

# Export Market Development Guidebook

Abalone (HS codes 030781, 030783, 030787 and 030789) in  
Malaysia  
August 2021

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Australian Government  
Australian Trade and Investment Commission



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# Introduction

# Project Background and Objectives

In December 2020, Austrade was allocated AUD42.9 million in funding to boost its support for Australian agri-food exporters.

Austrade primarily focuses its services on impact and reach. As part of its services, Austrade aims to increase assistance to an additional 2,000 agri-food exporters each year, as well as work with industry bodies to deliver specific advice to exporters about opportunities in existing and new markets.

Euromonitor International is collaborating with Austrade in delivering such services via the provision of enhanced market intelligence reports that help Australian exporters make informed decisions.

## **The key objectives of the research are as follows:**

- Understanding market volume and dynamics
- Evaluating the role played by local production versus trade
- Assessing the different channel/customer preferences and wider implications these have on demand for Australian products
- Understanding distribution landscape in terms of key players operating within the different channels
- Understanding pricing dynamics across different channels and the impact on demand for Australian products
- Evaluating competitive environment to assess Australian products' positioning
- Assessing import and trade regulations

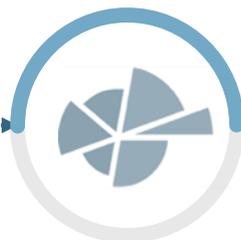
## Overview of the research methodology implemented

### PROJECT ALIGNMENT AND KICK-OFF



- Project alignment discussion on processes, objectives, goals, communication responsibilities/frequency, reporting needs and timeline
- Knowledge transfer

### TEMPLATE PRODUCTION AND DATABASE ACCESS



- Development of research templates and an initial draft reporting template
- Central sweep of publicly available sources, including **governmental and quasi-governmental sources**, as well as **trade associations, industry publications and analyst groups** tracking agricultural trade and market conditions

### PRIMARY RESEARCH AND TRADE DATA COLLECTION



- **Trade data extraction**
- Retail audits to understand distribution landscape (six stores in Kuala Lumpur)
- **Discussions with key players** including, but not limited to importers, distributors, retailers, and industry associations
- **N = 2 interviews**

### ANALYSIS AND REPORTING



- **Triangulation of results** to create a consensus output
- Multi-layer **quality control**
- **Delivery of the final report** (including the presentation pack, ie a highly visual executive summary of key findings)
- Austrade review, commentary, and report refinement and finalisation

## List of stores audited and companies interviewed in Malaysia

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For the purpose of this research, Euromonitor International conducted detailed store audits in May-June 2021 and trade interviews with the following companies:



### Stores audited online and in Kuala Lumpur

Soon Thye Hang, Supermarket

Chai Huat Hin, Traditional grocery retailer

AEON Malaysia, Supermarket

Ben's Independent Grocer, Supermarket

Mei Jaya Malaysia Native Food Sdn Bhd, E-commerce

Seafood Malaysia, E-commerce



### In-depth trade interviews conducted

supplybunny, E-commerce and foodservice wholesaler

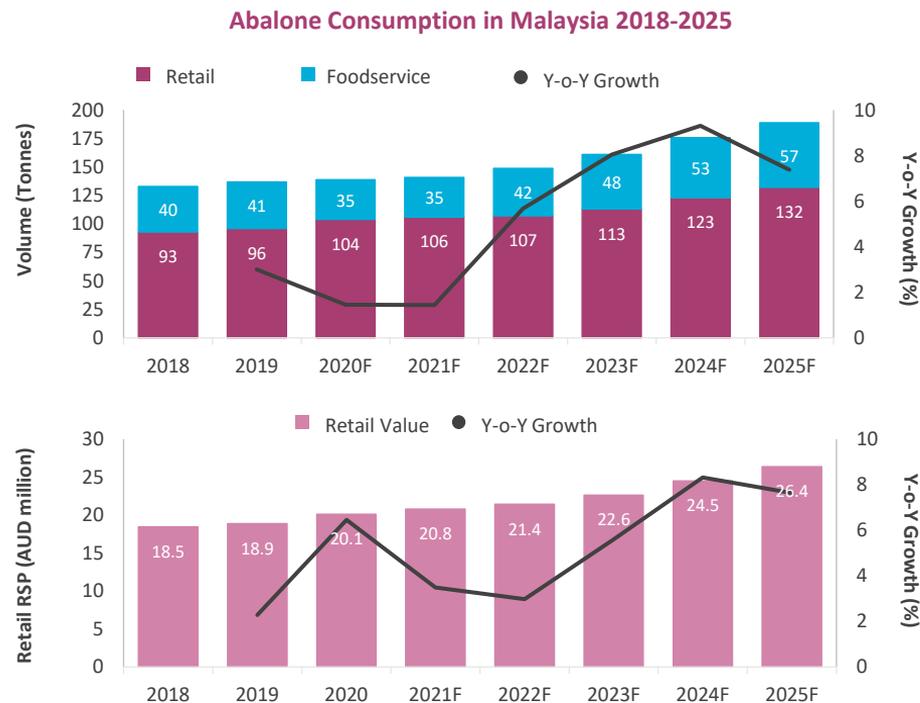
Southern Rock Seafood, Foodservice wholesaler and restaurant chain

# Market Volumes and Dynamics

*Abalone consumption in Malaysia is mainly driven by the Chinese population, through retail outlets and Chinese foodservice outlets. Abalone is a relatively mature market, in which significant imports from China in recent years have increased the supply of competitively-priced products.*

*The COVID-19-related Movement Control Order (MCO) imposed by the Malaysian government negatively impacted the foodservice channel in 2020, while retail gained ground as consumers increased at-home cooking (75% share). Yet the anticipated COVID-19 recovery from 2022 onwards is expected to help to reverse this trend as restrictions ease.*

## Retail sales of abalone increased by 8.4% in 2020 driven by home cooking trends at the outset of COVID-19, yet foodservice growth is set to accelerate in 2022



Source: Euromonitor International estimates as per Department of Fisheries Malaysia, and trade interviews.

Note: Abalone covers HS codes 030781, 030783, 030787 and 030789.

Retail Value RSP in historic current prices, forecast 2020 constant prices. Fixed exchange rate.



## Abalone

Total consumption:  
139 tonnes, 2020

- Total abalone consumption in Malaysia reached 139 tonnes in 2020, after growing by 1.5% over 2019. Demand is mainly driven by the Chinese population (~ 24% of the total population) in the country through retail outlets and Chinese foodservice outlets.
- Retail is the dominant channel, with a 75% share of total consumption in 2020. Retail gained ground during 2020 and it is set to maintain this strength in 2021, as several months of home seclusion and the closure of foodservice outlets forced consumers to cook for themselves at home. This benefited demand for common retail formats of canned, pouched and frozen abalone at the expense of live, fresh or chilled.
- COVID-19 negatively impacted the foodservice channel in 2020, as Malaysia's strict MCO led to dine-in foodservice restrictions and wedding banquet cancellations. As of 2020, the channel accounted for a volume share of 25% (down from 30% in the previous year).
- Abalone demand is expected to post a CAGR of 7.4% over 2021-2025 and total 189 tonnes in the latter year. The COVID-19 recovery from 2022 onwards is set to see retail and foodservice channel splits return to 2019 levels (70% retail/30% foodservice), as locals venture back out into foodservice outlets and tourists from China and Singapore return.

