

Istituto nazionale
per il Commercio Estero

Guida pratica



MALAYSIA

UPDATE ON MALAYSIAN WINE MARKET

(updated September 2009)

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Overview of the wine market in Malaysia

Malaysia has a multi-racial society comprising mainly of Malays (58%), Chinese (24%), Indians (8%) and natives (10%). All Malays are born Muslims and therefore do not consume alcoholic beverages.

As a result, the market for wines in Malaysia is focused on the non-Muslim community, mainly the Chinese, Indians, as well as expatriates and tourists.

Traditionally, the most popular alcoholic beverages in Malaysia were brandy and whisky. They were served as celebratory drinks on special occasions such as Chinese New Year and wedding dinner. However, there is now a shift of preference to wine, partly because it is more affordable and perceived as a healthier choice. More and more people, especially the modern young couples opt to serve wines for their wedding banquets.

Factors attributing to Malaysia's growing wine market include:

- Increasing trend of affluent, sophisticated and well-travelled consumers. Wine is becoming a symbol of cultural refinement.
- A sizeable expatriate community
- An influx of tourists
- Wine being the preferred drink by the younger community who regards the consumption of wine as being modern and fashionable.
- Wine being the preferred drink by ladies
- The consumption of wine has become more affordable and is perceived as a healthier choice compared to hard liquor such as brandy or whisky
- Increasing awareness, knowledge and appreciation of wines by Malaysians

Through massive and high profile coverage by the media, red wine is gaining popularity among consumers especially due to its many health benefits. As a result, the consumption for reds is higher than the whites.

The increasing awareness and appreciation of wines is as a result of

1. Wine tasting sessions featuring winemakers brought in by local wine importers/agents. These tasting sessions sometimes come together with dinner at leading restaurants.
2. In many local food promotional events organized by trade commissions and five-star hotels, wines are usually one of the main featuring items.
3. Regular wine tasting sessions organized at wine retailers for members/subscribers of their "Wine Clubs"
4. Regular wine articles in the local media

Malaysia's alcoholic beverage industry is focused mainly on the production of malt liquor products such as beer and stout. There are also some limited production of rice wine, "samsu" and blending of brandy and wine.

For many years Australia has overtaken France as the biggest wine supplier for Malaysian market. Australian wines alone represent about 50% of the market supply, while the share for French wines is around 15 - 20%. Californian wines usually sit on the 3rd place, followed by Italy. However, wines from Chile and South Africa are slowly catching up with their expanding market share. For more detail on the figure, please refer to the chapter “**General Analysis on wine import statistics**”

Distribution, Promotion and Advertising

Distribution

Major players are sole agents for most leading brands of Australian and European wines. Marketing representatives are employed fulltime to cover the sectors of the food service and retail trade. Distribution does not necessarily involve agency appointment.

Wine importers in Malaysia comprise of

- Wine importers and distributors
- Wine importers and retailers
- Wine importers and direct mailing
- Hoteliers
- Restaurateurs
- Wine importers and hypermarkets
- Airlines

Several wine retail outlets purchase wines directly from overseas, while some hotels, supermarkets and restaurants also bring in their own wines. This, however, is not common and is normally used as a trial run for the import of a particular wine. Should the response to the wine be encouraging, retailers normally revert to an established importer to continue bringing in their required shipments. In fact, a number of supermarkets such as ISETAN subcontract their wine retail division to third parties.

It is suggested for wine producers to opt for **medium-sized importers**, as they are able to put more emphasis on your wines, as the inventories are small but growing.

Wine producers should also ascertain the potential importer’s marketing approach:

- **Volume sales:** Importers with interest in large volume wines for distribution through retail or food service outlets. Some of these importers may also import boutique wines to expand their range of wines.

- **Niche markets:** Importers with interest to concentrate in the niche market such as restaurants or hotels. These importers are interested in small but sustainable volume of boutique wines or dessert wines.

Italian wine producers should also consider working with other Italian food exporters to optimise usage of container space by consolidating shipments

There are several entry points for wine distribution

- Headquarters in Kuala Lumpur/Selangor (capital city normally providing nationwide distribution)
- Malaysia Airlines
- Penang (the second largest city in Malaysia, wines are sometimes shipped/flown directly to importers in Penang for distribution)
- Langkawi Island (This duty free island offers a different market catering to duty free retail outlets and hotels)
- East Malaysia (due to geographic distance, some wines are directly imported to East Malaysia, catering solely to that region. Other distributors purchase the wines from importers from Peninsular Malaysia for distribution in East Malaysia).
- via Singapore

However it must be noted that the wine market size for Penang and East Malaysia is not as significant as the capital. As for Langkawi, the market is mainly for tourists. There are plans for another island, Tioman in the east coast of Peninsular Malaysia to be converted into a duty free island as well.

Separate agents for Peninsular and East Malaysia (Sabah and Sarawak) should be considered if companies wish to distribute to the whole of Malaysia

Statistics showing imports from Singapore are normally in cases whereby certain wines are indirectly brought into the country in amounts smaller than usual (for example, 50-100 cases). These may be for specific purposes, such as promotional events or particular functions. Sometimes, Singapore-based importers/distributors may have their company branch in Malaysia and transfer a portion of their consignment into the country. However, there are not many companies using such arrangement and the Malaysian importer is generally independent of the Singaporean exporter.

Promotion and Advertising

Wines are not advertised extensively in Malaysia. Occasionally, they are seen in magazines that cover lifestyle, food and beverage. Some wine retail outlets also advertise their wine promotions in the newspapers. However, a more effective form of “media advertising” will be inviting journalists to wine tasting events and thus receiving free publicity. The kind of media coverage is also usually more graphical and descriptive.

