

IMPORTS

Malaysian sales hold out

Fresh produce sales in Malaysia are doing remarkably well despite the economic downturn, and the industry is feeling positive

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“We’re doing OK.” That’s the standard answer from Malaysia’s fresh fruit and vegetable industry when asked if the global economic downturn has hit home. The country has so far survived without any dramatic drops in the sector, despite neighbours like Singapore feeling the pinch much worse and much sooner.

Hard figures are hard to come by, but the general consensus is that sales have fallen by around 10-15 per cent over the same time last year.

“Surprisingly, we’ve only started to feel it now,” says Ebby Loo of importer Euro-Atlantic. “February was a bit quiet, but still manageable. Early March we thought would be slow, but we’re meeting our budgets. We consider ourselves fortunate.”



Ebby Loo of Euro-Atlantic says sales are steady

Ms Loo suggests that even though some consumers may be cutting back purchases of higher-priced fruits and vegetables, many more are eating at home more often, leading to sales balancing out.

Jeffrey Tan of major importer

Khaishen agrees the outlook is still solid: “I think consumers are still buying fruit. Everyone has to eat.”

“We’re still carrying a lot of fruit from overseas; South Africa, the US, everywhere. The fruit business I think is considered still OK, because it’s a daily need,” Mr Tan says. “Overall there are no big losses; it’s under control.”

Sales over the Chinese New Year period were telling – while many other countries in the region experienced significant drops in sales over the holiday period, Malaysian sales went well. Adding the figures up over January and February this year, sales were actually higher than the corresponding period last year, a major retailer tells Asiafruit Magazine.

Importers in general are taking a cautious stance, despite the positive overtones. Mr Tan says most are playing it safe and bringing in 10-20 per cent less volume than last year.

That works well for domestic producers, who are seeing a corresponding drop in exports. Whether consumers will switch to cheaper domestic fruit is yet to be seen.

“At this point in time, consumers are hopeful, and they’re looking at quality,” states Kenneth Wee of Total Agri Marketing. “If the quality of Malaysian fresh produce can be maintained, then sales will switch to local fruits.”

Middle-class consumers are those to watch, says Mr Wee: “If you look at the

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economy as a whole, it’s the middle-class that’s price sensitive.” Low-income consumers already buy the cheapest available, and “higher price means higher class consumers, for whom the price doesn’t matter as much,” he says.

Ms Loo disagrees, and says upmarket produce sales have suffered from the drop in food service demand. “Of course for exotic fruits and the high-end products we feel the demand is less,” she says. “For the commodities like vegetables and basic fruits the volume is still OK.”

Demand for imported temperate

Strawberries are experiencing a wave of demand in Malaysia, and riding the crest is fruit from South Korea. The volume of Korean strawberries coming into the country has more than doubled in the last year, according to specialist importer Euro-Atlantic, and Korean businesses and government are moving to capitalise on that demand.

“There have been lots of promotional activities,” says Euro-Atlantic’s Ebby Loo. “While other markets like Japan or Europe have dropped, in Malaysia the demand has increased, so they can channel production over here.”

Strawberries from Egypt have also offered a popular price point, and Ms Loo says fruit is also imported from the US, Australia and New Zealand, and recently from Indonesia and Sri Lanka. “We really see the demand growing,” she states.

fruit, such as apples and oranges, was tracking strongly and on the rise in Malaysia up until about November last year when the financial crisis started setting in, according to industry sources. The consumer demand that drove that growth is still there, and the expectation is that while demand may suffer a dip

this year the long-term potential of temperate imports is bright.

Contrary to trends in much of the region, South American imports have not been performing particularly well according to key importers. US produce is still favoured over Chilean or Argentinean imports when both supply sources are available. For counter-seasonal availability it appears South Africa, Australia and New Zealand have been winning back market share from the South Americans, aided by favourable exchange rates.