# Local Production Dynamics

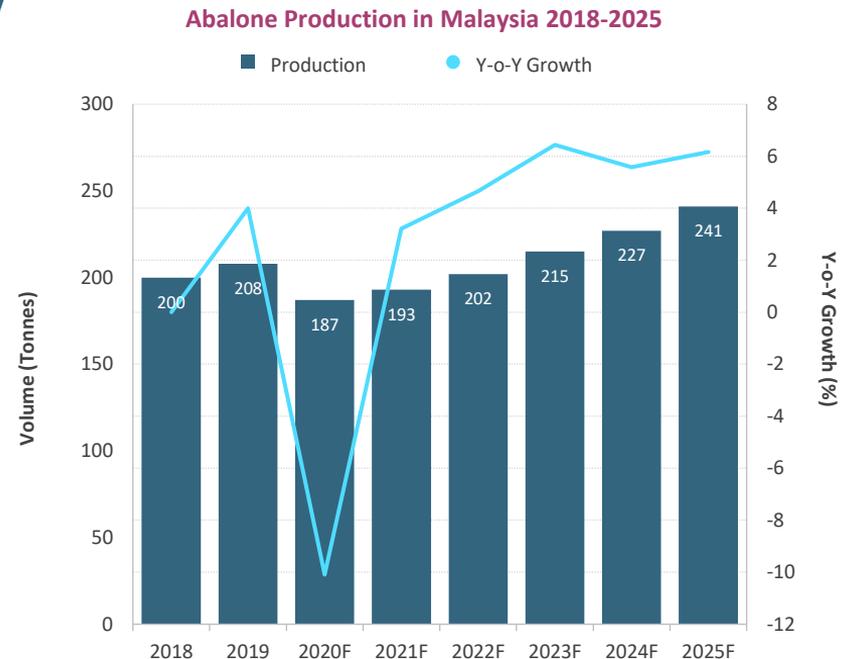
*Local production of abalone remains minimal in Malaysia, despite numerous attempts to boost aquaculture in recent years. Furthermore, local abalone tend to be of small sizes, which are regarded as inferior to those of leading exporting countries.*

## Local abalone production combines both wild-caught and aquaculture-based farming, with the latter being mostly driven by the Malaysian government

- **Local production** is predominantly located in Sabah, yet it **remains minimal**. **Wild *Haliotis asinine***, known as the “tropical” or “cocktail” abalone, are **collected for domestic use and export**, despite concerns of Malaysia’s **inadequate harvesting regulation**. **Locally-produced abalone are smaller in nature** when compared to other producing nations that have more optimal cooler water temperatures of around 16-18°C.
- **Numerous attempts to increase local production via aquaculture have taken place in recent years**. Such attempts to expand local production are expected to contribute to **solid output growth from 2021 to 2025 (5.7% CAGR)**.
- The **Sabah Agriculture and Food Ministry** also introduced the **Sabah Agriculture Blueprint** to work on different **aquaculture hatchery species, including abalone**. Furthermore, the **ASEAN Chamber of Commerce Sabah Chapter** is involved in an **abalone farming project** of AUD3.2 million, which is financed by a South Korea-based company and focuses on **supplying premium seafood to both Sabah and South Korea**.



**Abalone**  
Production CAGR,  
2021-2025: **5.7%**



Source: Euromonitor International estimates as per OECD, FAO, Malaysia Department of Fisheries and trade interviews.

# Trade Dynamics

*Abalone imports are largely sourced from China and Hong Kong (with a combined volume share of 77% as of 2019), while South Korea is the leading export partner. Both imports and exports are expected to grow strongly over the forecast period (2021-2025), driven by positive consumption dynamics and the global COVID-19 recovery.*

## Frozen abalone, which suits both retail and foodservice, leads with a 60% volume market share of total imports in 2019



Source: Euromonitor International estimates as per UN Comtrade and trade interviews

Note: Abalone covers HS codes 030781, 030783, 030787 and 030789.

Import and export forecasts are made without extensively analysing trade and non-trade barriers. The forecasts are based on historic performance and prospects for local production as gathered from trade discussions.



### Abalone

8.7% CAGR Imports, 2021-2025  
6.0% CAGR Exports, 2021-2025

- Imports into Malaysia are mainly **in-brine, live, fresh, chilled or frozen abalone for the foodservice channel**, and **dried, frozen or in-brine abalone for retailing**. Overall, frozen abalone represents 60% of total imports.
- As of 2020, imports met around 61% of total consumption. Despite COVID-19 impacting foodservice, imports maintained a positive trend as retail performed well due to increased in-home food consumption, benefiting both canned and frozen formats.
- Malaysia exports abalone to a limited number of neighbouring countries, of which the majority of volumes are shipped to **South Korea in the whole frozen format**. Sabah is the main exporting state, largely thanks to the **Sabah state government's programmes to help develop aquaculture of abalone for exports**.
- 2020, however, saw a decline in export activity due to COVID-19** implications on local production, freight and export market demand. Yet, exports are expected to rebound once COVID-19 recovery takes place from 2022.

## Hong Kong and China comfortably lead imports, collectively holding a 77% share of imported abalone volumes in 2019

### Hong Kong

29.9 tonnes (39.1%), 1,300% y-o-y 2018-2019

AUD0.9 million (37.5%), 852% y-o-y 2018-2019

- Hong Kong is a key re-export hub for importing abalone from other producing nations. Frozen is the most common abalone import format from Hong Kong into Malaysia. Hong Kong exported abalone to Malaysia at an average price of AUD30.0 per kg in 2019, which is the most competitive price among leading trading partners. The ASEAN-Hong Kong Free Trade Agreement (AHKFTA), signed in 2019, abolishes import duties on traded goods between participant countries.

### China

29.0 tonnes (38.0%), -15% y-o-y 2018-2019

AUD1.0 million (40.1%), -23% y-o-y 2018-2019

- China has the largest abalone farms globally, which positions the country as the leading abalone producer worldwide. The adoption of improved production techniques over the past decade has boosted China's production capacity and profit margins.
- Frozen is the most common abalone import format into Malaysia, followed by canned abalone.
- China exported to Malaysia at an average price of AUD34.5 per kg in 2019.

### Australia

5.2 tonnes (6.8%), 7% y-o-y 2018-2019

AUD0.2 million (8.1%), -46% y-o-y 2018-2019

- As the world's third largest supplier of wild-caught and harvested abalone, Australian abalone are positioned as premium products. Australia-origin has a reputation for high quality tasty flesh.
- Live, fresh or chilled abalone are the most common formats imported into Malaysia.
- Australia exported abalone to Malaysia at an average price of AUD38.5 per kg in 2019, representing the highest price among leading trade partners.

### South Africa

2.9 tonnes (3.8%), 13% y-o-y 2018-2019

AUD0.1 million (6.2%), 13% y-o-y 2018-2019

- South Africa's well-established abalone industry produces the high-quality native specie *Haliotis midae*, known for its unique flavour, texture and size.
- Live, fresh or chilled abalone are the most common formats of imports into Malaysia.
- South Africa exported to Malaysia at an average price of AUD34.5 per kg in 2019.