Some wine importers use another form of advertisement to help selling their wines: direct mailing catalogues. They purchase from credit card companies mailing lists which contain consumers’ information such as contact, age range, income range and race. With this, the direct mailing companies are

able to reach a large pool of potential customers who meet specific targeted objectives.

In wine retail outlets, supermarkets or hypermarkets, proprietors sometimes have *gondola-end* or *block-out* promotions for certain types of wine. This involves setting up a display at the end of the display gondola in the supermarket in order to give prominence to the product. This normally includes larger-than-normal signage and sometimes, other promotional giveaway items (usually marked with the product's brand name) to be given upon purchase. Often in the case of wines, there is a slight price reduction to attract consumers.

In addition, several embassies/trade commissions of wine producing countries with the cooperation of local wine importers also organize wine and food product exhibition pavilions in leading shopping centres or hotels to create a good collective image for the country. During such events, members of the public can sample the country's wines and also purchase wines at promotional prices. Sometimes wine-tasting classes are also held (for example in a hotel function room) and members of the public have the opportunity to take a brief course on wine appreciation at a nominal fee.

Wine tasting is one of more common and effective forms of indirect advertising. It is usually held at restaurants, wine bars or wine retail outlets. A number of wine importers/retail outlets have initiated membership clubs whereby members (sometimes paying an annual fee) will be invited for such wine tasting sessions, which are normally accompanied by light finger food. Occasionally, hotels or wine bars hosting these wine-tasting sessions will impose a nominal fee per guest.

Hotels and restaurants also organize wine dinners in collaboration with their wine suppliers at prices ranging from RM 100-300 per person. This is a very effective method of promotion as the emphasis is on quality and the guests can enjoy excellent food accompanied by quality wines. Normally the organizers will invite people such as winemakers, representatives of major wine dealers, or wine experts to give a presentation on the wines, so that the guests will learn to appreciate the wines better. These events are usually given good coverage by the media. They also provide opportunity for the winemakers and wine importers to establish a good business relationship with the hotel/restaurant.

Product launch is an alternative to introduce a wine into the market. It may be organized by the importer/distributor and opened to invited guests only. Sometimes an authority figure such as the Ambassador, Trade Commissioner or Commercial Attaché of the country which produces that particular wine is also present to officiate the event.

From time to time, nightclubs and bars will also offer promotions during 'Happy Hours', such as two glasses of wine for the price of one, price discount, etc.

Requirements for the Import of Wine into Malaysia

Although there are no quota or restrictions imposed on wine import, certain regulations and procedures that must be adhered to because wine is a controlled item.

Documentation

The Malaysian importer who wishes to import wines is required to possess a valid Import License from the Customs Warehousing Division. Prior to obtaining an import license, this importer must also have a wine store/premise license and a retail/wholesale liquor license from the Municipality Council.

- **Liquor License**

A liquor license can be applied through the local town council. The following documents are required:

1. Premise business license
2. 4 advertisements in English and Malay newspapers two days running announcing application for liquor license – *Public Notice
3. 3 copies of Memorandum and Articles of Association, Form 24 & 49 of company registration
4. 4 passport size photo *liquor license in under personal name, associated with the company
5. 3 copies of Malaysian Identification Card / Passport
6. 4 photographs showing outer perimeter and inside the premise
7. 4 copies of location plan

The applicant for liquor license must be:

1. The sole owner; or
2. The major shareholder; or
3. A director of a limited registered company

The applicant must be interviewed by the Custom & Police before any consideration will be given for license.

License must be reapplied under the following circumstances:

1. License expires, or
2. Change of ownership; or
3. Change of premise

- **Liquor Import License**

Application for Liquor Import License must be submitted to the Customs Department, attached with the followings:

1. Cover letter – formal request for liquor import license
2. Liquor Import license form
3. A copy of previous Liquor License (if available)
4. Form 24 & 49
5. Details of the owners/directors and management staff

6. Declaration of paid up capital
7. Details of wines to be imported

The Customs Department must be updated on every new brand the liquor importers bring in.

NEW REGULATIONS ON IMPORT LICENSE

In October 2007, the Customs Department stopped issuing new liquor import license and suspended all import of new brands. The reason given was to prevent smuggling activities which have become rampant.

The suspension was lifted on 1 July 2008, when the Customs implemented a new set of import regulations. Application for new license, renewals, adding brands / importation quantity is permitted but subject to the following:

- Authority for approving new licenses, renewals, adding brand/import quantity would be weighed and decided by the Cigarette/liquor Licensing Panel at the Head Office, Malaysian Custom Dept.
- Approval of importation licenses for cigarettes / liquor will take into consideration the following:
 - Quantity
 - Brand
 - Entry
 - License period
 - Authorised auditors approval
- Licensee importing less than 25% of each approved brand, must justify on the application when renewing license.
- Brands which are not imported for the duration of 12months would be cancelled upon renewal of for the next period.
- Permitted port of entry (import location) should not exceed 2 places and must be within close vicinity of the premises where the company operates. Special approval must be obtained from Head Office for new entry, other than that specified.
- Renewal of license will not be approved for licensee who has not transacted any importation for the duration of 12 months.

Licensee must obtain authorisation from a certified auditor on the importation and sales/transfer of cigarettes/liquor as compared to purchase/duty tax labels and must be presented together with the application for renewal.

The wine must also be transported by a freight forwarder who has the mandatory authorization to bring wine and alcoholic beverages into the country.

- **Documents accompanying the shipment are as follows:**
 1. Certificate of Origin
 2. Invoice

3. Packing List (indicating number of items packed)

Testing and Samples

No specific analysis or testing of any kind is required for wines with alcohol content below 15%. All imports of wine are, however, subject to sampling by the Customs, estimated at 1-3 bottles of each type of wine. These samples are sent to the Chemistry Department for analysis of alcohol content in order to determine the import duty.

