

SERVICIOS AL **EXPORTADOR**

DEPARTAMENTO DE
INTELIGENCIA DE MERCADOS

Trade Opportunities

Malaysia



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Malaysia

1. Background Data

Official Name	Malaysia
Capital	Kuala Lumpur
Language	Malay
Currency	Ringgit
Population (2016)	30 million

Source: World FactBook. Prepared by: Promperú

2. Macroeconomic Indicators

Year	2014	2015	2016*
GDP Growth (%)	6.0%	5.0%	4.4%
Per Capita GDP (US\$)	25,147	26,315	27,278
Inflation Rate (%)	3.1%	2.1%	3.1%

Source: IMF. Prepared by: Promperú. Note: *Projected

3. Exports Peru - Malaysia (FOB US\$ million)

Sector	2011	2012	2013	2014	2015	Var. % 15/14	TCP % 15/11
Traditional	0.5	6	43	5	19	261.1	147.1
Nontraditional	6	22	13	16	10	-41.8	11.3
Total	7	28	56	22	29	32.7	43.9

Source: SUNAT. Prepared by: Promperú

4. Preferences Obtained in Trade Agreements

- Trans-Pacific Partnership Agreement (TPP) (About to become effective): To date, Peru does not have an existing Bilateral Trade Agreement with Malaysia. However, both parties are signatories to the Trans-Pacific Partnership Agreement (TPP), which will allow preferential relations between twelve economies of the Pacific Rim.

It is in this context, that products of interest to Peru as grapes, tangerines, avocados and fresh blueberries, as well as various manufactured goods including some lines of garments, will enter the Malaysian market after the entry into force of the agreement.

For more information about the tariff reduction applied by Malaysia to products originating in TPP members see: [List of products for export to Malaysia](#)

5. Trade Opportunities¹

Foods

¹Through ECLAC (Economic Commission for Latin America) methodology, it has been possible to identify opportunities for products classified into two main groups: "Star" and "Promising". The "Star" products are those that have shown strong dynamism in their respective sales volumes during the last five years and have a significant share of total imports. In other words, they are the products that have the greatest potential for success in the destination market today. On the other hand, the "Promising" products are those whose imports are growing at above-average rates but do not yet have a significant share of the total sales volume. These products are the ones with the best prospects for success in the future should the trend continue, and could be exploited by domestic exporters.

RK	Tariff Item	Description	Class	Imports 2015 Million US\$	Tariff Peru - TPP	Participation Supplier
1	'070320	Garlic, fresh or cooled	Star	122	0%	China - 96% Hong Kong - 2%
2	'080610	Grapes, fresh	Star	53	0%	USA - 37% Australia - 18%
3	'030749	Squid and giant squid, frozen, dried, salted or in brine	Star	52	0%	China - 51% India - 12%
4	'030499	Fish fillets and other fish meat, fresh, chilled or frozen (Parrot Fish/Eel)	Star	39	0%	Indonesia - 45% Vietnam - 31%
5	'081090	Fresh fruits, other (exotic fruits)	Star	21	0% - 4.5%	Thailand - 63% China - 10%
6	'030729	Scallops, frozen, dried, salted or in brine	Promising	23	0%	China - 36% Japan - 21%
7	'080550	Lemons and limes, fresh	Promising	10	0%	South Africa - 52% Turkey - 18%
8	'030819	Sea cucumbers, frozen, dried, salted or in brine	Promising	6	0%	Indonesia - 31% Philippines - 22%
9	'030563	Anchovies, salted, not dried, nor smoked or in brine	Promising	3	0%	Thailand - 91% Indonesia - 8%
10	'030314	Trout, frozen	Promising	3	0%	Norway - 73% Chile - 26%

Source: Trademap. Prepared by: Promperú

Clothing and Decorations

RK	Tariff Item	Description	Class	Imports 2015 Million US\$	Tariff Peru - TPP	Participation Supplier
1	'611490	Garments, other, knitted or crocheted, of other textile materials	Star	342	0%	China - 25% Indonesia - 16%
2	'610690	Shirts and blouses, of other textile materials, for women	Star	60	0%	China - 90% Indonesia - 2%
3	'620520	Cotton shirts, for men and boys	Star	41	0%	China - 35% Hong Kong - 13%
4	'620630	Cotton shirts and blouses, for women and girls	Star	39	0%	China - 74% India - 5%

