

Istituto nazionale
per il Commercio Estero

Guida pratica



MALAYSIA

UPDATE ON MALAYSIAN WINE MARKET

(updated November 2011)

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Overview of the wine market in Malaysia

Malaysia has a multi-racial and multi-faith society, with 61.3% of the population consists of Muslims who are forbidden to 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, in the past ten years there has been 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

Red wines are generally more popular because of their perceived health benefits and potential increase in value through proper storage.

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 - 25%. Californian wines used to occupy the third position, but in the past five years they are overtaken by Chilean, Italian and Spanish. 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 subcontract their wine retail division to third parties.

It is suggested that wine producers should opt for **medium-sized importers**, who manage fewer brands and are therefore able to concentrate their marketing effort for them.

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 for Langkawi, the market is mainly for tourists.

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

Sometimes imports in small quantity (for example, 50-100 cases) are done via Singapore. These may be for specific purposes, such as promotional events or special functions. Singapore-based importers/distributors may also transfer a portion of their consignment to their branches in Malaysia. However, these arrangements comprise only a small percentage, as most Malaysian importers are now importing directly from the wine-producing countries.

Promotion and Advertising

Wines are not advertised extensively in Malaysia. Occasionally, they are seen in magazines or newspaper sections that cover lifestyle, food and beverage. A more common form of “media advertising” is inviting journalists to do a coverage/write-up on wine tasting events.

Another form of advertisement is direct mailing of catalogues. The importers/retailers purchase from credit card companies mailing lists which contain consumers’ information such as contact, age range, income range and race. With this, they are able to identify and reach to people who meet their description as potential customers.

Meanwhile, wine retail outlets, supermarkets or hypermarkets frequently use *gondola-end* or *block-out* for wine promotions. This involves displaying the products in strategic positions, usually near the supermarket entrance or at the end of the display gondola, marked with prominent signage the promoted items are sold at a very attractive discount, or come with free items such as wine glasses, wine openers, chiller bags or other wine-related items.

Many embassies/trade commissions also actively promote wines from their own countries through a series of activities and events, usually with the collaboration of local importers and retailers. The most common approach is organizing food or wine fairs at major shopping centres or hotels. Another favorite approach is *wine tasting* or *wine appreciation class*, either stand-alone or in conjunction with existing food fairs.

Hotels and restaurants also organize wine dinners in collaboration with their wine suppliers at prices ranging from RM 100-300 per person. Normally the organizers will invite the winemakers, wine dealers or wine experts to give a presentation on the wines. 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 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
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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.

Starting from 1 July 2008, 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 12 months 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

All liquor and 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

Prior to the economic crisis, Malaysian import of wines suffered a set-back in 2008 due 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 in 2008 shrank by 10.7%. The negative trend extended into early 2009, registering a decrease by 11.3%.

Following the perceived recovery and the optimistic outlook of Malaysian economy, the import of wines started to pick up in the second semester of 2009. As a result, the total import of wines registered a positive growth of 7.4% in 2009. It increased further by 10.9% in 2010, reaching RM 152,5 million (or EUR 35,8 million).

The positive trend continued into the first 8 months of 2011, with import of wines surged by 63.6%, with a value of RM 148.6 million (EUR 3439 million) compared to RM 90.8 million (EUR 21.3 million) in the same period in 2010.

Australia wines continued to dominate the local wine market with a share of 51.4%, and a strong increase by 78.3%, reaching RM 76.3 million (EUR 17.9 million). Import from France also leaped by 70.6%, recording a value of RM 36.2 million (EUR 8.5 million) and a market share of 24.4%. On the other hand, import of Chilean wines reduced by 20.6% to RM 7.7 million (EUR 1.8 million) compared to the same period in 2010, although they still maintain their position as the third largest wine supplier for Malaysia.

Italy secured its fourth place, with a strong growth of 83.1% and a market share of 5.0% (equivalent to RM 7.4 million or EUR 1.7 million). Main contributor for

the growth was red and white wines in standard bottles, recording an increase of 53.8%.

Spanish and South African wines are gaining foothold in Malaysian wine market, recording strong increase of import by 73.2% and 317.0%, and market share of 2.7% and 2.5% respectively. New Zealand and Argentinean wines are also catching up with growth of 10.1% and 47.65, and market share of 1.9% and 1.0% respectively, while import of wines from US and UK slumped by 33.1% and 33.7% in that order.

