

Export Market Development Guidebook

Rock Lobster – HS Codes 030611, 030621, 030631 and
030691 – in Malaysia
June 2021



Australian Government
Australian Trade and Investment Commission





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Introduction

Project Background & Objectives

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

Austrade focuses its services primarily 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 the wider implications these have for demand for Australian products
- Understanding the distribution landscape in terms of the key players operating within the different channels
- Understanding pricing dynamics across different channels and their impact on demand for Australian products
- Evaluating the competitive environment to assess Australian products' positioning
- Assessing import and trade regulations

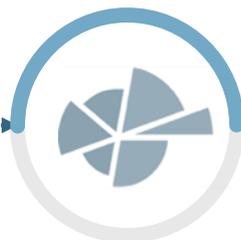
Overview of the research methodology implemented

PROJECT ALIGNMENT & 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 & TRADE DATA COLLECTION



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

ANALYSIS & 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

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

Starlicious, e-commerce

Nak Beli, e-commerce

Shopee – Marshas, e-commerce

Rawang Seafood, e-commerce

Full Fishery, e-commerce

Supply Bunny, foodservice wholesale e-commerce platform

Dropee, wholesaler



In-Depth Trade Interviews Conducted

Supplybunny, e-commerce and foodservice wholesaler

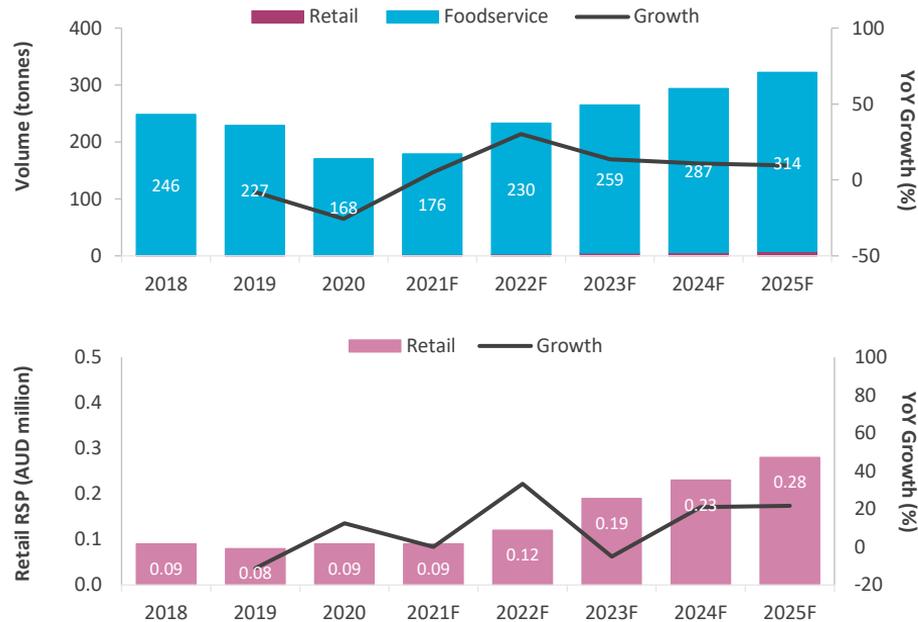
Southern Rock Seafood, foodservice wholesaler and restaurant chain

Market Volumes and Dynamics

COVID-19, the government's movement control orders and the absence of tourists from China and Singapore led to a decrease in rock lobster consumption in 2020. Despite these headwinds, overall demand is expected to improve in line with COVID-19 recovery from 2022 onwards. The foodservice channel dominated consumption in 2020, with a share of 98.5%, with retail accounting for the remaining 1.5%.

Future growth is set to be driven by both live and frozen imported rock lobster, as disposable incomes continue to rise and foodservice rebounds from the COVID-19 restrictions

Rock Lobster Consumption in Malaysia 2018-2025



Source: Euromonitor International estimates as per trade interviews and UN Comtrade
 Note: Rock lobster covers HS Codes 030611, 030621, 030631 and 030691.
 Retail Value RSP in historic current prices, forecast 2020 constant prices; fixed exchange rates.



Rock Lobster

Total consumption:
170 tonnes, 2020

- In Malaysia, total rock lobster consumption remains small, at 170 tonnes in 2020. Both live and frozen rock lobster are predominantly consumed via the foodservice channel (98.5% share in 2020), including Western and Chinese full-service restaurants, as well as 5-star hotel restaurants.
- The channel, however, saw a **decline of 26.0% in volume terms in 2020**, due to dine-in restrictions, reduced national hotel occupancy rates and supply shortages.
- Rock lobster demand is expected to see a **CAGR of 15.5% over 2021-2025**. Recovery from COVID-19 from 2022 onwards is expected to help the foodservice channel return to 2019 levels, as locals venture back into restaurants and tourists return. **Economic growth and rising disposable incomes will be additional drivers** of sales of imported high-quality food, including rock lobster.
- The retail channel still accounts for only a small share of the market (less than 2% in 2020); however, as consumers become more familiar with lobster in restaurants, demand through retail is expected to increase gradually.

