

## Malaysia's Macroeconomic Situation & Outlook

Following the gradual global economic recovery, Malaysia is expected to further strengthen its Gross Domestic Product (GDP) in 2010, after registering a 4.5% GDP growth in Q4 of 2009. Although the GDP contracted to 1.7% for the entire year of 2009, the economic outlook for 2010 is expected to improve, as a result of higher domestic demand and further improvements in export performance.

The total trade recorded for January 2010 was valued at RM91.96 billion, 34.4% higher than that in January 2009. Total exports have risen by 37.0% to RM52.45 billion, while imports increased by 31.0% to RM39.52 billion.

Growth in the agriculture sector was driven mainly by higher industrial crops production. The Food & Beverage (F&B) sector saw a 5.2% growth on the RM8.34bil spent in 2007. Meanwhile, through the efforts of Tourism Malaysia, foreign tourists are expecting to spend at least RM9 billion on F&B, which makes it the third highest income churning in the tourism industry, after accommodation and shopping.

However, packaged food saw a slow down in growth in 2009 than 2008, with prices stabilising across major categories such as dairy products after the dramatic price increases in 2008. Furthermore, since the economic slowdown, consumers have started cutting down on indulgence products such as confectionery and ice cream. Intensive advertising by manufacturers in an effort to pique consumer interest, has led to faster volume growth for many categories. There is also a significant shift to economical brands or even private label for products, in a bid to curb household expenditures. Analysts say that they expect the packaged food sector to show a slightly stronger performance in 2010, in view of the expected economic recovery. Consumption of the more expensive health-beneficial products is also expected to increase as buyers have more disposable income.

### Upward Trends

According to a study by the Food & Agriculture Organisation (FAO), the livestock sector is one of the fastest growing sectors of the agricultural economy. Besides contributing 15% of total food energy and 25% of dietary protein, livestock contributes 40% of total agricultural production globally, especially when there are rising incomes, population growth and urbanisation in the developing countries. It forms food security to

almost one billion people, by providing essential micronutrients which are hardly obtained from plant products. Analysts say that an estimated 463 million tonnes of meat would have to be produced annually by 2050 in order to meet rising demand. Currently, the global annual meat production is at 228 million tonnes. To improve food security, cattle population would have to increase from 1.5 billion to 2.6 billion, while goats and sheep population has to double from 1.7 billion to 2.7 billion by 2050.

The consumption of packaged food products is expected to pick up, with the annual growth rates of retail sales of packaged food products from 7% in uppermiddle-income countries to as high as 28% in the lower-middle-income countries. A good indication of this is the increase in domestic pepper consumption. The Malaysian Pepper Board reported the domestic pepper consumption has risen by more than 30% to about 6,000 tonnes in 2009 compared to 4,500 tonnes. This is largely boosted by the increased usage of the spice as a food manufacturing ingredient, such as in meat coatings.

The demand for organic food products in developed countries is expected to grow by about 5-10% per annum over the next three years, offering new opportunities for farmers from the developing countries. The development of the Bio-Desaru organic farming is a first step in the right direction. There are many issues relating to organic farming, where our farmers have to comply with high-level food standards in developed nations and to meet certification requirements. With the current debates on genetically-modified organisms (GMOs), we have to embrace the fact that agriculture biotechnologies encompass a wider range of tools and methodologies that are being applied to some extent in fisheries, livestock, crops, forestry, aquaculture, and agro-industries, to assist in mitigating and adapting to climate change.

### Price Movement & Control

Food prices are determined by supply and demand. The years 2007–2008 saw dramatic increases in world food prices, which gave rise to serious concerns on possible adverse socio-economic impacts of food security in poor and developing nations. This is one major reason for Malaysia to think seriously about becoming a food surplus nation, instead of being too dependent on import of food products, as currently, it is a net importer of food. Although the

country's coastline is longer than Thailand, its fish production and fish trade is currently seven times smaller. In 2008, the country imported RM27.9 billion worth of food products, compared with its food exports of RM17.8 billion. The country has currently only achieved 70% self-sufficiency level for rice, where it still has to import over 800,000 tonnes annually. It is hoped that with increased allocation, there will be increased effort in developing more Permanent Food Production Parks, Aquaculture Industry Zones, and also for the rearing of cattle and goats.

