contribute to the growing attractiveness of the Malaysian market for imported food products. They include increasing levels of disposable income and growing affluence among consumers, the proliferation of Western-style restaurants, and the expansion of five-star hotels and fine diners. Consequently, more demand is expected for consumer-oriented products such as fresh and processed fruits and vegetables, frozen french fries, frozen beef, snack foods, food and beverage ingredients, poultry products and non-alcoholic and alcoholic beverages. Canadian industry associations representing canola, soybeans and swine genetics have identified Malaysia as a priority market.

*More information on this sector can be obtained from the High Commission in Kuala Lumpur or from DFAIT's agri-food trade officer in Southeast Asia, Ms. Eileen Durand, who is based at the Canadian High Commission in Singapore (see address in *Appendix 1: Useful Contacts and Publications*).