Local Production Dynamics

The Malaysian government has provided financial support in recent years for commercial hatcheries of spiny lobsters in Sabah state. This includes initiating the first integrated lobster aquaculture park, in 2012. Further attempts have been made to drive up local rock lobster production, but local rock lobsters still struggle to compete with imports from markets with cooler waters.

Local production struggles to compete with imported rock lobster in terms of both size and quality

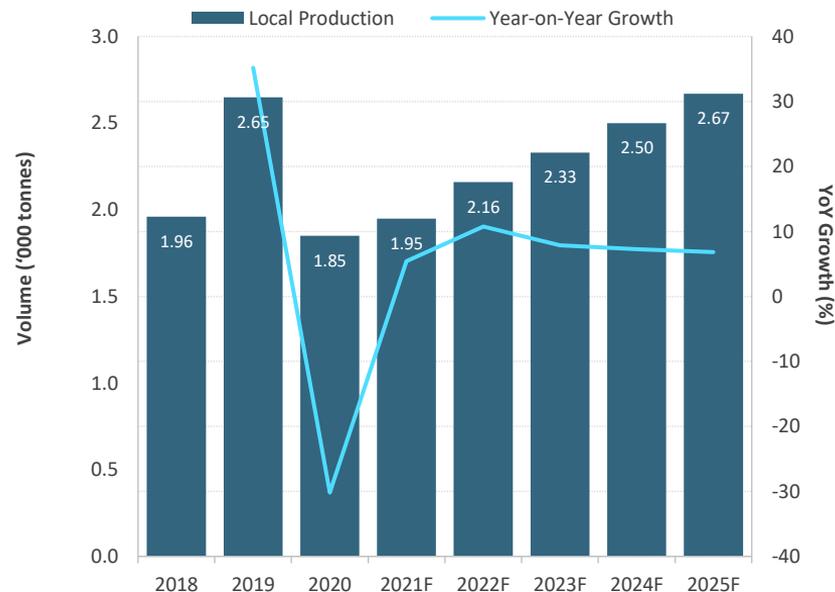
- **Lobster farming is particularly challenging in nations with warmer waters**, like Malaysia. The **quality of local production tends to be inferior to imports** from the US and Canada, and hence products fetch lower prices. Not surprisingly, **imported lobster is often sourced to make up for the local shortfalls in terms of both quantity and quality.**
- **Continuing supply challenges**, due to a **lack of investment, wild harvest sustainability concerns** and **difficulties of farming lobster in warmer waters**, have seen the **price of local live lobsters rise by 100-120% over the past five years.**
- Numerous **attempts to boost local production have been made.** The government has been supporting **freshwater lobster breeding projects** in Sabah since 2015. Darden Aquasciences Sdn Bhd aimed **to produce up to 18,000 tonnes of hatchery-based tropical Sabah native spiny lobsters by 2029.** The goal was to use them to supply the **Red Lobster restaurant**, but **progress stalled as investment was withdrawn in 2015.**
- **Rock lobsters produced in Malaysia are often concentrated in Sabah;** however, more than **120,000 lobster “seeds” (juvenile lobsters) have been released in the waters of Malacca** since December 2020. The release of lobster seeds will be undertaken each year, with the aim to **boost Malacca lobster breeding.**



Rock Lobster

Production CAGR, 2021-2025: 8.2%

Rock Lobster Production in Malaysia 2018-2025

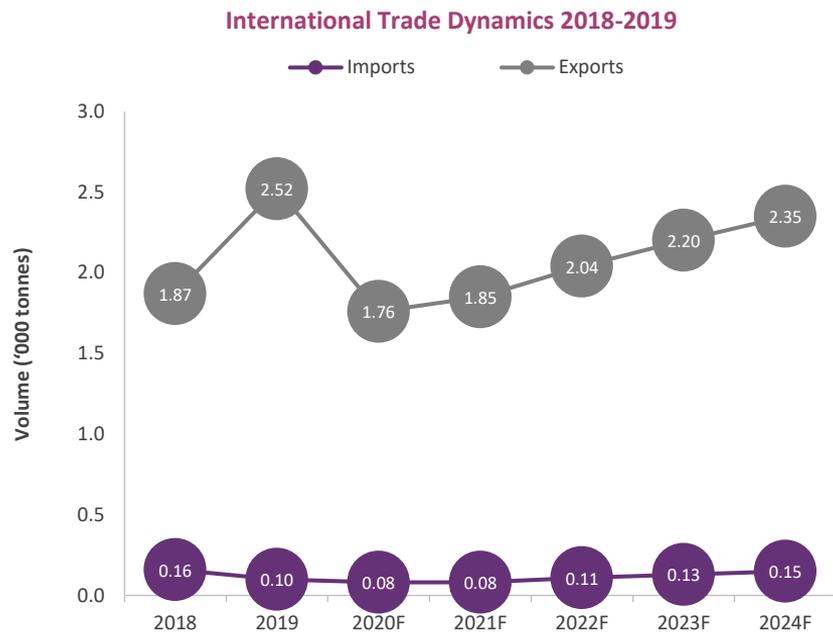


Source: Euromonitor International estimates as per FAO Fisheries and trade interviews