Wine producers sending sample wines for potential importers in Malaysia should only send one **or two bottles per type**. Documents required include the Certificate of Origin, Invoice and Packing List as stated previously. All forms should be printed "SAMPLE ONLY" including the labels of the wine bottles.

Packaging and Labelling

Currently there are no specific packaging requirements for wine. However, the Department of Public Health Malaysia has drawn out guidelines pertaining to labelling under the Food Act 1983 (Act 281) and Regulations.

All information and contact details of manufacturer AND importer, net weight must be in either Bahasa Malaysia or English.

In addition, on the principal display of the label for a package containing alcoholic beverage, there shall be written in *capital bold-faced lettering of a non-serif character not less than 12 point size lettering*, the words "**ARAK MENGANDUNGI ___ % ALKOHOL**" (liquor containing _ % alcohol).

(Additional information is available in the appendix, **Standards & Particular Labelling Requirements for Food**).

According to the wine importers, in simple terms, wine bottles should have "*American labelling*".

Requirement for Security Stamp

Starting from 1 April 2005, all liquor as well as wine importers, distributors and retailers must have their products labelled with security stamps under a move to reduce counterfeiting and smuggling of liquor and wine.

The stamps come in three colours:

Red = import duty has been paid

Green = duty-free

Purple = locally produced/bottled liquor

These stamps must be put on the cover of the bottles so that they are torn each time the bottles are opened.

General Analysis on wine import statistics

Malaysia's import of wines saw a significant growth of 20.1% in 2007, reaching RM 143.5 million (EUR 29.6 million) compared to RM 119.5 million (EUR 24.6 million) in 2006. However, in 2008, even before the economic crisis, it dropped by 10.7%, reaching RM 128.1 (EUR 26.4 million) million. Many attribute this to the temporary suspension imposed by Malaysian Customs on issuance of new license and import of new wine brands. Several shipments had to be halted, causing considerable losses to the importers.

Although the suspension was lifted in July 2008, the expected recovery was dampened down by the surge of global economic crisis. As a result, the import continued to fall. In the first 5 months of 2009, the total import was RM 46.8 million (EUR 9.6 million), compared to RM 52.7 million (EUR 10.9 million) in the same period of 2008.

Australia wines suffered a fall by 20.1% in 2008, from RM 73.6 million (EUR 15.2 million) in 2007 to RM 58.5 million (EUR 12.1 million). In January-May 2009, the negative growth slowed down to -5.8, reaching RM 24.5 million (EUR 5.0 million). It still retained its position as the biggest wine supplier to Malaysia, enjoying a market share of 52.3%.

France followed with a market share of 15.4%, equivalent to RM 7.2 million (EUR 1.5 million). In terms of market trend, it recorded a positive growth of 29.0% in 2008, reaching RM 32.5 million (EUR 6.7 million) compared to RM 25.2 million (EUR 5.2 million) in 2007. In the first five months of 2009, import of French wines reduced by 40.7%, reaching a value of RM 7.2 million (EUR 1.5 million).

Singapore, although not a wine-producing country, through its re-exports has been another major source of wine supply for Malaysia. In January-May 2009, it exported RM 2.8 million (EUR 0.6 million) to Malaysia, equivalent to 5.9% of market share. It registered a major growth of 137.6% compared to the same period in 2008. All the wines from Singapore were exclusively sparkling wines.

Italy's market share increased in 2008 by 8.3%, reaching RM 5.7 million (EUR 1.2 million) compared to RM 5.2 million (EUR 1.1 million) in 2007. However, in the first five months of 2009, its market share dropped by 41.5%, RM 1.5 million (EUR 0.3 million) (2008 Jan-May: RM 2.5 million, *EUR 0.5 million*). With a reduced market share of 3.1%, Italy fell from 4th to 7th place in the ranking of top wine suppliers to Malaysia.

UK, Chile and USA have all overtaken Italy, with market share of 5.7%, 4.9% and 4.1% respectively. UK and Chilean saw positive growth of 35.8% and 15.3% each, while Californian wine registered only a slight contraction of 5.2%.

Although import of South African and Spanish were still behind Italian wine, with 2.9% and 1.8% market share respectively, they recorded strong increase (59.0% and 48.9%) in the first five months of 2009.

MALAYSIA IMPORT STATISTICS

Source: Department of Statistics, Malaysia

Exchange Rate: EUR 1 = RM 4.85 (for easy comparison, current year's exchange rate is used to convert all value in previous years)

Malaysia: Total Import of Wines				
	Litre	RM	EUR	Var. (%) of value
2009 Jan-May	1,796,794	46,798,520	9,649,179	-11.3
2008 Jan-May	2,390,598	52,743,440	10,874,936	
2008	5,279,336	128,085,729	26,409,429	-10.7
2007	6,489,867	143,507,367	29,589,148	20.1
2006	5,775,496	119,466,420	24,632,252	1.3

Malaysia: Top 10 Suppliers of Wines							
		2009 (Jan - May)				2008 (Jan - May)	
		RM	EUR	Share	Var. (%)	RM	EUR
1	Australia	24,478,906	5,047,197	52.3%	-5.8	25,997,700	5,360,351
2	France	7,220,094	1,488,679	15.4%	-40.7	12,182,892	2,511,936
3	Singapore	2,772,594	571,669	5.9%	137.6	1,166,995	240,618
4	UK	2,672,838	551,101	5.7%	35.8	1,967,566	405,684
5	Chile	2,291,132	472,398	4.9%	15.3	1,987,443	409,782
6	USA	1,917,147	395,288	4.1%	-5.2	2,023,324	417,180
7	Italy	1,461,995	301,442	3.1%	-41.5	2,499,393	515,339
8	South Africa	1,356,503	279,691	2.9%	59.0	853,293	175,937
9	Spain	849,653	175,186	1.8%	48.9	570,490	117,627
10	New Zealand	602,240	124,173	1.3%	-36.6	950,647	196,010
	Total	46,798,520	9,649,179	100.0%	-11.3	52,743,440	10,874,936