Source: Euromonitor International estimates as per UN Comtrade and trade interviews.

Note: 2019 data provided as 2020 data unavailable at the time of research.



*"Abalone are available all year round. It is a neutral dish that can be eaten whenever desired. The restaurant's Abalone Feast Menu as part of the restaurant's promotional activities uses a mix of South African and Australian abalone that come in fresh, dried or canned formats."*

- Chef at Leading Chinese Restaurant

*"Abalone are commonly found in retail in canned format, whereas live abalone in aquariums or in a range of dishes from dim sum to soup are available throughout the foodservice channel. The product is very common in Chinese restaurants."*

- Wholesaler CEO



**Australian imports play a secondary role in the Malaysian abalone market, with a 6.8% share of total imports in 2019. The predominantly live, fresh or chilled formats are premium positioned with high-end price points. Grocery retailers such as Soon Thye Hang and Chai Huat Hin, as well as smaller players, distribute wide ranges of canned abalone, including those from Australia. Soon Thye Hang offers Australian wild abalone in canned format under the Soon Thye Hang brand for AUD63.3 per unit (ie 120-180g net weight), while Chai Huat Hin offers Australian origin abalone in canned format for AUD44.7-48.6 per unit.**

# Channel and Consumer Preferences

*Retail holds around 75% share of total consumption in 2020, following strong performance largely due to COVID-19-related MCOs and the consequent increased in-home food consumption. The main retail channels are hypermarkets/supermarkets, traditional grocery stores and e-commerce, in which the most common format is canned in-brine, followed by pouched and frozen.*

*Foodservice accounts for the remaining 25% of the market in 2020. Chinese restaurants and hotels are important foodservice channels, in which in-brine, live, fresh, chilled and frozen are the main formats.*

## Abalone retail consumption in Malaysia is driven by the Chinese community, which typically associates it with festivities and a symbol of status

### Spike in demand during Chinese New Year



*Poon Choi, a famous dish for Chinese New Year celebrations*

**Abalone** is one of the **must-have dishes during Chinese New Year**, particularly for **higher-income households**. The **most common** abalone dish in the Chinese New Year menu is “**Poon Choi**”, which contains an array of **seafood, meats and vegetables**. Chinese communities believe that consuming abalone brings good fortune and abundance for the rest of the year, which explains why abalone are **highly demanded** during this festivity. On **New Year’s Eve** many people **return to their family homes for large reunions to celebrate**. **Canned, dried or frozen abalone** are often used to prepare these **festive dishes**.

### Abalone as a status symbol and sign of respect towards guests

Abalone are consumed year round as a delicacy at **family dinners and celebrations**. The inclusion of abalone and sea cucumber constitutes a **symbolic blessing for yearly abundance** and serve up as a reminder to keep a **good heart when facing conflict**. Abalone are also known to be a symbol of **respect from families towards their guests**.

Abalone in **canned, dried or frozen** formats tend to dominate in these settings as well.



*Serving abalone and sea cucumber for guests shows abundance and respect*

### Nutrient-rich abalone delivering key health benefits



*Buddha Jumps Over The Wall soup is known as a nutritious dense herbal delicacy*

For the Chinese community, abalone are considered as an **ingredient that helps to nourish the body**. As a **strong source of many vital nutrients**, abalone are believed to **relieve dry coughs, nourish the liver, promote eye health, and help with arthritis, thyroid and skin health**.

The availability of abalone through **main retailing channels** provides accessibility to consumers for **inclusion in home cooking**. While the festive season is the peak for abalone demand, **year-round consumption in more common dishes** is also prevalent.

## Traditional grocery stores remain a key retail channel for canned abalone, despite the convenience offered by supermarkets/hypermarkets and online retailing

Traditional Grocery Stores	Hypermarkets/Supermarkets	E-Commerce
<p><b>Product Offer</b></p> <ul style="list-style-type: none"> <li>Abalone sold in <b>traditional Chinese sundry stores</b> and <b>traditional Chinese herbal medicine stores</b> are mostly available in <b>canned format of 400-460g</b>. Key brands include <b>New Moon</b> and <b>Soon Thye Hang</b>.</li> <li>Traditional medicine stores, such as <b>Chai Huat Hin</b>, have developed their own <b>private label abalone offerings</b>, predominantly in <b>canned format</b>.</li> <li><b>Traditional sundry stores</b> tend to offer a <b>wide range of imported abalone from Australia, New Zealand, Mexico, Chile, China and South Africa</b>. During <b>Chinese New Year</b>, abalone are often <b>sold with bird nest, ginseng, nuts and wine</b>.</li> </ul>	<ul style="list-style-type: none"> <li>Abalone in supermarkets/hypermarkets are <b>commonly sold in 400-460g canned format</b>, as well as in <b>frozen format such as in 500g plastic pouches</b>.</li> <li>Abalone is <b>more widely accessible during Chinese New Year</b>, yet it <b>remains available</b> in supermarkets/hypermarkets <b>throughout the year</b>. Various canned brands such as <b>Soon Thye Hang and New Moon</b> as well as <b>frozen abalone ensure supply consistency</b>. <b>Frozen abalone</b> are primarily from <b>China and Hong Kong</b> with a combined imported market share of <b>82.9%</b>.</li> </ul>	<ul style="list-style-type: none"> <li>Abalone sold through <b>e-commerce platforms, such as the 400-460g canned format</b>, are similar to that from the <b>supermarkets/hypermarkets channel</b>.</li> <li>A range of <b>canned and frozen offerings</b> are available <b>throughout the channel</b>. Key brands are <b>New Moon, Chai Huat Hin (CHH) and Soon Thye Hang</b>.</li> </ul>
<p><b>Australian Brands Positioning</b></p> <ul style="list-style-type: none"> <li><b>Country of origin is often recommended by retailers</b> to consumers based on individual preferences. For example, <b>Chinese abalone</b> are recommended for <b>low-to-mid income consumers</b>, while <b>more expensive offerings, such as Australian abalone</b>, are recommended to affluent consumers.</li> </ul>	<ul style="list-style-type: none"> <li>Australian abalone are <b>perceived as high-end products compared to abalone from Taiwan and Hong Kong</b>.</li> <li><b>Price and perception of Australian abalone</b> are comparable to products from <b>New Zealand</b>, while abalone from <b>Mexico and Chile tend to exceed Australia-origin in terms of price and premium positioning</b>.</li> </ul>	<ul style="list-style-type: none"> <li>Australian abalone, which are <b>promoted as “greenlip abalone” and “wild abalone”</b>, are seen online. <b>Canned format products</b> are sold under the <b>Chai Huat Hin (CHH) and New Moon</b> brands. Australian abalone are <b>marketed as premium and of high quality</b>.</li> </ul>

## Abalone are often placed close to the counter or lined up normally on shelves of traditional grocery stores and hypermarkets/supermarkets