Trade Dynamics

Anticipated growth in demand for rock lobster in Malaysia will continue to be met by imports, which are projected to reach pre-COVID-19 levels by 2022. The US and Hong Kong are Malaysia's largest trade partners by far, followed by Thailand and Canada.

Following a pronounced decline in 2020, rock lobster imports are expected to grow strongly to meet the increasing demand for premium food products



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

Note: Rock lobster covers HS Codes 030611, 030621, 030631 and 030691.

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.



Rock Lobster

18.5% CAGR Imports, 2021-2025

8.0% CAGR Exports, 2021-2025

- In 2018, Malaysia's Customs Department exempted rock lobster (live, fresh, chilled, frozen, smoked, dried, salted in brine, in shell, cooked by steaming or boiling) from the Sales and Service Tax (SST).
- As of 2020, imports met around 47% of total consumption. Rock lobster from the US leads the local import market, with a 45% volume market share in 2019. The *homarus americanus* species, also known by numerous names, such as Boston Lobster, is commonly served in Western-style restaurants in Malaysia.
- Malaysian rock lobster exports are minimal. In 2016, the Agriculture and Food Minister banned the export of fresh seafood from Sabah, only allowing frozen seafood to leave the state. The goal was to address the local shortage of fresh seafood, which was increasingly being exported to cater to growing demand in China and Hong Kong.
- Singapore is an exception, though. Malaysia exports over 2,000 tonnes of rock lobster to the country annually.

Rock lobsters sourced from the US, Hong Kong, Thailand and Canada accounted for a combined share of 88% of total import volume in 2019

US

45 tonnes (45%), 31% decline over 2018-2019

AUD1.0 million (44%), 54% decline over 2018-2019

- **Boston/America/Maine lobsters have considerable current and future scale of local production** in the US, thus driving the country's export potential.
- Rock lobster exported from the US to Malaysia had an **average trade value of AUD23 per kilogram (kg) in 2019, one of the lowest of all leading exporters.**

Hong Kong

33 tonnes (33%), 719% growth over 2018-2019

AUD0.7 million (29%), 677% growth over 2018-2019

- The **ASEAN-Hong Kong Free Trade Agreement (AHKFTA)** was signed on June 2019, **to abolish import duties** on goods traded between the two countries.
- Rock lobster exported from Hong Kong to Malaysia had an **average trade value of AUD20 per kg in 2019, which was the lowest out of all leading exporters.**

Canada

6 tonnes (6%), 56% decline over 2018-2019

AUD0.2 million (9%), 54% decline over 2018-2019

- The **Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)** enacted in 2018 aimed to **eliminate tariff and non-tariff barriers.**
- **Canadian rock lobsters are often larger, with tender but slightly denser meat,** making them ideal for popular dishes such as a lobster roll. They also have **pincers and crusher claws, which translate into higher meat weights.**

Thailand

4 tonnes (4%), 30% growth over 2018-2019

AUD0.04 million (2%), 48% decline over 2018-2019

- The **ASEAN-China Free Trade Agreement (ACFTA)** enables imports from China to Malaysia with zero custom duties.
- **China's "One Belt One Road" initiative** has created more trade opportunities, as well as aiding the development of Malaysia's logistics infrastructure, like ports and railways.

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

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



“Although Australian live lobsters are better in quality than the local lobsters in my opinion, the mortality rate of imported lobsters is higher due to problems in packaging. Therefore, most local restaurants are not willing to take the risk of importing lobsters from Australia.”

- Ministry of Agriculture and Food Industry

“As the market remains in its infancy, most consumers have limited knowledge of lobsters’ country of origin and therefore do not generally differentiate the product in that way.”

- CEO, wholesaler



Australian rock lobster imports remain minimal in Malaysia, predominantly due to the **product’s high prices in comparison with local and imported rock lobsters from competing foreign markets**. Despite the signing of the significant **Regional Comprehensive Economic Partnership (RCEP) in 2020**, aimed at enhancing trade between numerous nations, including both Malaysia and Australia, considerable price reductions of Australian rock lobster will be required in order to gain significant market share.