Malaysia: Total Import of Italian Wines											
Classifications	2009(Jan - May)			2008(Jan - May)		2008			2007		
	Litre	RM	Var %	Litre	RM	Litre	RM	Var %	Litre	RM	Var %
HS 220410000 – Sparkling wine	1,553	59,037	-17.2	451	71,258	1,846	81,773	-1.8	6,387	83,285	43.8
HS 220421100 – Wine in containers holding 2L or less	39,062	1,150,631	-27.6	56,964	1,588,622	148,784	4,105,657	2.1	174,735	4,019,292	14.2
HS 220421200 – Grape must with fermentation prevented or arrested by the addition of alcohol in containers holding 2L or less	0	0	-	0	0	0	0	-	0	0	-100.0
HS 220429100 – Wine in containers holding more than 2L	11,610	152,407	-74.7	46,177	602,021	56,230	737,116	48.2	34,178	497,358	-28.0
HS 220429200 – Grape must with fermentation prevented by addition of alcohol in containers holding more than 2L	0	0	-	0	0	0	0	-	0	0	-
HS 220430000 – Other grape must	0	0	-	0	0	0	0	-	0	0	-
HS 220510000 – Vermouth & other wine of fresh grapes in containers holding 2L or less	9,900	99,920	-57.9	28,704	237,492	83,352	747,153	16.9	66,229	639,186	24.5
HS 220590000 – Vermouth and other wine of fresh grapes in containers holding more than 2 litres	0	0	-	0	0	0	0	-	0	0	-
TOTAL	62,125	1,461,995	-41.5	132,296	2,499,393	290,212	5,671,699	8.3	281,529	5,239,121	9.5

Custom Code: 220410000 (Sparkling wines)										
Country	2009 (Jan - May)			2008(Jan - May)		2008			2007	
	Qty (l)	Value (RM)	Var. (%)	Qty (l)	Value (RM)	Qty (l)	Value (RM)	Var. (%)	Qty (l)	Value (RM)
Australia	2,097	75,675	-62.30	9,126	200,724	17,388	463,367	975.65	1,746	43,078
Bahrain	0	0	-	0	0	0	0	-100.00	551	16,809
Belgium	486	65,838	-	0	0	5,567	773,811	2,754.55	189	27,108
Canada	0	0	-	0	0	225	30,510	135.09	45	12,978
Chile	0	0	-	0	0	113	41,265	-	0	0
France	12,877	1,039,081	45.05	7,832	716,337	20,485	2,340,778	38.96	17,559	1,684,523
Germany	2	219	-	0	0	0	0	-100.00	1,125	46,533
Guyana	0	0	-	0	0	0	0	-100.00	360	6,363
Italy	1,553	59,037	-17.15	451	71,258	1,846	81,773	-1.82	6,387	83,285
Japan	0	0	-	0	0	0	0	-100.00	135	6,882
Mauritius	0	0	-100.00	216	5,612	216	5,612	-	0	0
Netherlands	0	0	-100.00	2,150	143,331	2,150	143,331	-	0	0
Singapore	13,259	2,772,594	137.58	8,919	1,166,995	33,948	4,267,616	-41.15	41,048	7,252,037
Spain	0	0	-	0	0	1,800	35,920	131.34	1,350	15,527
United Kingdom	0	0	-100.00	6,390	623,851	6,525	640,389	5,750.97	90	10,945
USA	0	0	-	0	0	0	0	-100.00	467	230,729
Total	30,273	4,012,444	37.03	35,083	2,928,108	90,262	8,824,372	-6.49	71,051	9,436,797

Custom Code: 220421100 (Wines in containers holding 2 litres or less)										
Country	2009 (Jan - May)			2008(Jan - May)		2008			2007	
	Qty (l)	Value (RM)	Var. (%)	Qty (l)	Value (RM)	Qty (l)	Value (RM)	Var. (%)	Qty (l)	Value (RM)
Argentina	39,195	385,153	-26.48	46,886	523,910	126,209	1,178,597	-37.34	216,935	1,881,016
Australia	804,902	23,616,170	-5.60	986,378	25,016,393	1,990,794	56,441,712	-18.39	2,558,267	69,160,184
Austria	0	0	-100.00	599	19,635	707	47,770	-58.19	3,623	114,260
Belgium	450	23,828	36.89	918	17,407	1,496	27,645	-	0	0
Canada	0	0	-100.00	2,474	316,585	7,937	850,702	8.07	5,420	787,169
Chile	147,230	2,023,777	9.12	148,931	1,854,642	322,088	5,682,391	23.06	389,818	4,617,573
China	9,724	132,653	-3.99	11,391	138,165	15,716	206,840	-33.26	15,584	309,926
Czech	0	0	-	0	0	8,565	69,325	-41.28	17,265	118,068
Denmark	0	0	-	0	0	0	0	-100.00	423	8,150
Finland	0	0	-	0	0	1	7,873	-	0	0
France	183,174	5,915,325	-34.26	342,732	8,997,567	887,667	24,538,142	19.37	756,104	20,556,724
Georgia	0	0	-	0	0	0	32,792	-	0	0
Germany	5,258	119,430	-68.16	16,718	375,068	48,253	1,140,334	117.64	31,981	523,952
Hong Kong	1,152	9,999	-86.82	9,611	75,892	9,638	82,506	17.83	6,120	70,023
Hungary	0	0	-	0	0	0	0	-100.00	675	9,690
India	0	0	-	0	0	0	0	-100.00	10,500	61,086
Ireland	0	0	-	0	0	0	0	-100.00	3,294	32,707
Italy	39,062	1,150,631	-27.57	56,964	1,588,622	148,784	4,105,657	2.15	174,735	4,019,292
Japan	0	0	-100.00	8,220	54,108	40,220	118,155	166.92	3,864	44,266