Traditional Grocery Stores	Hypermarkets/Supermarkets	E-Commerce
<p><b>Shelf spacing/Marketing</b></p> <ul style="list-style-type: none"> <li>• Due to the premium price points, abalone are usually <b>placed near or behind the counters</b>. Some are placed on the same shelves as other canned products and are often at <b>eye level</b>.</li> <li>• <b>Australian, Chinese and Chilean</b> abalone tend to have the most shelf space.</li> <li>• <b>Discounts</b> are typically available for the <b>purchase of more than two cans of abalone</b>.</li> </ul>	<ul style="list-style-type: none"> <li>• Canned abalone are usually placed in the <b>oriental food products section and often</b> line the shelves like normal goods. <b>Frozen abalone</b> tend to be placed in <b>large chest freezers with other seafood</b>, often with no specific marketing labels.</li> <li>• <b>Private label is more prominently featured</b> compared to other brands.</li> </ul>	<ul style="list-style-type: none"> <li>• E-commerce sellers typically offer a <b>variety of imported abalone</b> products under the seafood section.</li> <li>• Products are often listed according to their price, country of origin and format.</li> <li>• <b>Minimal marketing</b> is present, yet <b>discounts such as 10% cashback</b> are offered, particularly for <b>bulk purchases</b>.</li> </ul>
<p><b>Procurement</b></p> <ul style="list-style-type: none"> <li>• Some <b>larger traditional Chinese sundry shops such as Chai Huat Hin Trading</b> have <b>vertical integration</b> and act as <b>importers and distributors</b> of canned abalone, <b>sourcing directly from exporting countries</b> such as <b>Australia and Chile</b>.</li> <li>• <b>Smaller stores</b> often purchase from <b>distributors or wholesalers</b>.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Large supermarkets/hypermarkets often have vertical integration</b>, allowing them to control <b>the entire supply chain</b> from importing to the retailing of canned abalone <b>without third-party involvement</b>.</li> <li>• Frozen abalone are usually procured through Malaysian <b>frozen seafood distributors or wholesalers</b>.</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement for online retailing by <b>large players</b> that have considerable <b>online and offline presence</b> is often via <b>direct sourcing from export countries</b> or from <b>local importers and distributors</b>.</li> <li>• <b>Small-sized players</b> often purchase from <b>distributors or wholesalers</b>.</li> </ul>



Canned F1 Australian Wild Abalone (1 piece) offered by Soon Thye Hang traditional medicine store



South Africa Premium Abalone (4 pieces or 50g) offered by Soon Thye Hang. South Africa-origin abalone claim to be one of the most premium quality in the world with excellent taste and texture



Shock Frozen Live Abalone in Shell of 500g (Haliotis discus hannai) sold in Ben's Independent Grocer stores in the frozen seafood aisle. This product is sourced from China and recommended for steamboat use



Premium grade, wild-caught New Zealand abalone from New Moon brand is a best seller that claims to be good for the immune system, liver and kidneys as well as to increase appetite



Loose abalone farmed locally, with limited product labelling or promotional material from Fresh Seafood Malaysia



South American dried abalone packaged in 100g (equivalent to 10-11 pieces) plastic tray sold by Chai Huat Hin Trading

## Abalone consumption through restaurants is mainly driven by wealthy customers and culinary innovation

High-end Chinese and seafood restaurants see abalone as a must-have menu ingredient



*High-end restaurants can often achieve higher profits on abalone dishes as compared to many other dishes*

Affluent consumers are considered a **lucrative segment** across **Chinese** and **seafood restaurants**, as **they are willing to spend extra**. As such, **imported abalone are mainly consumed through these restaurants**. For example, **Unique Seafood PJ23** serves **imported abalone in Sashimi with Wasabi**. Likewise, **Shang Palace by Shangri-La** is a popular **Chinese outlet**, which features abalone dishes such as **Double Boiled Buddha Jump Over The Wall**, with South African abalone. Some local seafood restaurants also offer **live abalone** placed in **aquarium tanks** together with crabs.

Willingness among consumers to try new dishes drives culinary innovation

Malaysians tend to be **willing to try out new dishes offered by the foodservice channel**.

New local trends within the channel in Malaysia are starting to **include abalone in the classic dim sum dish** of steamed glutinous rice with chicken.

The newly added product on restaurant menus is **favoured by locals**, especially those who **frequently dine in seafood restaurants**.



*The latest trend - Lo Mai Kai with abalone (steamed glutinous rice with abalone)*

Abalone are increasingly used to add additional flavours



*Adding abalone in Bak Kut Teh (Chinese herbal soup)*

**"Bak Kut Teh"** is a **pork rib dish cooked in broth infused with herbs** such as Dong Quai, cinnamon and star anise. Originally this dish was made with pork ribs, dried shitake mushrooms, tofu puffs and garlic. **Over the years, the dish has evolved with the addition of other premium ingredients, such as abalone and sea cucumber, which have rich umami that brings out the flavour of the soup dish.**

For example, the **Cookhouse restaurant** offers the sharing version of **Bak Kut Teh**, in which **abalone can be added for AUD38.30**.

## Chinese seafood and Cantonese cuisine full-service restaurants represent the dominant foodservice channel for abalone, due to their traditional usage in popular dishes

### Chinese Seafood/Cantonese Cuisine Full-Service Restaurants

### Fine Dining Restaurants

#### Product Preferences

- **Chinese seafood and Cantonese full-service restaurants** use **canned, live, fresh, dried or frozen abalone formats**.
- Whole abalone are preferred, in both shelled and in-shell options. For example, **Unique Seafood PJ23** serves **imported in-shell abalone** in dishes including **Braised Live Abalone with Oyster Sauce**.
- **Imported abalone** from **China, South Africa and Australia** are commonly consumed across the channel.

- Fine dining restaurants such as **Lai Po Heen** prefer **fresh abalone**, which ultimately results in **premium pricing targeting their high-income clientele**. **However, as fresh abalone** only last for around two weeks, **a variety of formats such as frozen abalone is sometimes used as well**.
- **Five-star hotels in Kuala Lumpur** with fine dining restaurants (eg Mandarin Oriental) often offer an array of **abalone dishes** such as **Mexican Abalone, braised with seasonal vegetables for AUD284** or **South Africa Whole Abalone, braised with black mushrooms and seasonal vegetables for AUD160**.
- **They usually rely on imported abalone** from the likes of **South Africa, Mexico, Australia and New Zealand**.

#### Australian Brands Positioning

- Australian abalone are **present in Chinese seafood/Cantonese full-service restaurants**, yet they are certainly **not as widely used** as abalone from **other Asian markets such as China**.
- Australian abalone are often **better positioned within high-end full-service restaurants**, due to the **more premium quality and higher price points**.

- Australian abalone are **present in fine dining restaurants** and are **priced and positioned similarly to New Zealand abalone**. **Wild-caught fresh Australian abalone** are **premium positioned within the channel** due to their **size, texture and quality**.

Seafood wholesalers commonly supply live, frozen and fresh formats to local restaurants, while specialist wholesalers or distributors tend to supply them with canned products

### Chinese Seafood/Cantonese Cuisine Full-Service Restaurants

### Fine Dine Restaurant

#### Procurement

- Abalone are **available all year round** in different formats from different countries of origin, as such seasonality has no influence on this channel. Yet the **peak season** is clearly during the **Chinese New Year**.
- Procurement in Chinese seafood and Cantonese restaurants is usually **sourced via seafood wholesalers for live, frozen and fresh formats**, while **specialist wholesalers or distributors** tend to **supply canned products**.