MALAYSIA IMPORT STATISTICS

Source: Department of Statistics, Malaysia

Exchange Rate: EUR 1 = RM 4.2606, average rate as on 31 August 2011 (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
2011 Jan-Aug	4,066,145	148,586,891	34,874,640	63.6
2010 Jan-Aug	4,163,171	90,824,346	21,317,267	
2010	6,005,780	152,458,213	35,783,273	10.9
2009	5,607,224	137,505,669	32,273,780	7.4
2008	5,279,336	128,085,729	30,062,838	-10.7

Malaysia: Top 10 Suppliers of Wines							
		2011 (Jan - Aug)				2010 (Jan - Aug)	
		RM	EUR	Share	Var. (%)	RM	EUR
1	Australia	76,338,298	17,917,265	51.4%	78.3%	42,816,760	10,049,467
2	France	36,223,738	8,502,027	24.4%	70.6%	21,235,227	4,984,093
3	Chile	7,708,466	1,809,244	5.2%	-20.6%	9,712,138	2,279,524
4	Italy	7,446,201	1,747,688	5.0%	83.1%	4,065,781	954,274
5	Spain	3,954,329	928,116	2.7%	73.2%	2,282,527	535,729
6	South Africa	3,667,196	860,723	2.5%	317.0%	879,485	206,423
7	New Zealand	2,805,846	658,557	1.9%	10.1%	2,547,402	597,897
8	USA	1,604,653	376,626	1.1%	-33.1%	2,399,455	563,173
9	Argentina	1,455,275	341,566	1.0%	47.6%	986,129	231,453
10	UK	1,049,529	246,334	0.7%	-37.3%	1,674,972	393,131
	Others	6,333,360	1,486,495	4.3%	184.7%	2,224,470	522,103
	Total	148,586,891	34,874,640	100.0%	63.6%	90,824,346	21,317,267

Malaysia: Total Import of Italian Wines											
Classifications	2011 (Jan - Aug)			2010 (Jan - Aug)		2010			2009		
	Litre	RM	Var %	Litre	RM	Litre	RM	Var %	Litre	RM	Var %
HS 220410000 – Sparkling wine	2,664	51,832	-68.3	4,914	163,419	5,733	177,751	55.7	2,693	114,170	39.6
HS 220421100 – Wine in containers holding 2L or less	242,280	5,807,830	53.8	118,529	3,776,901	199,750	6,016,093	36.1	183,270	4,421,690	7.7
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	-
HS 220429100 – Wine in containers holding more than 2L	13,664	182,059	213.7	4,455	58,027	8,515	145,770	-41.4	19,998	248,908	-66.2
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	32,861	1,375,114	1,939.2	6,552	67,434	11,221	117,550	-79.9	58,511	586,221	-21.5
HS 220590000 – Vermouth and other wine of fresh grapes in containers holding more than 2 litres	988	29,366	-	0	0	0	0	-	0	0	-
TOTAL	292,457	7,446,201	83.1	134,450	4,065,781	225,219	6,457,164	20.2	264,470	5,370,989	-5.3

Custom Code: 220410000 (Sparkling wines)										
Country	2011 (Jan - Aug)			2010 (Jan - Aug)		2010			2009	
	Qty (l)	Value (RM)	Growth (%)	Qty (l)	Value (RM)	Qty (l)	Value (RM)	Growth (%)	Qty (l)	Value (RM)
Chile	990	15,780	-93.46	11,693	241,204	11,693	241,204	191.64	7,650	82,705
Czech Republic	0	0	-	0	0	0	0	-100.00	90	5,652
France	98,893	9,659,795	69.49	97,074	5,699,289	161,240	11,318,347	67.78	66,133	6,745,870
Germany	10,997	252,424	2,954.50	180	8,264	180	8,264	-94.65	4,071	154,591
India	0	0	-	0	0	0	0	-100.00	45	6,000
Ireland	24	1,922	-	0	0	0	0	-100.00	24	967
Italy	2,664	51,832	-68.28	4,914	163,419	5,733	177,751	55.69	2,963	114,170
Jamaica	0	0	-	0	0	0	0	-100.00	24	1,056
Japan	482	22,464	-51.99	620	46,789	1,587	98,353	111.94	875	46,407
Myanmar	1,452	54,535	-	0	0	0	0	-	0	0
Netherlands	0	0	-	0	0	1,125	87,051	-	450	52,741
New Zealand	320	19,265	-46.48	609	35,996	1,599	59,967	90.60	236	31,463
Russian Federation	0	0	-	0	0	0	0	-100.00	72	5,825
Singapore	117,200	862,505	-	0	0	13,967	145,052	-95.96	22,331	3,593,703
South Africa	0	0	-100.00	63	2,132	63	2,132	-	0	0
Spain	798	41,194	-55.08	3,794	91,710	96,330	3,245,640	-	0	0
Sweden	0	0	-	0	0	0	0	-100.00	903	25,322
Taiwan	77	5,878	-	0	0	0	0	-	0	0
UAE	0	0	-100.00	332	56,142	395	63,828	251.07	521	18,181