Korea, South	1,028	14,771	12.89	612	13,084	810	20,944	56.95	450	13,344
Lebanon	0	0	-	0	0	369	20,401	-	0	0
Mauritius	0	0	-100.00	396	10,224	996	16,698	-55.14	3,729	37,222
Netherlands	0	0	-100.00	3,262	43,215	8,396	67,981	-76.98	24,418	295,291
New Zealand	25,497	602,240	-35.57	30,784	934,654	75,134	2,484,807	-9.73	87,392	2,752,717
Portugal	6,424	203,110	0.78	11,025	201,546	16,460	404,149	5.10	17,990	384,526
South Africa	60,843	1,051,623	51.43	66,588	694,449	155,671	1,697,712	-29.83	261,351	2,419,574
Spain	110,759	849,653	65.06	31,585	514,769	116,388	1,748,579	-1.05	113,009	1,767,174
Switzerland	0	0	-100.00	3,209	93,560	11,867	216,024	2,352.31	68	8,809
United Kingdom	24,716	2,629,549	145.14	34,712	1,072,659	75,894	2,022,468	1.02	61,583	2,002,065
USA	110,573	1,905,358	-15.11	284,914	2,244,401	433,040	4,627,450	7.37	367,853	4,309,990
Total	1,569,988	40,633,270	-9.30	2,098,907	44,800,555	4,503,098	107,857,654	-7.26	5,132,448	116,304,798

Custom Code: 220421200 (Grape must with fermentation prevented or arrested by the addition of alcohol in containers holding 2L or less)

Country	2009 (Jan - May)			2008 (Jan - May)		2008			2007	
	Qty (l)	Value (RM)	Var. (%)	Qty (l)	Value (RM)	Qty (l)	Value (RM)	Var. (%)	Qty (l)	Value (RM)
Australia	0	0	-	0	0	121,990	68,014	-	0	0
France	0	0	-	0	0	1,737	67,634	788.99	864	7,608
United Kingdom	99	9,586	-13.72	95	11,110	95	11,110	-	0	0
USA	0	0	-100.00	600	9,087	600	9,087	-	0	0
Total	99	9,586	-52.54	695	20,197	124,422	155,845	1,948.44	864	7,608

Custom Code: 220429100 (Wine in Containers Holding more than 2 litres)										
Country	2009 (Jan - May)			2008(Jan - May)		2008			2007	
	Qty (l)	Value (RM)	Var. (%)	Qty (l)	Value (RM)	Qty (l)	Value (RM)	Var. (%)	Qty (l)	Value (RM)
Argentina	0	0	-100.00	3,330	62,495	16,938	239,035	980.68	2,880	22,119
Australia	83,888	787,061	0.83	62,257	780,583	112,800	1,548,243	-64.12	566,860	4,314,960
Bahrain	0	0	-	0	0	0	0	-100.00	302	5,898
Belgium	0	0	-	0	0	2,700	18,626	-75.99	2,668	77,577
Canada	8,640	133,924	-	0	0	0	0	-100.00	115	20,523
Chile	40,683	267,355	101.32	11,196	132,801	16,866	244,022	-11.02	29,999	274,247
China	0	0	-100.00	210	5,661	210	5,661	-	0	0
Czech	0	0	-	0	0	0	0	-100.00	239	227,470
Denmark	0	0	-	0	0	0	0	-100.00	909	6,026
France	17,378	265,688	-89.07	51,332	2,430,724	81,156	4,389,652	95.78	99,458	2,242,122
Germany	0	0	-100.00	302	12,522	302	12,522	-83.10	10,944	74,112
Hong Kong	1,422	30,781	-	0	0	0	0	-	0	0
India	588	5,880	-	0	0	0	0	-	0	0
Italy	11,610	152,407	-74.68	46,177	602,021	56,230	737,116	48.21	34,178	497,358
Japan	962	45,700	2.16	2,054	44,734	5,305	240,688	107.87	7,860	115,785
Mauritius	0	0	-	0	0	504	20,750	-	0	0
Netherlands	0	0	-	0	0	0	0	-100.00	58,013	5,598,202
New Zealand	0	0	-100.00	450	15,993	450	15,993	-80.94	2,727	83,896
Portugal	0	0	-	0	0	0	0	-100.00	2,750	33,666
Puerto Rico	0	0	-100.00	558	47,900	558	47,900	-	0	0

South Africa	20,885	304,880	91.94	26,040	158,844	76,489	536,684	-	0	0
Spain	0	0	-100.00	8,225	55,721	17,666	121,741	97.64	3,525	61,598
UAE	0	0	-	0	0	0	0	-100.00	18	6,734
United Kingdom	459	33,703	-87.03	767	259,946	1,099	376,220	4.65	5,971	359,503
USA	0	0	-100.00	14,251	108,879	81,199	612,924	-68.02	335,133	1,916,816
Total	186,515	2,027,379	-57.04	227,148	4,718,824	470,471	9,167,777	-42.48	1,164,549	15,938,612