- Abalone are **available year round** and **product supply seasonality has minimal influence** on this channel, although **Chinese New Year sees abalone demand peak annually**.
- Abalone in fine dining restaurants are often **sourced via seafood wholesalers in live, frozen and fresh formats**. Examples include **supplybunny** and **Win Far Trading Sdn Bhd**, which both wholesale a range of seafood products, including abalone.

# Distribution

## Traditional grocery stores, such as Soon Thye Hang, are the most common channel for canned and dried abalone

KWONGTUCK SUNDRIES & LIQUORS

SOON THYE HANG

since 1965



### KwongTuck Sundries and Liquors Sdn Bhd

Traditional Chinese sundry retail

**Contact:**

90, Lebuhr Campbell,  
10100 Georgetown, Penang

Tel: +(60) 4261 5258

### Soon Thye Hang Marine Products Sdn Bhd

Seafood importer, exporter,  
distributor and retailer

**Contact:**

No. 45-51, Jalan Bijeh Timah  
30000, Ipoh, Perak

Tel: +(60) 5254 8244

### Fook Yau Grocery and Herbal Store

Chinese grocery and herbal retail

**Contact:**

No. 8, 10 & 12, Jalan 1/95, Taman  
Cheras, 56100 Kuala Lumpur

Tel: +(60) 1225 21111

### PHC Marine Product Sdn Bhd

Seafood and Chinese speciality  
food retailer and wholesaler

**Contact:**

45, Jalan Rimbunan Raya 1, Laman  
Rimbunan, 52100 Kepong Baru,  
Wilayah Persekutuan, Kuala  
Lumpur

Tel: +(60) 3625 15991

Hypermarkets/Supermarkets such as AEON and Ben's Independent Grocer is a key channel for imported abalone in both canned and frozen formats






#### Lotuss Stores (Malaysia) Sdn Bhd

Hypermarket

**Contact:**

Level 3, No. 3, Jalan 7A/62A,  
Bandar Menjalara, 52200 Kuala  
Lumpur, Wilayah Persekutuan  
Kuala Lumpur

Tel: +(60) 3 6287 6000

#### AEON Co (M) Bhd

Supermarket

**Contact:**

3rd Floor, AEON Taman Maluri  
Shopping Centre, Jalan Jejaka,  
Taman Maluri, Cheras, 55100  
Kuala Lumpur

Tel: +(60) 392072005

#### Ben's Independent Grocer Sdn Bhd

Premium supermarket

**Contact:**

D-1-5, Sunway Nexis, No.1, Jalan  
PJU 5/1, Kota Damansara 47810  
Petaling Jaya Selangor

Tel: +(60) 361431366

#### Trendcell Sdn Bhd

Premium supermarket

**Contact:**

Jaya Grocer Online, Level 2, KLEC  
Mall Jalan Bangsar, Kampung Haji  
Abdullah Hukum, Bangsar, 59200  
Kuala Lumpur

Tel: +(60) 1300885426

Online retailing players such as Chai Huat Hin offers a wide range of imported abalone, catering directly to end-consumers as well as foodservice operators



### Chai Huat Hin Trading Sdn Bhd

Online seafood retailer

**Contact:**

No. 152, Jalan Tun H.S. Lee  
50000 Kuala Lumpur

Tel: +(60) 3202 67668

### Mei Jaya Malaysia Native Food Sdn Bhd

Online seafood retailer

**Contact:**

Sub Lot L26 & L27, Lot 19694,  
Jalan PBI 2, Perindustrian Bukit  
Indah, 47000 Sungai Buloh,  
Selangor

Tel: +(60) 1293 31003

### Seafood Malaysia Marketplace

Online seafood retailer

**Contact:**

Suite 2, Pandan Indah, 55100  
Kuala Lumpur

Tel: +(60) 1110 211019

### Great Ocean Dried Seafood

Online seafood retailer

**Contact:**

No 11 Jalan Matahari Z U5/Z,  
Bandar Pinggiran Subang, 40150  
Shah Alam, Selangor

Tel: +(60) 1298 69931

## Independent Chinese seafood and Cantonese restaurants are a primary route for abalone into the Malaysian consumer foodservice market



### Noble House (part of Oriental Group of Restaurants)

Full-service restaurant

**Contact:**

No. 19, Jalan Delima, Off Jalan Imbi, 55100 Kuala Lumpur

Tel: +(60) 3214 58822

### Ah Yat Abalone Seafood Restaurant

Full-service restaurant

**Contact:**

No. 20, 2nd Floor, Life Centre 50250 Kuala Lumpur

Tel: +(60) 3215 53131

### Kingdom Palace

Full-service restaurant

**Contact:**

HQ - L50, Level 1, 3 Damansara, No 3, Jalan SS 20/27, 47400 Petaling Jaya, Selangor Darul Ehsan