5	'620442	Cotton dresses, for women and girls	Promising	15	0%	India - 53% China - 11%
6	'620640	Synthetic fiber and similar, shirts, blouses, shirt-blouses	Promising	11	0%	Bangladesh - 17% China - 15%
7	'620819	Cotton, combinations and slips, for women and girls	Promising	11	0%	China - 92% Indonesia - 6%
8	'611120	Knitted cotton garments and accessories, for babies	Promising	6	0%	China - 54% India - 14%
9	'611011	Knitted wool or fine hair, sweaters, pullovers, cardigans and similar	Promising	5	0%	China - 29% Jordan - 15%
10	'620920	Cotton garments and accessories, for babies	Promising	2	0%	China - 54% Indonesia - 22%

Source: Trademap. Prepared by: Promperú

Miscellaneous Manufactured Articles						
RK	Tariff Item	Description	Class	Imports 2015 Million US\$	Tariff Peru - TPP	Participation Supplier
1	'300490	Prepared medicines, other (Veterinary medicines)	Star	798	0%	Germany - 14% USA - 10%
2	'848180	Faucets and similar fixtures	Star	414	0% - 20.8%	China - 25% USA - 13%
3	'843143	Machine parts for sounding or drilling equipment	Star	364	0%	Singapore - 25% USA - 22%
4	'841370	Centrifugal pumps, other	Star	125	8.3% - 16.6%	China - 30% Japan - 13%
5	'841391	Centrifugal pumps, parts and pieces	Promising	83	0%	Japan - 15% USA - 14%
6	'730799	Couplings, for mining	Promising	80	0% - 16.6%	Japan - 18% Singapore - 16%
7	'847982	Machines and equipment to break, grind and crush	Promising	53	0%	Japan - 33% China - 25%
8	'940600	Prefabricated constructions	Promising	36	0%	China - 30% Turkey - 25%
9	'730840	Iron or steel materials for scaffolding, shuttering or propping	Promising	27	16.6%	China - 51% Germany - 36%
10	'820719	Drilling or sounding implements and parts, other	Promising	17	0%	USA - 30% Singapore - 20%

Source: Trademap. Prepared by: Promperú

6. Consumer Trends

- ✓ **INCREASED LEVELS OF INCOME AND EXPENSES.** Income and spending levels in Malaysia have shown a sustained improvement in recent years, supported by economic growth and the low unemployment rate. Although the market is composed mostly of low-income consumers, the middle class is expanding rapidly due to greater income equality, increasing the discretionary spending and creating opportunities for domestic and foreign companies.
- ✓ **PROCESSED FOOD SALES ARE RECOVERING.** It is anticipated that in the coming years, major retailers and manufacturers shall intensify discounts, promotions and offers in order to increase sales, which are currently stalled. Also, the proximity of the shopping centers to residential areas will improve the dynamics of consumption in major cities.
- ✓ **A PREFERENCE FOR FRESHNESS.** Consumers continue to prefer fresh fruits and vegetables, to the detriment of processed presentations that are acquired solely during promotional periods. The popularity of fresh varieties is mainly due to the fact that the Malays believe that these are grown naturally and is also due to their greater presence in retail outlets throughout the year.
- ✓ **THE BOOM OF PROCESSED FISH AND SHELLFISH.** Although in Malaysia fresh fish and shellfish continue to be preferred, consumers are increasingly demanding processed products due to hectic lifestyles that are strongly driving sales categories related to convenience. In this context, the frozen presentations are more successful due to the longer periods of storage they can withstand, the wider range of products offered and their lower unit prices relative to the refrigerated varieties. In addition, the sizes of the cuts of packaged frozen fish and shellfish are larger than those of their refrigerated alternatives, so consumers find in them a better value-price ratio. For example, frozen fish and shellfish are usually sold in packages of 700g to 1kg, while their refrigerated versions are offered in packets of 100g to 300g.
- ✓ **LOCAL AND INTERNATIONAL BRANDS COMPETE INTENSELY.** In 2015, the sales of garments in Malaysia were dominated by local brands such as Padini, Anakku and Semlouis which showed increases in sales as a result of their strong distribution networks and good reputation built over time, while international brands such as Adidas, Inditex, H & M and Bata had negative performances.