Custom Code: 220429200 (Grape must w Fermentation Prevented/Arersted by Addi. Of Alcohol in Containers Holding >2L)										
Country	2009 (Jan - May)			2008(Jan - May)		2008			2007	
	Qty (l)	Value (RM)	Var. (%)	Qty (l)	Value (RM)	Qty (l)	Value (RM)	Var. (%)	Qty (l)	Value (RM)
Australia	0	0	-	0	0	0	0	-100.00	4,473	110,666
France	0	0	-100.00	61	38,264	61	38,264	-90.66	5,591	409,849
Netherlands	0	0	-	0	0	0	0	-100.00	186	28,666
USA	9	11,789	-	0	0	0	0	-	0	0
Total	9	11,789	-69.19	61	38,264	61	38,264	-93.03	10,250	549,181

Custom Code: 220430000 (Other Grape Must)										
Country	2009 (Jan - May)			2008(Jan - May)		2008			2007	
	Qty (l)	Value (RM)	Var. (%)	Qty (l)	Value (RM)	Qty (l)	Value (RM)	Var. (%)	Qty (l)	Value (RM)
Bahrain	0	0	-	0	0	0	0	-100.00	123	9,321
Czech	0	0	-	0	0	0	0	-100.00	77	41,104
France	0	0	-	0	0	0	0	-100.00	1,964	29,000
Germany	0	0	-	0	0	0	5,393	-	0	0
Hong Kong	11	4,132	-	0	0	24	12,789	-	0	0
Netherlands	0	0	-	0	0	1,620	186,647	-	0	0
USA	0	0	-	0	0	0	0	-100.00	28,600	155,155
Total	11	4,132	-	0	0	1,644	204,829	-12.68	30,764	234,580

Custom Code: 220510000 (Vermouth & other wine of fresh grapes flavoured w plt/aromatic subs., in containers holding 2L or less)										
Country	2009 (Jan - May)			2008(Jan - May)		2008			2007	
	Qty (l)	Value (RM)	Var. (%)	Qty (l)	Value (RM)	Qty (l)	Value (RM)	Var. (%)	Qty (l)	Value (RM)
France	0	0	-	0	0	0	0	-100.00	1,296	233,813
Italy	9,900	99,920	-57.93	28,704	237,492	83,352	747,153	16.89	66,229	639,186
United Kingdom	0	0	-	0	0	0	0	-100.00	1,425	139,327
Total	9,900	99,920	-57.93	28,704	237,492	83,352	747,153	-26.19	68,950	1,012,326

Custom Code: 220590000 (Vermouth & other wine of fresh grapes flavoured w plt/aromatic subs., in containers holding > 2L)										
Country	2009 (Jan - May)			2008 (Jan - May)		2008			2007	
	Qty (l)	Value (RM)	Var. (%)	Qty (l)	Value (RM)	Qty (l)	Value (RM)	Var. (%)	Qty (l)	Value (RM)
China	0	0	-	0	0	0	0	-	10,950	18,251
France	0	0	-	0	0	6,027	1,089,835	-	42	5,214
Total	0	0	-	0	0	6,027	1,089,835	-	10,992	23,465

ISSUES & CHALLENGES

Restrictions from Government

Although non-Muslims in the country are not subject to Islamic laws and therefore may consume alcohol, the Government continues to use tariff and non-tariff barriers to discourage the alcohol consumption.

• **Tariff Barriers**

The Government imposed what is often regarded as “sin tax” on all import of alcohol:

TARIFF CODE	DESCRIPTION	IMPORT DUTY (RM)	EXCISE DUTY (RM)	SALES TAX	IMPORT LICENSE?
22.04	Wine of fresh grapes, including fortified wines; grape must other than that of heading 20.09.				
2204.10000	- Sparkling wine	23.00 / litre	34.00 / litre and 15%	5%	YES
	- Other wine; grape must with fermentation prevented or arrested by the addition of alcohol:				
2204.21100	- - In containers holding 2 litres or less: Wine	7.00 / litre	12.00 / litre and 15%	5%	YES
	200 Grape must with fermentation prevented or arrested by the addition of alcohol	7.00 / litre	12.00 / litre and 15%	5%	YES
2204.29100	- - Other: Wine	7.00 / litre	12.00 / litre and 15%	5%	YES
	200 Grape must with fermentation prevented or arrested by the addition of alcohol	7.00 / litre	12.00 / litre and 15%	5%	YES
2204.30000	- Other grape must	7.00 / litre	12.00 / litre and 15%	NIL	YES
22.05	Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances				
2205.10000	- In containers holding 2 litres or less	7.00 / litre	12.00 / litre and 15%	5%	YES
2205.90000	- Other	7.00 / litre	12.00 / litre and 15%	5%	YES

Although theoretically Excise Duty is only charged on goods produced within the country, in Malaysia it is chargeable on all imported alcohol. Importers are also required to pay the sales tax in advance. Therefore, the total tariff the importers need to pay are: Import Duty + Excise Duty + Sales Tax.

- **Non-tariff Barriers**

- 1) Import License

Following the new license requirement effective from 1 July 2008, it is becoming more difficult for new company to obtain new import license. For existing importers, they are unable to bring in new brands before their new renewal of license. As a result, it is getting harder for new brands to enter the Malaysian market.

- 2) Restriction on display and sales of alcohol

Even though Malaysian laws only prohibit the sales of alcohol to Muslims, while impose no restrictions on sales to non-Muslims (provided they reach the legal drinking age), in some areas with Muslim-majority, the retail and sundry outlets are even urged by the local authorities not to sell or display any alcohol beverages at all.

In July 2009, the Shah Alam City Council in Selangor confiscated beer from a 7-eleven convenient store. This has caused uproar in the country. Subsequently, the Selangor government clarified that it was an individual incident due to some “over-enthusiastic” officers, and assured that there will be no ban for sales of alcohol in the state, although the outlets are still asked not to display alcohol beverages and sell them only upon request.