Channel and Consumer Preferences

Rock lobsters are sold mainly through foodservice channels in mid-range and high-end Western-style restaurants, along with selected Chinese seafood restaurants. In Western-style restaurants, live rock lobsters are preferred and are held in aquarium-style tanks ready for fresh consumption. Rock lobsters are also available in limited forms via both online and offline retail outlets, but total retail sales remain negligible.

Note: This section does not cover the retail channel as its share is <2% of total rock lobster consumption in Malaysia.

Cultural festivals and culinary innovations are the key drivers of rock lobster demand within the foodservice channel

Chinese New Year peak season in full-service Chinese restaurants



Speciality Chinese New Year lobster dish by Le Méridien Kuala Lumpur

Chinese New Year celebrations drive demand for rock lobster in Malaysia, particularly in **full-service Chinese seafood restaurants**. For instance, **Shang Palace by Shangri-La** and **Lai Po Heen by Mandarin Oriental** are popular restaurants in which to celebrate Chinese New Year with **high-end lobster-based dishes**. These are mostly visited by **affluent Malaysian Chinese**. During 2021, however, demand was subdued during the festive season, owing to COVID-19-related restrictions. As recovery occurs, sales are expected to pick up.

Growing urbanisation and premiumisation key drivers of culinary innovation

Many Malaysian consumers are keen to **try out restaurants that offer new and innovative recipes and cooking methods**. More sophisticated tastes and premiumisation contribute to the growth of emerging product categories such as rock lobster.

Examples of recent culinary innovations include **Australian Lobster Sashimi with Wasabi**, from **The Unique Seafood Restaurant**, **Seven Samurai Lobster Roll**, from **Burger & Lobster**, and **Lobster, Crab and Seafood Stuffed Mushroom**, from **Red Lobster**.



Australian lobster sashimi

Local variations of rock lobster dishes



Chili Lobster from Burger & Lobster caters to the spicy tastes of locals

Seafood restaurant chains are **taking inspiration from local flavours** that were successful with other seafood products to cook their rock lobsters.

For instance, **Chili Lobster with Brioche**, from **Burger & Lobster**, and **Live Maine Lobster with Spicy Chili Sauce**, from **Red Lobster**, cater to local demand for spicy dishes, creating a **familiar taste of nostalgia for local consumers**. Other **local flavours**, such as **black pepper, spring onion and ginger**, are also increasingly being used in recipes with rock lobster.

Full-service Western and Chinese seafood restaurants offer a good fit for rock lobster and together form the predominant foodservice channel

Chinese Seafood Restaurants

Product Preferences

- **Chinese restaurants with seafood offerings** generally use either **live or frozen rock lobster** for their dishes. Live lobsters are placed in **live tanks** in order to **store and display** the seafood.
- **High-end Chinese restaurants** are often located within **premium hotels**, such as **Shang Palace by Shangri-La** and **Lai Po Heen by Mandarin Oriental**.
- A range of rock lobster variants are offered in these establishments, including the more affordable **local lobster variants from Sabah**, as well as **imported ones**, such as **Boston, Californian, Mexican and Scottish lobster**. **Australian lobster** is also present in certain **high-end settings**; however, at very **minimal levels due to its relatively high prices**.

Australian Brands' Positioning

- **Australian rock lobster enjoys a premium positioning**; however, the **200-300% price premium** for Australian lobster over US lobster is generally **not considered justified** by operators in the foodservice market, hence the **low market penetration** to date.

Western Restaurants

- **Western restaurants**, such as Red Lobster and Burger & Lobster, are **key consumer foodservice outlets for rock lobster in Malaysia**.
- The US-based **Red Lobster restaurant chain** offers a range of **Western-style dishes** in Malaysia utilising **Maine lobster**. **Live, whole lobster dishes sell at around AUD85**, with recent new offerings including **Live Maine Lobster with Spicy Chili Sauce**. A range of **other lobster dishes** are also served, including the new **Ultimate Feast** (grilled Maine lobster tail, snow crab, shrimp, rice and broccoli).
- The **London headquartered Burger & Lobster** serves **wild live Canadian lobsters** in Genting in Malaysia. Lobster menu options include **steamed or grilled** with clarified butter, lemon and garlic butter or with chilli, as well as in a range of **lobster rolls**.

- **Australian rock lobster is perceived as a premium product**, but it is **far more expensive** than both local and other imported rock lobsters.

Local importers and wholesalers play key procurement roles in the foodservice channel, while vertically integrated supply chains are also present

Chinese Seafood Restaurants

Procurement

- Chinese restaurants with seafood offerings generally **source live and frozen, and local and imported rock lobsters** from **local importers or wholesalers**. Wholesalers usually purchase products directly from importers.
- Local wholesalers often **recommend different lobster species and origins** to restaurants according to product seasonality, availability and price.
- **Australian rock lobsters** are available from **importers** at around **AUD125-160 per unit**, whereas the key competing product, the **Boston Lobster**, is offered at **AUD40-50 per unit**. Both species are perceived as **high quality**.