Tel: +(60) 3772 81118

### Hoi Tin Lau Restaurant Sdn Bhd

Full-service restaurant

**Contact:**

L1-A1, Lot. 19923, Blk 11, Jalan Stutong Baru, 93350 Kuching, Sarawak

Tel: +(60) 1680 78118

## Importers and distributors usually offer both private label brands and imported brands

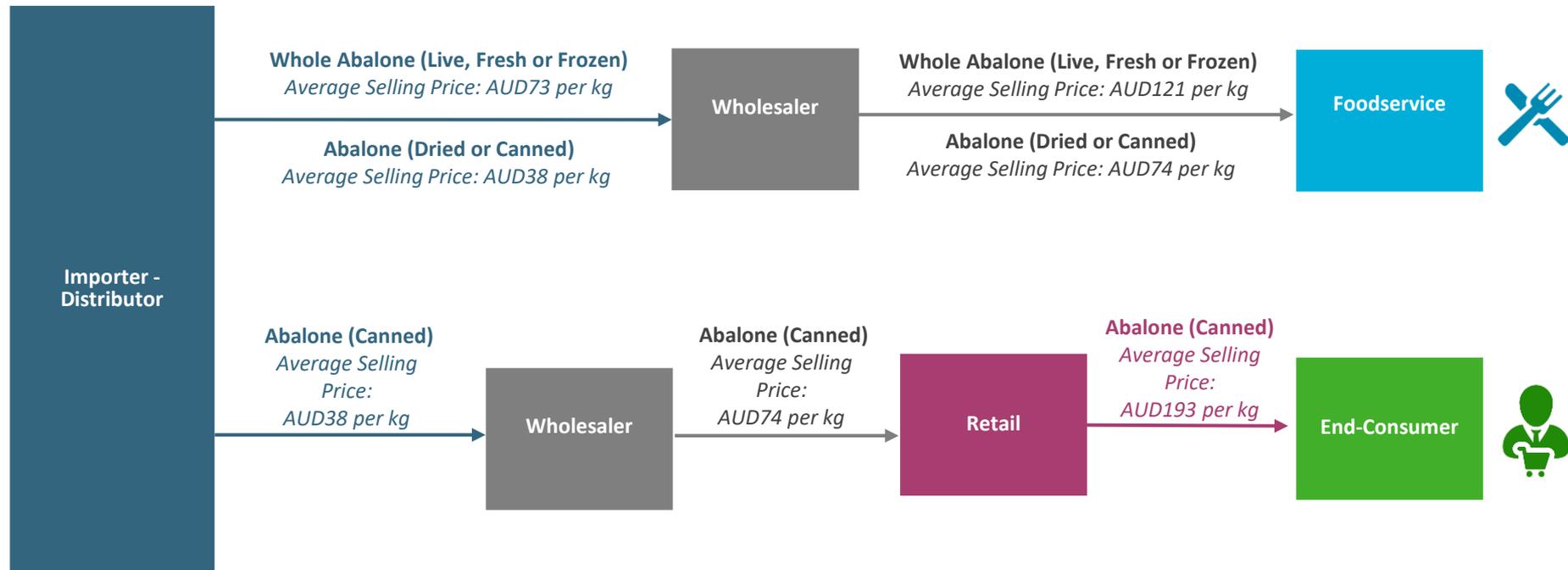
Company	Type	Contact Details	Website
<b>Soon Thye Hang</b>	Importer and distributor (including Australian, Chilean, South African, and New Zealand abalone)	No. 45-51, Jalan Bijeh Timah 30000, Ipoh, Perak Tel: +(60) 5254 8244	<a href="https://soonthyehang.my/">https://soonthyehang.my/</a>
<b>Pasaraya Loong Fuat Sdn Bhd</b>	Importer and distributor of dried seafood (including Mei Hua abalone)	No. 8, Jalan Petai, Pandamaran 42000 Port Klang, Selangor Tel: +60 1621 19923	<a href="http://loongfuat.com/index.php">http://loongfuat.com/index.php</a>
<b>Goo Joo Hin (KL) Sdn Bhd</b>	Importer and distributor (New Moon branded abalone)	No. 118, Jalan Kenanga 29/6, Bandar Indahpura, Johor, 81000 Kulai Tel: +60 76623778	<a href="http://www.gjh.com.sg/main.aspx">http://www.gjh.com.sg/main.aspx</a>
<b>Win Far Trading Sdn Bhd</b>	Importer and distributor	12, Jalan Bukit 2, Miel Seri Alam, 81750 Masai, Johor Tel: +60 1671 36828	<a href="https://www.winfartrading.com">https://www.winfartrading.com</a>

# Pricing Analysis

*Significant price variance is observable in the market, largely depending on country of origin, product quality and consumer perception. Yet, vast quantities of Chinese abalone at low prices have entered the market in recent years and have disrupted margins and price points. Local abalone are inferior in size and quality and therefore achieve lower prices than cooler water imported abalone.*

## Vast range of prices for imported abalone present throughout the supply chain, largely depending on country of origin and product quality

### Imported Products Supply Chain

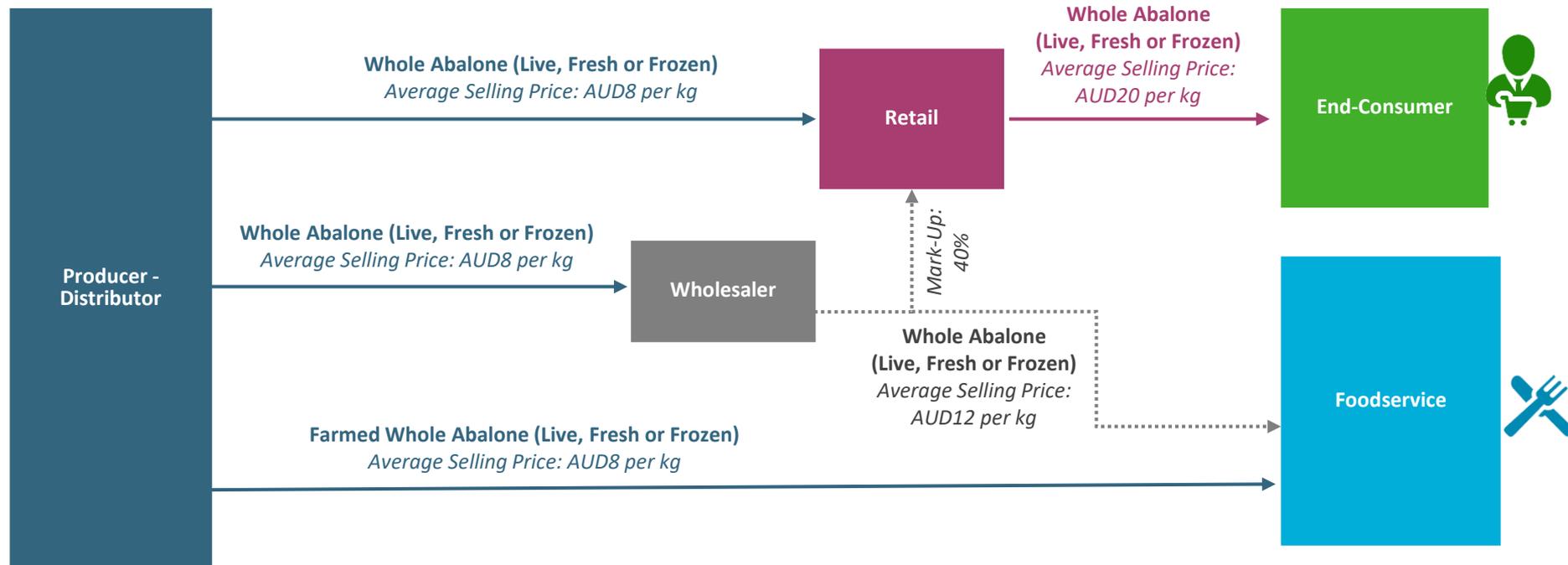


Source: Euromonitor International estimates as per store audits, trade interviews and Department of Fisheries Malaysia

Note: Average selling price includes tariffs and local taxes such as retail taxes..

## Locally-produced abalone are considerably cheaper than imported options (up to 1,000%) due to small size and perceived inferior quality

### Locally-Produced Products Supply Chain



Source: Euromonitor International estimates as per Department of Fisheries Statistics, store audits and trade interviews  
 Note: Average selling price includes tariffs and local taxes such as retail taxes.

## Chinese abalone dominate low-to-mid-price range of the market, while abalone from Australia, New Zealand, Mexico, South Africa and Chile fetch higher prices

### Traditional Grocery Stores

### Hypermarkets/Supermarkets

### E-Commerce

#### Price Competition

- **Average retail price for canned abalone** imported from **China at AUD49 per kg**, from **Australia at AUD158 per kg** and from **Mexico at AUD414 per kg**.
- **Chinese abalone** are positioned at the **low end** of the market. **New Zealand and Australian abalone** feature similar **mid- to high-price ranges**, both of which are however below the **premium-positioned Mexican abalone**.

- **Average retail price for abalone** imported from **New Zealand at AUD123 per kg (canned)**, from **South Africa at AUD93 per kg (pouched)**, and from **China at AUD62 (whole frozen in shell)**.
- **Chinese abalone** are positioned again at the **low end** of the market throughout the channel. **South African abalone** are at mid-price range, while **New Zealand abalone** are **premium positioned**.