- 3) Insufficient communication

The wine and alcohol importers in the country constantly face the challenge of sudden change of import regulations by the relevant authorities without sufficient prior notice. For example, when the Customs imposed temporary ban of alcohol import in October 2007, many importers were unaware of it until when their consignments arrived and were not granted clearance by the Customs. The importers have to either send the consignments back to their port of origin, or divert them to other countries. Both solutions resulted additional cost for the importers.

“Bottled-in-Malaysia” Wines

In recent years many “bottled in Malaysia” wines begin to surface in the market. According to some wine importers, these wines are made using imported grape juice mixed with diluted industrial alcohol, sugar and possibly other flavouring agents. Thus they can be dangerous to the health, especially if consumed on a regular basis.

The manufacturers of these wines use unique brand names and trademarks that have not been registered before. Some of the names sound like French to the unfamiliar ears. On the front label of the bottle it usually says the

content is “Australian wine” or “French wine” etc, but on the back label there are usually small prints saying: “bottled in Malaysia”.

These wines are targeted to consumers who are new and unfamiliar with the wine-drinking. The prize per bottle is usually RM 20 or less, much lower than all legally imported wines. Therefore, they are highly popular especially for Chinese wedding dinners, and are even sold in wine shops, hypermarkets and supermarkets.

ITALIAN WINES IN MALAYSIA

Although import of Italian wine enjoyed a gradual annual growth prior to the economy crisis, it has always been very much concentrated in the niche market. The presence of Italian wine in entry-level markets such as supermarkets and wine shops is rather limited. A typical wine shops would have only 1 or 2 shelves dedicated to Italian wines, while the rest is dominated by wines from Australia, France, Chile, California and South Africa.

There are 2 main factors that contribute to this limitation:

- **Lack of awareness and understanding**

While Italian wine is popular in Europe and America, it is still relatively unknown in Malaysia, in comparison with its French, Australian and North American counterparts. Malaysians are more familiar with universal wines such as Cabernet Sauvignon, Merlot, Chardonnay, Bordeaux, Burgundy, Riesling. Their understanding of Italian wine is limited to names like Chianti, and maybe Barolo, Barbera, Amarone and Pinot Grigio. Very few are acquainted with varietals such as Primitivo, Lugana, Dolcetto, Teroldego etc. Therefore, there is an urgent need for more aggressive marketing and publicity to raise the Malaysians’ awareness and appreciation on Italian wines.

- **High pricing**

The high popularity of Australian and most new-world wines can largely be attributed to their accessibility in terms of pricing. For the new wine-drinkers, who form a major part of local market, price is usually the single most important factor. Many new-world wines are prized in the region of RM 40 - 80 (EUR 8 - 16) per bottle, while Italian wines are mostly beyond this price range. As a result, many wine-drinkers’ sensory experience about wine is pretty much moulded by the style of new-world wine. Italian wine is still mostly limited to wine connoisseurs.

The Italian Trade Commission is working constantly to promote Italian wines in Malaysia. Among the events organized in the past few years were:

- Italian wine seminar
- Italian wine appreciation dinner

- Mission of journalists to wine events in Italy, such as VINITALY and BAVI
- Promotion at supermarkets such as JUSCO and COLD STORAGE
- Showcase of Italian wines in various fairs such as European Wine Beer & Cheese Festival, Malaysian International Gourmet Festival
- Publication of booklet introducing Italian wines

However, the effort of Italian Trade Commission alone is insufficient. The Italian wineries need to collaborate with their local agents to launch more aggressive and innovative marketing campaign.

Food & Wine Events in Malaysia

The major trade shows in Malaysia that are opened to wine exhibition are FHM (Food Hotel Malaysia) and MIFB (Malaysia International Food & Beverage).

FHM is larger in scale and features exhibitors from all over the world, including Europe and US. It is a biennale event. The next edition will be held in 2011 (refer to list of local trade fairs in ICE's website).

MIFB is smaller and dominated by Asian and Middle-eastern exhibitors. The next edition will be held on 22 - 24 July 2010.

Other food and wine events targeted mainly to public are:

- EUROPEAN WINE, BEER AND CHEESE FESTIVAL
An annual event organized by EU-Malaysia Chamber of Commerce and Industry.
- MALAYSIAN INTERNATIONAL GOURMET FESTIVAL
A month long activity of food promotions at leading restaurants in Kuala Lumpur organized annually by the city magazine, Vision KL.

Specialized English Magazines on food and dining

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Appendix 1

Standards & Particular Labelling Requirements for Food

(from Food Act 1983 (Act 281) & Food Regulations 1985 (as at 25th February 2000))

361. General Standards for Alcoholic Beverages

- (1) Alcoholic beverage shall be a liquor containing more than 2% v/v of alcohol and includes the food for which a standard is prescribed in regulations 362 to 384 and in regulation 386 but does not include denatured spirit or any liquor or any preparation containing more than 2% v/v of alcohol for which medicinal properties are claimed.
- (2) Notwithstanding paragraph 10 (b), there shall be written in the principal display in the label of a package containing alcoholic beverage, in capital bold-faced lettering of a non-serif character not less than 12 point size lettering, the words "ARAK MENGANDUNGI ___ % ALKOHOL;"
- (3) Alcoholic beverage shall be packed in glass bottles, aluminium cans, plastic bottles or porcelain bottles.
- (4) A person shall not sell any alcoholic beverage to any person under the age of eighteen years.
- (5) Alcoholic beverage for which a standard has not been otherwise expressly prescribed by these Regulations shall not be categorized as food not elsewhere standardized.