Western Restaurants

- Western restaurants generally **source live and frozen imported rock lobsters** from **local importers or wholesalers**, although some outlets, such as Red Lobster, have **vertically integrated supply chains** and therefore **rely less on intermediaries**.
- **Locally produced lobsters** or those from **other Asian nations** (ie small-sized rock lobsters of perceived lower quality) tend **not to be used**, as they **do not align with the Western themed brands** of such establishments.
- **Australian rock lobsters** are available from **importers** at around **AUD125-160 per unit**, whereas the key competing product, the **Boston Lobster**, is offered at **AUD40-50 per unit**. Both species are perceived as **high quality**, but the premium for Australian lobsters is generally **not considered to be justified** by operators.



Mini frozen rock lobsters (100-200g each).

These crawfish or spiny lobsters sell at the low-end of the market, but are claimed to have a higher meat ratio.



Imported wild caught rock lobster. Often sold frozen in retail channels and live via foodservice, with a weight generally between 0.8kg and 1.2kg.



Live Australian lobster is a high-end premium offering in Malaysia, fetching wholesale prices of up to three times those of the popular American/Boston lobster.



Indonesian rock lobsters offer greater affordability as they tend to be smaller than other imported rock lobsters.



Australian rock lobsters are known for long antennae and red shells, commonly associated with dragons in Chinese culture, which is a symbol of power.



Rock lobster packed in individual quick frozen (IQF) form and hygiene processed with -40°C blast freezing techniques to restrict bacteria growth.

Distribution

Note: This section does not cover the retail channel as its share is <2% of total rock lobster consumption in Malaysia.

The vast majority of premium full-service seafood restaurants in Malaysia are independent establishments, which contributes to the channel's fragmentation



Unique Seafood Group of Restaurants

Full-service seafood restaurant

Contact:

Lot 9B-3, Jalan Kemajuan, Section 13, 46200 Petaling Jaya, Selangor

Tel: + 60 379602088

Lemon Garden by Shangri-La Hotel

Full-service seafood restaurant

Contact:

11 Jalan Sultan Ismail, Kuala Lumpur, 50250

Tel: + 60 320322388

Red Lobster Malaysia

Full-service seafood restaurant

Contact:

G88, Ground Floor, The Curve, Jalan PJU 7/3, Mutiara Damansara, 47810, Petaling Jaya, Selangor

Tel: + 60 377315294

Burger & Lobster

Full-service seafood restaurant

Contact:

Sky Avenue Level 1
69000 Genting Highlands
Genting Highlands
Pahang Darul Marmur

Tel: +60 3 61059186

Seafood importers and wholesalers typically offer a wide range of both fresh and frozen options, which makes them key potential partners in Malaysia