- **Average retail price for canned abalone** from **China at AUD49 per kg**, from **Chile at AUD78 per kg** and from **Australia at AUD143 per kg**.
- **Chinese abalone** are positioned at the **low end** of the market, while **Chilean abalone** are within the **mid-range** and **Australian abalone** are positioned at the **high end of the market**.

#### Australian Brands Price Positioning

- **Australian canned abalone** are considered in the **moderate to high-price range** and are therefore **affordable for medium- to high-income earning consumers**.

- Similar to traditional grocery stores, **Australian abalone** selling in **hypermarkets/supermarkets** are **medium- to high-priced range** for **farmed abalone**, while **wild-caught Australian abalone** are **premium positioned**.

- **Australian canned wild abalone** are **premium positioned** and are higher priced (**AUD159 per kg**) than **farmed Australian abalone (AUD121 per kg)**. An **Australian dried abalone** product variant is priced at **AUD213 per 135g**.

# Competitive Environment

*Leading brands, such as Soon Thye Hang, New Moon and Chai Huat Hin (CHH), compete strongly in terms of key product features including quality, size, price and country of origin. They also jostle for key shelf space within the dominant retail channels.*

## Importers and distributors have a strong foothold in the market, while vertical integration and private label offerings contribute as key value propositions

Supplier	Unique Value Proposition
Soon Thye Hang Trading (M) Sdn Bhd	<ul style="list-style-type: none"> <li>• One of the <b>most established</b> and <b>well-known dried seafood players in Malaysia</b>, with <b>importing, exporting, distribution and retail operations (ie 19 traditional grocery outlets, plus online retailing)</b>.</li> <li>• Sells its own <b>private label brand of abalone</b>, with the product being sourced from countries such as <b>Chile, Australia, South Africa and China</b>. <b>Canned and pouched abalone</b> are the main packaging formats, and <b>discounts</b> are often offered for <b>bulk purchases</b>.</li> </ul>
Chai Huat Hin Trading Sdn Bhd	<ul style="list-style-type: none"> <li>• <b>Importer, distributor and retailer</b> of abalone from <b>Mexico, Australia, New Zealand, South Africa, China and Chile</b>.</li> <li>• Abalone are mainly available in the <b>canned format</b>, while limited choice of dried and pouched products.</li> <li>• <b>Private label brand</b> is offered, as well as a <b>range of abalone brands</b> from <b>select importing markets</b>.</li> </ul>
CB Frozen Food Sdn Bhd	<ul style="list-style-type: none"> <li>• <b>Private label distributor</b> of <b>imported canned and frozen abalone</b>.</li> <li>• <b>Various Australian canned abalone products</b> are offered, with the majority of the Australian abalone being <b>wild caught</b> and with <b>price ranges between AUD142 and AUD240 per kg</b>.</li> </ul>
Goh Joo Hin (KL) Sdn Bhd	<ul style="list-style-type: none"> <li>• <b>Distributor</b> of the <b>leading established canned abalone brand, New Moon</b>, which is owned by <b>Goh Joo Hin Pte Ltd in Singapore</b>.</li> <li>• <b>New Moon</b> is a <b>popular brand</b> with abalone sourced from <b>Australia, New Zealand, South Africa and Mexico</b>.</li> <li>• The New Moon brand achieves an envious <b>balance between price, quality and quantity</b>.</li> </ul>
BHH Products Sdn Bhd	<ul style="list-style-type: none"> <li>• <b>Importer and distributor</b> of <b>private label abalone brands</b>, with the <b>product being imported from Australia, Japan, China and New Zealand</b>.</li> <li>• The price range targets a <b>spread of different customer segments</b> ranging from <b>low to high income</b>.</li> <li>• <b>The main format is canned abalone</b>, yet sliced variants are also offered.</li> </ul>

Source: Euromonitor International estimates as per desk research and trade interviews

## Best-selling abalone products tend to be sold under private label in the canned format and sourced from overseas

### CHH Australia Abalone in Brine, by Chai Huat Hin Trading Sdn Bhd



*Australian canned abalone with one piece per can*

Private label CHH Australia Abalone in Brine by Chai Huat Hin Trading Sdn Bhd.

The product contains **one piece of abalone at 120g net weight**. It is retailed online at an average price of **AUD45 per unit**.

### STH Chile Abalone, by Soon Thye Hang



*Chilean canned abalone with 4-6 pieces per can*

The private label STH Chile Abalone contains **4-6 pieces of abalone at 140g net weight**. It has an average price of **AUD37 per unit** across e-commerce.

Chilean abalone tend to be **mid-price range abalone**, suited for **middle-class consumers** who wish to serve abalone to guests at home or give them as a gift.

### Platinum Mexico Abalone, by Eu Yan Sang



*Mexican abalone promoted as the world's finest quality abalone*

Premium-positioned Eu Yan Sang Platinum Mexico Abalone with a **454g gross weight** in canned format. It has an average price of **AUD176 per unit** across e-commerce.

It is one of the **best-selling brands** in the Eu Yan Sang store despite its **high-end pricing**.

# Import and Trade Regulatory Landscape

*Malaysia's customs regulations require navigation to ensure efficient market entry, customs processing and alignment with packaging and labelling requirements. Australia benefits from a 0% tariff rate for abalone thanks to the Malaysia-Australia Free Trade Agreement (MAFTA).*

## Abalone imports must meet strict packaging requirements to protect against issues such as product damage, deterioration and toxicity



### Packaging Requirements

The size and material used for packaging of imported abalone must be adhered to

- Size of the package must be suitable for the quantity and shape of the product. A package shall **contain products of the same type and grade**. The **weight of each package shall not exceed 30kg**.
- The design and materials of each pack should be able to **provide protection** to the product **during handling and transportation**. The **material or the package shall not cause damage** to the shape of the product.
- Packaging should **not transmit any toxic, injurious or tainting substance**, or substance which could contribute to the **deterioration of seafood**. **Moreover, packaging should not be made of enamel or glazed earthenware that can transmit lead, antimony, arsenic, cadmium or any other toxic substance** to the food. Packaging should not be made of a **polyvinyl chloride** neither, which contains more than 1mg/kg of vinyl chloride monomer.
- Packaging should not have been used or intended to be used for a **non-food product**.

Source: Insights as per USDA Gain Food and Agricultural Import Regulations and Standards Country report



### Labelling Requirements

Standard labelling requirements apply for abalone imports

- Food labelling requirements shall **comply** with all provisions stipulated in the **Food Regulation 1985**. The **label must include appropriate designation or description of product**. Fish and fish products containing an ingredient known to cause **allergic reactions** should be included in a **statement indicating the food may cause hypersensitivity**.
- A statement of the **minimum weight, volume or number of contents** of the package is required. In the case of food packed in liquid, a statement of the **minimum drained weight** of the food is also required.
- Every **package containing irradiated food** for sale shall bear on it a written statement proximately close to the name of the food in **not less than 10-point** lettering with the **international food irradiation symbol**.
- The label shall also contain the following information: (1) **name and business address of the importer in Malaysia and producer or packer or distributor of produce of the exporting country**; (2) **common name of product**; (3) **grade standard of product**; and (4) **country of origin**. The language used on the label shall be in the **National Language of Malaysia** (Bahasa Malaysia) or **English**, and may include translation in any other language. **Expiry date** should be embossed on the package of the product.
- **Halal certification is increasingly seen as a benchmark for quality, hygiene and safety**, and adds marketing value in Malaysia.