362. Wine

- (1) Wine shall be the product of the partial or complete alcoholic fermentation of grape juice or grape juice and other portions of grapes or the reconstituted product of concentrated grape juice and potable water or a combination of these. It shall contain not less than 7% v/v and not more than 15% of alcohol.
- (2) Wine may contain –
 - (a) urea and yeast
 - (b) fructose, glucose, glucose syrup, sugar;
 - (c) carbon dioxide, nitrogen, oxygen'
 - (d) volatile acidity calculated as acetic acid, not including preservative acids, in a proportion not exceeding 1.2 g per litre; and
 - (e) potable water
- (3) Wine may contain permitted preservative and permitted food conditioner, including polyvinylpyrrolidone in a proportion not exceeding 60 mg per litre.
- (4) The word 'wine' shall not appear in the label of any package containing food unless the food complies with the standard for wine as prescribed in this regulation.
- (5) The word 'sparkling' shall not appear in the label of any package containing wine unless the wine contains no carbon dioxide other than that generated during fermentation.
- (6) The word 'champagne' shall not appear in the label of any package containing sparkling wine unless it has been produced by the traditional method of fermentation in the bottle.

363. Wine cocktail, vermouth or wine aperitif

- (1) Wine cocktail, vermouth or wine aperitif shall be wine to which has been added bitter, aromatic or other botanical substance or permitted flavouring substance.
- (2) Wine cocktail, vermouth or wine aperitif-
 - (a) shall not contain more than 20% v/v of absolute alcohol; and

- (b) may contain added ethyl alcohol containing not less than 60% v/v of ethyl alcohol.
- (3) Wine cocktail, vermouth or wine aperitif may contain permitted preservative, permitted colouring substance and permitted food conditioner.

364. Aerated wine

Aerated wine shall be wine to which carbon dioxide is artificially added after bottling. It shall comply with the standard for wine prescribed in regulation 362.

365. Dry wine

Dry wine shall be the product of the complete alcoholic fermentation of grape juice or grape juice and other portion of grapes or the reconstituted product of concentrated grape juice and potable water or a combination of these. It shall comply with the standard for wine prescribed in regulation 362 except that it shall not contain added sugar or fructose or glucose or glucose syrup.

366. Sweet wine

Sweet wine shall be the product of partial alcoholic fermentation of grape juice or grape juice and other portions of grapes or the reconstituted product of concentrated grape juice and potable water or a combination of these. It shall comply with the standard for wine as prescribed in regulation 362.

367. Fruit wine

- (1) Fruit wine shall be the product of the partial or complete alcoholic fermentation of the juice, or of the juice and other portions of any fruit other than grapes and includes the food for which a standard is prescribed in regulations 368 to 371. It shall not contain more than 15% v/v of alcohol.
- (2) Fruit wine –
- (a) may contain
 - (i) urea and yeast;
 - (ii) fructose, glucose, glucose syrup, sugar;
 - (iii) carbon dioxide, nitrogen oxygen; and
 - (iv) volatile acidity calculated as acetic acid, not including preservative acids, in a proportion not exceeding 1.2 g per litre; and
 - (b) shall not contain potable water.
- (3) Fruit wine may contain permitted preservative and permitted food conditioner, including polyvinylpyrrolidone in a proportion not exceeding 60mg per litre.
- (4) No package of fruit wine shall be labelled with the word “wine” unless the name of the fruit from which the wine is made is conjoined in uniform lettering of not less than 10 point with the word “wine”.

368. Apple wine

Apple wine shall be the product of the alcoholic fermentation of apple juice. It shall contain more than 8.5% v/v of alcohol. It shall comply with the standard for fruit wine prescribed in regulation 367.

369. Cider.

Cider shall be fruit wine prepared from apples. It shall not contain more than 8.5% v/v of alcohol. It shall comply with the standard for fruit wine prescribed in regulation 367.

370. Pear wine

Pear wine shall be the product of the alcoholic fermentation of pear juice. It shall contain more than 8.5% v/v of alcohol. It shall comply with the standard for fruit wine prescribed in regulation 367.

371. Perry

Perry shall be fruit wine prepared from pears or from a combination of pears and apples in which the proportion of apple juice does not exceed 25% v/v of the aggregate amount of fruit juice. It shall not contain more than 8.5% v/v of alcohol. It shall comply with the standard for fruit wine prescribed in regulation 367.

372. Vegetable wine

- (1) Vegetable wine shall be the product of the alcoholic fermentation of the juice, or of the juice and other portions, of any vegetable. It shall not contain more than 15% v/v of alcohol
- (2) Vegetable wine may contain:
 - (i) urea and yeast;
 - (ii) fructose, glucose, glucose syrup, sugar;
 - (iii) carbon dioxide, nitrogen, oxygen; and
 - (iv) volatile acidity calculated as acetic acid, not including preservative acids, in a proportion not exceeding 1.2 g per litre.
- (3) Vegetable wine may contain permitted preservative and permitted food conditioner including polyvinylpyrrolidone in a proportion not exceeding 60 mg per litre
- (4) No package of vegetable wine shall be labelled with the word "wine" unless the name of the vegetable from which the wine is derived is conjoined in uniform lettering of not less than 10 point with the word "wine".

373. Honey wine or mead

- (1) Vegetable wine shall be the product of the alcoholic fermentation of the juice, or of the juice and other portions, of any vegetable. It shall not contain more than 15% v/v of alcohol
- (2) Vegetable wine may contain:
 - (v) urea and yeast;
 - (vi) fructose, glucose, glucose syrup, sugar;
 - (vii) carbon dioxide, nitrogen, oxygen; and
 - (viii) volatile acidity calculated as acetic acid, not including preservative acids, in a proportion not exceeding 1.2 g per litre.
- (3) Vegetable wine may contain permitted preservative and permitted food conditioner including polyvinylpyrrolidone in a proportion not exceeding 60 mg per litre