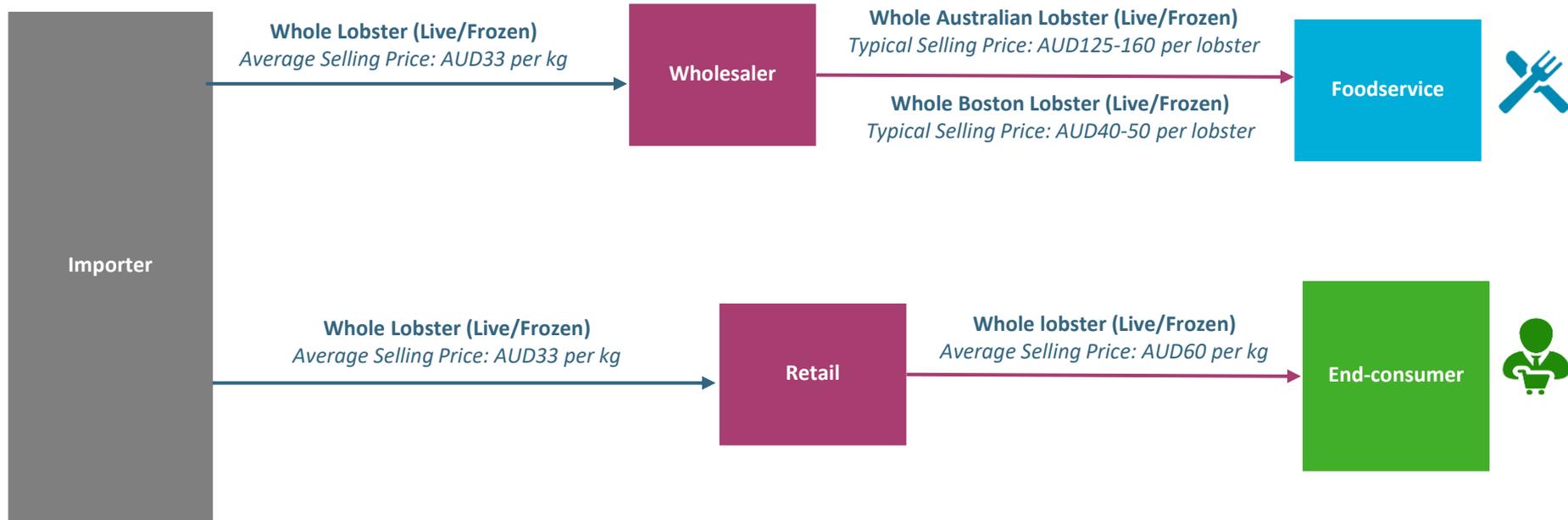
Company	Type	Contact Details	Website
Soon Huat Frozen Food Sdn Bhd	Importer and distributor of fresh/frozen seafood (including rock lobster)	5&7, Jalan Haji Abdul Manan 3/KU8, Kawasan, Perindustrian Meru Barat, 42200 Kapar, Klang, Selangor Tel: +60 333936228	https://shff.n.my/index.php
Fatric Sdn Bhd	Importer and distributor of frozen meat and seafood	Lot 1050 & 1025, Jalan Dua, Kawasan Perusahaan Selayang Baru Selayang Baru, 68100 Batu Caves, Selangor Darul Ehsan Tel: +60 361388601	https://fatric.com.my/
Piau Kee Marine Sdn Bhd	International seafood trader	Lot 6, Jalan 10, Off Jalan Kuari, Kampung Cheras Baru, 56100 Kuala Lumpur Tel: +60 166626335	https://piaukeemarine.com/
Advance Sincere Sdn Bhd	Supplier and distributor of food and marine products	No 18, Jalan PJU 1A/12, Taman Perindustrian Jaya, 46050 Petaling Jaya, Selangor Darul Ehsan Tel: +60 1133703370	http://www.sinchiplongseafood.com/en/

Pricing

Due to the segmented and nascent nature of the rock lobster market, prices vary considerably based on order quantities, product origin and quality. Local lobster is generally inferior in size and quality and therefore fetches lower prices than colder water imported rock lobster.

Imported rock lobster is perceived as a premium, high-quality product with strong margins, but there are relatively high logistics risks throughout supply chains

Imported Products Supply Chain



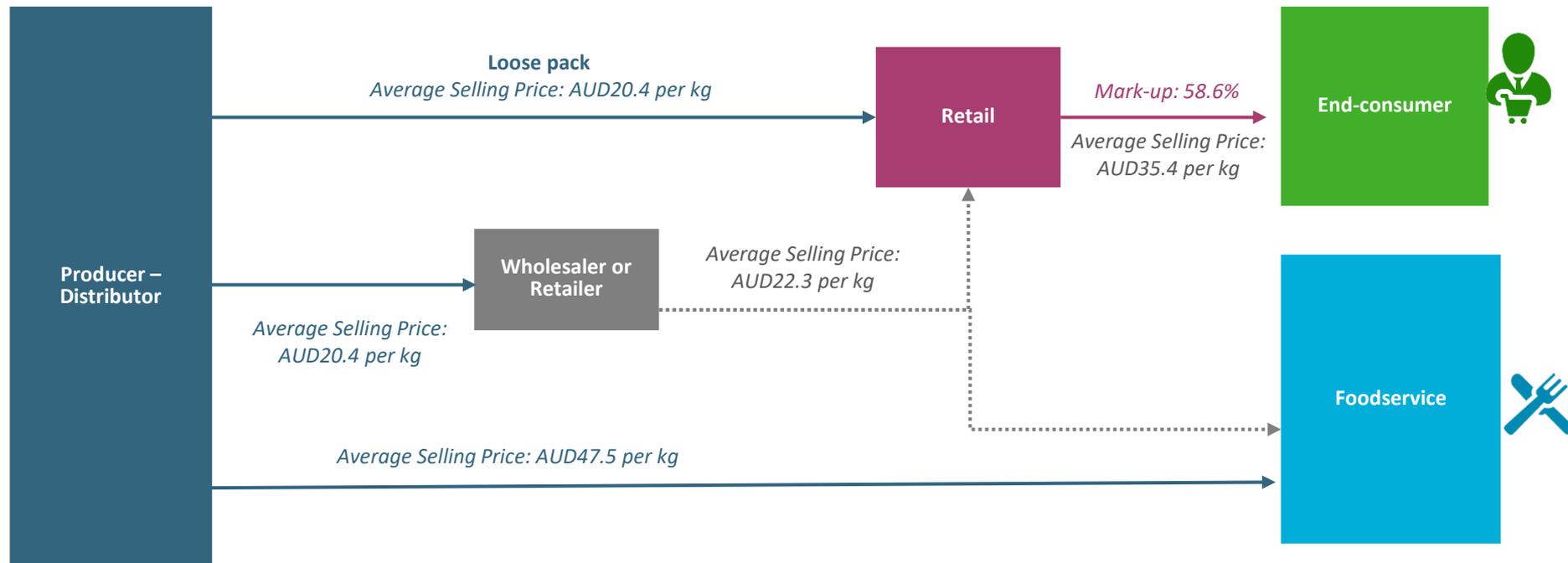
Source: Euromonitor International estimates as per store audits and trade interviews

Note: Please note that average selling prices include tariffs and local taxes like retail taxes.