United Kingdom	297	34,629	-10.70	545	38,778	628	54,317	-57.33	566	127,305
USA	966	15,974	-68.26	915	50,325	17,625	315,042	-	0	0
Vietnam	50,893	115,724	-	0	0	0	0	-	0	0
Total	333,055	12,392,930	76.85	150,496	7,007,521	382,042	17,047,655	42.72	148,802	11,944,497

Custom Code: 220421100 (Wines in containers holding 2 litres or less)										
Country	2011 (Jan - Aug)			2010 (Jan - Aug)		2010			2009	
	Qty (l)	Value (RM)	Growth (%)	Qty (l)	Value (RM)	Qty (l)	Value (RM)	Growth (%)	Qty (l)	Value (RM)
Argentina	65,048	1,455,275	98.77	39,514	732,157	78,053	1,727,656	23.52	122,997	1,398,649
Australia	1,826,490	73,037,006	81.32	1,394,206	40,281,233	2,170,352	66,814,090	1.90	2,206,905	65,570,225
Austria	459	8,191	6.35	381	7,702	381	7,702	-33.40	720	11,565
Belgium	6,152	209,596	116.10	4,232	96,992	4,232	96,992	1.97	6,306	95,118
Bulgaria	450	5,197	-	0	0	0	0	-	0	0
Canada	5,468	408,293	100.76	981	203,375	981	203,375	-64.50	3,616	572,905
Chile	277,297	7,573,675	-16.76	623,393	9,098,950	737,622	13,076,298	122.41	429,670	5,879,481
China	630	40,027	-47.13	4,815	75,705	7,965	113,463	-63.86	22,830	313,928
Cote D'Ivoire	0	0	-	0	0	0	0	-100.00	720	6,506
Cyprus	0	0	-	0	0	2,170	20,330	-	0	0
Czech Republic	851	56,702	442.34	1,148	10,455	1,148	10,455	-91.53	16,887	123,476
Egypt	0	0	-	0	0	1,602	48,286	-	0	0
France	343,157	25,607,728	73.94	528,412	14,721,765	613,664	19,937,894	5.77	691,033	18,849,754

Germany	37,268	633,203	131.82	15,300	273,149	26,986	708,116	-7.36	42,911	764,371
Greece	0	0	-	0	0	0	0	-100.00	270	10,380
Hong Kong	3,906	105,480	-	0	0	0	0	-100.00	6,593	286,981
Hungary	0	0	-	14,355	209,121	14,355	209,121	-	0	0
India	1,634	51,582	-	0	0	0	0	-100.00	20,240	127,287
Ireland	48	2,576	-	0	0	24	1,482	-	0	0
Italy	242,280	5,807,830	53.77	118,529	3,776,901	199,750	6,016,093	36.06	183,270	4,421,690
Japan	836	41,094	182.26	419	14,559	419	14,559	-99.43	7,547	2,550,164
Korea, South	0	0	-	0	0	0	0	-100.00	1,028	14,771
Mauritius	27,796	535,795	-	0	0	0	0	-	0	0
Monaco	3,675	96,689	-	0	0	0	0	-	0	0
Netherlands	37,464	1,945,738	877.21	3,731	199,111	38,402	3,146,721	1,202.97	4,704	241,504
New Zealand	91,293	2,728,194	9.03	79,198	2,502,287	158,483	5,163,280	126.22	76,937	2,282,401
Portugal	5,211	209,955	27.52	6,226	164,639	9,599	302,028	-21.62	12,188	385,326
Puerto Rico	0	0	-	0	0	35	1,422	-	0	0
Romania	0	0	-100.00	5,400	15,260	5,400	15,260	-4.93	1,152	16,052
Russian Federation	0	0	-	0	0	301	54,996	-	0	0
Slovenia	0	0	-	0	0	5,621	305,618	-	0	0
South Africa	200,681	3,470,785	425.27	64,799	660,757	129,441	1,919,082	-3.07	161,021	1,979,907
Spain	203,534	2,816,860	41.96	400,978	1,984,324	500,779	2,945,488	3.49	420,252	2,846,100
Sweden	518	36,317	-	0	0	0	0	-	0	0
Switzerland	10,343	344,651	148.42	7,028	138,736	7,105	145,355	103.30	4,032	71,499
UAE	1,122	21,059	-62.58	1,000	56,283	1,135	67,519	-19.59	539	83,970
United Kingdom	27,230	1,007,408	-34.51	87,814	1,538,182	93,558	1,754,770	-48.24	65,127	3,389,970