## Processed abalone, such as canned and dried formats, have to follow lengthy documentation requirements, yet live abalone imports are even more complex



### Transportation Requirements

Random sampling and mandatory inspections apply for abalone imports

- All food consignments (including abalone) are subject to **random checking and sampling at the 28 entry points** throughout Malaysia to ensure food items imported into the country are safe and comply with the prescribed standards and regulations.
- The **average lead time between Australia and Malaysia through maritime routes is around 15 days**. The **average release time** for food products ranges from **1-2 days for air freight** and **1-3 days for surface shipment**.
- All food consignments are **subject to inspection**.



### Documentation and Customs Processes

Extensive documentation processes for abalone imports, with additional requirements for live product imports

- Importers must obtain an **import licence from the Fisheries Development Authority of Malaysia** to import fish and fish products (including abalone).
- **Imports of HS code 030781 - live, fresh or chilled abalone** - are subject to **inspection and approval** by the **Department of Fisheries Sabah, Lembaga Kemajuan Ikan Malaysia**, and **Department of Veterinary Services and Animal Industry Sabah**.
- Importers must also obtain an **import permit** from the **Malaysian Quarantine and Inspection Service (MAQIS)** (for Peninsular Malaysia and Labuan), as well as from the **Department of Fisheries of Sabah** and **Department of Marine Fisheries Sarawak** for the **importation of live fish**.
- **All goods imported must be declared in writing on the Customs Form No. 1**. The Custom Declaration Message (CUSDEC) is to be **submitted electronically** via CIS\*Dagang Net. **Declarations** must be submitted to the **customs station** at the place where the goods are to be imported. **Other import documents** required by Malaysian Customs include **bill of lading/airway bill; commercial invoice or pro-forma invoice; packing list; any relevant permit, licences or certificates**; as well as documents such as **catalogue and product ingredients**.
- All duties/**customs taxes** imposed on imported goods need to be **paid in advance** before the goods can be released.

Source: Insights as per Santander Trade, Malaysia National Trade Repository, USDA Gain Report

# Port Klang accounts for over half of Malaysia's total container and cargo import throughput

## Malaysia's Ports of Entry



### Port Klang, Klang

Located in northern Malaysia, Port Klang is the **country's largest and most important port**. It has **trade connections with over 120 countries** and deals with more than 500 ports around the world.

### Penang Port, Penang

Penang Port, which is **close to the most populated regions of the country**, is the **second busiest container port in Malaysia**. Penang state government is looking to develop new land south of Penang to **expand new port activities**.

### Johor Port, Johor

**Two of the major ports** located in this states were Port of Tanjung Pelepas and Johor Port at Pasir Gudang. The latter **predominantly handles import and export**, whereas the former serves as a **trans-shipment hub**. The strategic location of Johor Port has made it an **attractive location for port and industrial development**.



*Port Klang recorded the highest share of imported throughput via container and cargo in 2020, with 58% and 55%, respectively, in the fourth quarter of 2020*



*Penang Port is the second highest port in terms of total import market share via container and cargo, with 13.3% and 8.3%, respectively, in the fourth quarter of 2020*



*Johor Port is the third biggest port in terms of total import market share via container and cargo, with 11.4% and 8.7%, respectively, in the fourth quarter of 2020*

## A 5% Sales and Service Tax (SST) is charged on abalone HS codes 030781, 030783 and 030787

### Malaysia Tariffs and Quotas



HS codes 030781, 030783, 030787 and 030789

0%

Preferential Rate (FTAs) for Australia and the US

5%

SST charge

Based on Customs Duties (Goods Under The Free Trade Agreement Malaysia – Australia) Order 2012, **abalone (Haliotis spp)** under live, fresh or chilled, frozen, dried, salted or in brine, and smoked formats in air tight containers are subject to a 0% import duty since 2013.

There is an SST charge of 5% to HS codes 030781, 030783 and 030787.

Source: Tariff Rate as per Customer Duties (Goods Under The Free Trade Agreement Malaysia-Australia) Order 2012 and Tariff System by Malaysian Customs.

Note: Image depicts a canned Australian abalone in brine.

# Opportunities and Challenges

*Chinese seafood restaurants, online retailing and premium supermarkets offer considerable opportunities to abalone exporters. These are advised to focus on quality, product perception, food safety and nutritional qualities. Major challenges include, however, intense competition among leading export markets such as China, Hong Kong, South Africa, New Zealand and Mexico.*



## Opportunities

*Developing market presence through foodservice, online retailing and premium supermarkets is key*

- Supermarkets and hypermarkets are popular in Malaysia, especially those focusing more on imported product ranges. **Premium supermarkets have seen increasing presence**, with more operators expanding their presence (eg **Qra Sdn Bhd** and **Ben's Independent Grocer**). Premium supermarkets provide **good venues for imported products, such as abalone**, to give exporters access to Malaysia's **increasing middle- and high-income consumers**.
- With the ongoing **COVID-19 pandemic**, consumers have **increased spending on groceries, health products and pantry stockpiling**. People will usually buy in bulk every time they go grocery shopping to reduce frequency of purchases. Canned foods are among those that consumers stock up on as the expiration date for these items is often around 12 months. This trend has the potential to **further strengthen demand for canned abalone sourced from overseas**.
- **Imported abalone** are known for their **superior quality** over locally produced.
- The **expansion of abalone products in online retailing platforms** is of growing interest to exporters. Abalone are **one of the most searched products** on **Shopee** and **Lazada** (Malaysia's biggest online retailing platform) and customers are **in favour of purchasing online**. These platforms provide detailed product information such as country of origin, net weight and grade.
- Many **restaurants use abalone as a key ingredient**. There is high **demand for premium seafood items such as abalone**, particularly in **high-end hotels and Chinese seafood restaurants**.



## Challenges

*Intense competition and halal certification pose some challenges to new entrants*

- Due to the **COVID-19 pandemic**, Malaysians have experienced **reduced purchasing power** due to **the rising unemployment rate** (which spiked to 5.3% as at May 2020 - the highest since 1998). This, combined with **the strict movement restrictions**, has resulted in **reduced consumer spending in restaurants**, impacting businesses such as **Chinese seafood restaurants**. This challenge is expected to **subside only from 2022 onwards**.
- **Abalone are premium and highly competitive** seafood products that come in various formats, either **cultivated locally** in Sabah state, or **imported** from various countries. **Fierce competition** is present at the **low-to-mid price range** driven by **China and Hong Kong**, while **mid-to-high range competition** is led by **Australia, Chile, New Zealand, South Africa and Mexico**.
- Many products are required to be **halal certified** in order to **target larger populations in Malaysia**, yet the **certification process can be complicated and lengthy**.
- **Strict packaging requirements, complex transportation infrastructure and lengthy customs procedures** are additional challenges for foreigners exporting into Malaysia.
- **Language can be difficult for foreigners trading in Malaysia**. Although Malaysians generally speak English, certain aspects of business such as **importing and distribution** are at times conducted in other languages, including Mandarin.

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# Thank you

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