Retail prices are shown here for reference despite the negligible share of the channel in total consumption volumes.

Locally sourced rock lobster are generally used in mid-tier consumer foodservice restaurants due to more affordable prices

Locally Produced Products Supply Chain



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

Note: Please note that average selling prices include tariffs and local taxes like retail taxes.

Retail prices are showed here for reference despite the negligible share of the channel in total consumption volumes.

Competitive Environment

The rock lobster market in Malaysia is dominated by importers and wholesalers, although both of these offer only limited ranges of lobster options. As the lobster market in Malaysia remains niche, the competitive environment has not reached levels of consolidation and is currently highly fragmented, being made up mostly of small and medium sized players.

A range of seafood importers and wholesalers lead the rock lobster supply chain in Malaysia

Supplier	Unique Value Proposition
Seafood Malaysia	<ul style="list-style-type: none"> • Online marketplace (wholesaler) supplying local and imported seafood to foodservice and retail channels. • Offering of live ornate spiny lobster (<i>Panulirus ornatus</i>) and live green sand lobster (<i>Panulirus homarus</i>), both with minimum quantity orders of 10 lobster air freighted from Indonesia at AUD60 per kg and AUD48 per kg, respectively. Also offers live and frozen rock lobster from other origins, with minimum quantities of 1,000.
Sunlight Pacific Sdn Bhd	<ul style="list-style-type: none"> • Halal seafood distributor and wholesaler, offering a wide range of local and imported fresh and frozen seafood. • Focuses on imported Japanese seafood, such as unagi, tako and maguro. • Sells only whole, frozen rock lobster offered in 10kg cartons to foodservice outlets. • Offers a limited selection of Australian frozen, grass fed, halal, organic ribeye and striploin beef.
Soon Huat Frozen Food Sdn Bhd	<ul style="list-style-type: none"> • Importer and distributor of local and imported seafood products. • Product range includes fresh and frozen salmon, fish, crab, shrimp and other seafood products. • Very limited rock lobster offerings, with one rock lobster SKU available, with origin unknown.
Monnin Tradings Sdn Bhd	<ul style="list-style-type: none"> • Wholesale supplier of seafood products, such as fish, crab, lobster and shrimp. • Range of lobster options available, including live Canadian lobster, live Maine lobster, tiger lobster and the warm water spiny lobster, as well as crayfish.

Source: Euromonitor International via desk research and trade interviews

Variety of rock lobster options available for different wholesale customers, with shelf life, price, quality, freshness and taste all of upmost importance

**Rock lobster,
by Seafood Malaysia**



Lobsters of different grades

Frozen rock lobster tails ranging between 300g and 700g, with 24-month shelf life, packed in IQF form.

Live rock lobster also available from 0.45kg to 3kg, packed in 12kg poly boxes of mixed size grades.

**Rock lobster,
by Monnin Tradings Sdn Bhd**



Warm water, clawless spiny lobsters

Rock lobsters offered between 500g and 2kg in both live and frozen formats.

This raw rock lobster meat is nearly translucent, with a pink, cream or whiteish grey tint.

**Ornate spiny lobster,
by Fresh & Marine Empire**



Panulirus ornatus

Panulirus ornatus, also known as ornate spiny lobster or tropical rock lobster. It is wild caught from Sabah, Malaysia.

It is typically packed in IQF form.

Import and Trade Regulatory Landscape

Malaysia continues to liberalise customs regulation; nevertheless, depending on the origin and type of rock lobster imported (ie live or frozen), strict packaging and labelling requirements apply. Regarding customs duties, Australia benefits from a 0% tariff rate for rock lobster, thanks to the Malaysia-Australia Free Trade Agreement (MAFTA).

Stringent packaging and labelling requirements apply to rock lobster imports to protect against critical issues, such as product damage, deterioration and toxicity



Packaging Requirements

Exporters must pay particular attention to the size and material used for packaging of rock lobster

- The **size of the package** must be **suitable** for the quantity and shape of the product. A package shall contain product 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** 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**.