USA	58,560	1,314,704	-33.26	169,331	1,970,001	184,064	2,943,075	-50.21	354,604	5,910,572
Uruguay	0	0	-100.00	765	36,082	765	36,082	-	0	0
Venezuela	0	0	-	0	0	0	0	-100.00	904	44,227
Total	3,479,397	129,571,610	64.50	3,571,954	78,767,726	4,994,389	127,806,608	8.08	4,865,002	118,248,779

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

Country	2011 (Jan - Aug)			2010 (Jan - Aug)		2010			2009	
	Qty (l)	Value (RM)	Growth (%)	Qty (l)	Value (RM)	Qty (l)	Value (RM)	Growth (%)	Qty (l)	Value (RM)
France	0	0	-100.00	2,295	98,006	2,295	98,006	-	0	0
United Kingdom	0	0	-	0	0	0	0	-100.00	99	9,586
Total	0	0	-100.00	2,295	98,006	2,295	98,006	922.39	99	9,586

Custom Code: 220429100 (Wine in Containers Holding more than 2 litres)

Country	2011 (Jan - Aug)			2010 (Jan - Aug)		2010			2009	
	Qty (l)	Value (RM)	Growth (%)	Qty (l)	Value (RM)	Qty (l)	Value (RM)	Growth (%)	Qty (l)	Value (RM)
Argentina	0	0	-100.00	8,505	253,972	12,249	285,958	-	0	0
Australia	60,624	2,139,649	3.21	185,024	2,073,063	295,616	3,325,480	5.17	264,087	3,161,887
Belgium	570	49,500	-	0	0	0	0	-	0	0
Bulgaria	0	0	-100.00	342	6,427	342	6,427	-	0	0

Canada	0	0	-	0	0	0	0	-100.00	8,640	133,924
Chile	10,170	119,011	-68.01	43,096	371,984	43,096	371,984	-23.45	71,909	485,906
Cuba	0	0	-	0	0	0	0	-100.00	240	22,519
Finland	0	0	-	0	0	0	0	-100.00	100	5,930
France	42,530	956,215	33.52	56,797	716,167	67,816	959,566	-6.33	69,673	1,024,367
Germany	0	0	-100.00	600	111,205	600	111,205	511.89	765	18,174
Hong Kong	0	0	-100.00	1,530	109,817	1,608	124,878	97.71	2,808	63,161
India	0	0	-	0	0	0	0	-100.00	588	5,880
Italy	13,664	182,059	213.75	4,455	58,027	8,515	145,770	-41.44	19,998	248,908
Japan	0	0	-100.00	3,075	52,073	3,889	90,008	-4.72	1,972	94,471
Macau	90	6,027	-	0	0	0	0	-	0	0
Mauritius	545	16,640	-	0	0	0	0	-	0	0
Mexico	988	28,287	-	0	0	0	0	-	0	0
Moldova, Rep	0	0	-100.00	294	29,090	294	29,090	-	0	0
Netherlands	122	9,017	-84.43	1,395	57,913	6,683	134,959	370.17	300	28,704
New Zealand	3,582	58,387	540.28	468	9,119	468	9,119	-91.99	1,938	113,779
Portugal	345	12,261	-	0	0	180	6,199	-	0	0
South Africa	13,665	196,411	-9.32	23,900	216,596	23,900	216,596	-41.82	28,067	372,290
Spain	58,557	1,096,275	430.90	40,231	206,493	49,019	468,363	152.94	18,879	185,164
Switzerland	209	9,048	-	0	0	0	0	-	0	0
UAE	823	49,046	-29.41	1,992	69,484	2,020	74,885	183.10	333	26,452
United Kingdom	150	7,492	-92.36	2,237	98,012	3,196	307,037	141.80	765	126,979
USA	13,051	273,975	-27.74	54,784	379,129	66,612	472,099	48.89	35,874	317,075
Total	219,684	5,209,300	8.11	428,724	4,818,571	586,102	7,139,623	10.94	526,936	6,435,570