Labelling Requirements

Strict but standard ASEAN labelling requirements apply for rock lobster imports

- Food labelling requirements shall **comply** with all provisions as 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 required. Every **package containing irradiated food** for sale shall bear on it a written statement to that effect 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 text used on the label shall be in the **National Language of Malaysia** (Bahasa Malaysia) or **English**, and may include translation in any other language. The **expiry date** should be stated on the package of the product.

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

Complex transportation infrastructure and customs procedures mean that it is recommended to seek local professional help for more efficient and effective import flows



Transportation Requirements

Imported rock lobsters are subject to random sampling and mandatory inspections

- All food consignments are subject to **random checking and sampling at the 28 entry points** into 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** to arrive. The **average release time** for food products is **1-2 days for air freight** and **1-3 days for surface shipment**.
- All food consignments are subject to inspection.



Documentation and Customs Processes

Lengthy documentation processes and more stringent requirements for live product imports

- Importers must obtain an **import licence from the Fisheries Development Authority of Malaysia** to import fish and fish products.
- Importers must 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 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 **customs duties/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

The perishable nature of fresh and live rock lobster sees exports to Malaysia via air freight, while frozen formats remain via seaports

Malaysia's Ports of Entry



Kuala Lumpur International Airport

Kuala Lumpur International Airport (KUL) is **Malaysia's largest and most important international airport** for both passenger and cargo air transport and is also **one of the most important airports in Southeast Asia**.

Penang International Airport

Penang International Airport (PEN), in the state of Penang, is **Malaysia's second most important airport** for cargo air transport.

Port Klang, Klang

Port Klang, located in northern Malaysia, is the **country's largest and most important port**. It has **trade connections with over 120 countries** and dealings 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**. The Penang state government is looking to develop new land south of Penang to **expand its port activities**.



Kuala Lumpur International Airport leads air freight into Malaysia, with over a 70% market share of total air cargo into the country.



Penang International Airport, as the second highest air cargo airport in Malaysia, exhibits around a 15% market share of total air cargo nationwide.



Port Klang recorded the highest import throughput via container and cargo in 2020, with 58% and 55% market shares, respectively, in the fourth quarter of the year.

Australian rock lobster imported into Malaysia is not subject to import duties

Malaysia's Tariffs and Quotas



Rock Lobster: HS Codes 030611, 030621, 030631 and 030691

0%

Standard tariff rate (including Australia)

*Based on the Sales Tax (Good Exempted From Tax) Order 2018 published by the Royal Malaysian Customs Department, **rock lobster under HS Codes 030611, 030621, 030631 and 030691 is exempted from SST.***

*There are **no quotas in place for rock lobster imports**. The only quotas imposed are tariff-rate quotas (TRQ) for a limited number of agriculture products, as notified under the World Health Organization (WHO) transparency mechanism.*

*The **Malaysia-Australia Free Trade Agreement (MAFTA)**, which came into force on January 2013, has enabled the import of rock lobster to Malaysia with a preferential tariff rate of 0%: the same as the standard tariff rate currently applied to other countries.*

Source: Euromonitor International as per Royal Malaysian Customs Department

Opportunities and challenges

The majority of rock lobster consumption in Malaysia is via the consumer foodservice channel, largely in Western-style and Chinese seafood restaurants. Imported products from cooler waters tend to exceed local production in terms of quality and size. Growth is expected in both total consumption and the volume of imported products over 2021-2025; however, the high penetration of American/Boston/Maine lobster from the US will be a barrier to further penetration of imports from other origins.



Opportunities

The anticipated recovery of the foodservice channel from 2022 and rising disposable incomes of Malaysians will be the key market drivers

- **Local production** faces challenges due to **destructive fishing practices and warmer waters**, especially in Sabah state, which accounts for the majority of local rock lobster production. In the future, **local supply shortages** are expected to increase the **reliance on imported rock lobsters**.
- **Recovery from COVID-19 from 2022** onwards will see **consumer foodservice sales return to previous levels**. This provides an opportunity for growth in rock lobster demand.
- **Rising disposable incomes** in Malaysia are **driving demand for high-quality imported food products**. Exporters are advised to capitalise on this trend by focusing **on high-end seafood restaurants** that target **high-income consumers**.
- Retail sales are currently minimal, but there is **potential for growth as the lobster market matures**.



CHALLENGES

Language, price, import procedures, transportation infrastructure and consumer preferences are major barriers to the rock lobster trade

- **The strong presence in the market of rock lobsters from the US, Canada and other ASEAN countries provides a challenging competitive environment** for other source markets.
- **Price competition is a major challenge** for rock lobster exports. For instance, rock lobsters from Australia are **imported live or frozen into Malaysia at a very high price**. The sustained high price of this rock lobster supply has ensured that the market demands more competitive options, such as **American/Boston lobster from the US**.
- **Strict packaging and labelling requirements, coupled with complex transportation infrastructure and customs procedures**, are additional challenges for foreigners exporting to 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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