Custom Code: 220429200 (Grape must w Fermentation Prevented/Arersted by Addi. Of Alcohol in Containers Holding >2L)										
Country	2011 (Jan - Aug)			2010(Jan - Aug)		2010			2009	
	Qty (l)	Value (RM)	Growth (%)	Qty (l)	Value (RM)	Qty (l)	Value (RM)	Growth (%)	Qty (l)	Value (RM)
Germany	0	0	-	0	0	0	0	-100.00	126	5,306
USA	0	0	-	0	0	0	0	-100.00	90	11,789
Total	0	0	-	0	0	0	0	-100.00	216	17,095

Custom Code: 220430000 (Other Grape Must)										
Country	2011 (Jan - Aug)			2010(Jan - Aug)		2010			2009	
	Qty (l)	Value (RM)	Growth (%)	Qty (l)	Value (RM)	Qty (l)	Value (RM)	Growth (%)	Qty (l)	Value (RM)
Australia	0	0	-100.00	3,150	65,088	3,150	65,088	-	0	0
France	0	0	-	0	0	180	5,119	-8.44	252	5,591
USA	0	0	-	0	0	13,200	89,079	-	0	0
Total	0	0	-100.00	3,150	65,088	16,530	159,286	2,748.97	252	5,591

Custom Code: 220510000 (Vermouth & other wine of fresh grapes flavoured w plt/aromatic subs., in containers holding 2L or less				
Country	2011 (Jan - Aug)	2010(Jan - Aug)	2010	2009

	<i>Qty (l)</i>	Value (RM)	<i>Growth (%)</i>	<i>Qty (l)</i>	Value (RM)	<i>Qty (l)</i>	Value (RM)	<i>Growth (%)</i>	<i>Qty (l)</i>	Value (RM)
Italy	32,861	1,375,114	1,939.20	6,552	67,434	11,221	117,550	-79.95	58,511	586,221
USA	0	0	-	0	0	13,200	89,485	-	0	0
Total	32,861	1,375,114	1,939.20	6,552	67,434	24,421	207,035	-64.68	58,511	586,221

Custom Code: 220590000 Vermouth & other wine of fresh grapes flavoured w plt/aromatic subs., in containers holding > 2L										
Country	2011 (Jan - Aug)			2010 (Jan - Aug)		2010			2009	
	<i>Qty (l)</i>	Value (RM)	<i>Growth (%)</i>	<i>Qty (l)</i>	Value (RM)	<i>Qty (l)</i>	Value (RM)	<i>Growth (%)</i>	<i>Qty (l)</i>	Value (RM)
Germany	161	8,571	-	0	0	0	0	-	0	0
Italy	988	29,366	-	0	0	0	0	-	0	0
United Kingdom	0	0	-	0	0	0	0	-100.00	7,406	258,330
Total	1,149	37,937	-	0	0	0	0	-100.00	7,406	258,330

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
2204.21100	- Other wine; grape must with fermentation prevented or arrested by the addition of alcohol: - - In containers holding 2 litres or less: Wine	7.00 / litre	12.00 / litre and 15%	5%	YES
2204.21200	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
2204.29200	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	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

Theoretically Excise Duty is only charged on goods produced within the country, but in Malaysia it is chargeable on all imported alcohol. Importers are
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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 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 on 17 - 20 September 2013.

More details at www.foodandhotel.com

MIFB is smaller and dominated by Asian and Middle-eastern exhibitors. The next edition will be held in July 2011 (exact dates not fixed).

More details at www.mifb.com.my

Other food and wine events targeted mainly to public are:

- TASTE OF EUROPE (formerly known as EUROPEAN WINE, BEER AND CHEESE FESTIVAL)
 An annual event organized by EU-Malaysia Chamber of Commerce and Industry.
- EPICURE MALAYSIA IN CONJUNCTION WITH MALAYSIAN INTERNATIONAL GOURMET FESTIVAL (MIGF)
 MIGF is a month long activity of food promotions at leading restaurants in Kuala Lumpur organized annually by the city magazine, Vision KL. There will also be a 3-day exhibition entitled Epicure Malaysia, which features a variety of fine food and lifestyle products. The exhibition is open to public.

Specialized English Magazines on food and dining

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 Tel. (60.3) 79671388
 Fax. (60.3) 7955 4039 (Flavours)
 Email: flavours@thestar.com.my
 Editor: Ms. Julie Wong

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