In Malaysia, the Consumer Price Index (CPI) for Food & Non-Alcoholic Beverages in January 2010 was up by 0.2% compared to the previous month. It has increased by 1.3%, from 111.7 in January 2009 to 113.2 in January 2010. However, the domestic CPI is never a good measure for inflations, since prices of items in the basket such as rice, flour, sugar, fertilisers, milk and chicken are controlled, a measure undertaken by the colonial government in 1946 after World War II to avoid economic hardships. As a result of this, these commodities are "artificially" much cheaper in Malaysia compared to other countries and with over 60 years of price controls, we see a gross suppression of our CPI compared to world CPI. This has generally led to a big gap between average wage rates in Malaysia compared to that of the world. As an example, a graduate teacher starts at RM2,500 per month in Malaysia, compared to RM6,196 in Singapore, and RM15,661 in Hong Kong. Unless salaries are raised, the moment price control is removed, the people will suffer. Prices of basic food necessities will rise. For example, one kilogramme of raw sugar will sell at RM2.20 compared to its current price of RM1.35, while a kilogramme of rice will rise from RM2.75 to RM6.75.

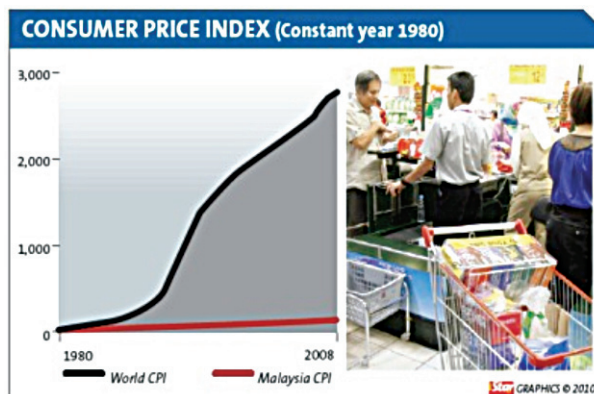


Figure 1

### Food Manufacturing

In 2009, the food manufacturing industry, which accounts for 10% of the country's manufacturing output, attracted a total of RM1.972 billion in 69 projects. This is a small amount, compared to the Chemical and Chemical Products industry, which netted RM8.38 billion worth of investments in 77 projects. Majority of the food industry manufacturers are in the category of small-to-medium sized companies, where processed foods are exported to more than 80 countries, with an annual export value of more than RM6 billion (US\$1.9 billion), which amounts to two-thirds of the total Malaysian food exports of over RM10 billion.

### Projects Approved by Major Industry, 2009

Despite doubling the export performance of food

Industry	2009			
	No.	Domestic Investment (RM)	Foreign Investment (RM)	Total Proposed Capital Investment (RM)
Chemical & Chemical Products	77	1,341,862,946	7,037,698,209	8,379,561,155
Non-Metallic Mineral Products	27	1,098,991,971	5,315,970,591	6,414,962,562
Electronics & Electrical Products	115	770,008,725	3,975,863,905	4,745,872,630
Basic Metal Product	30	2,151,853,135	435,301,872	2,587,155,007
<b>Food Manufacturing</b>	<b>69</b>	<b>1,037,585,873</b>	<b>934,223,116</b>	<b>1,971,808,989</b>
Transport Equipment	54	864,860,469	541,026,647	1,405,887,116
Fabricated Metal Products	99	594,995,295	774,961,046	1,369,956,341

Source: [www.mida.gov.my](http://www.mida.gov.my)

sector, the total annual import of food products at more than RM15 billion, surpasses the exports by about RM5 billion, making the country still largely a net importer of food products. More efforts have to be made to boost the production of food and agricultural products from Malaysia, in an attempt to reduce the need to import food products.

Currently, the major sub-sectors that are involved in exports are the fish and fish products, livestock and livestock products, fruits and vegetables and cocoa. The main export markets are Singapore, United States, Indonesia, Japan, The Netherlands and Thailand.

**Fish processing industry:** This industry is largely export-oriented and encompasses the processing of prawns, canning of fish, and the production of surimi products. Most aquaculture farms in Malaysia are involved in prawn farming and processing and largely for the export market.

Some companies have moved into the production of higher value-added products including breaded and battered products, as well as food supplements.

Under the 2010 Budget, nine high-impact aquaculture projects which will be developed with a budget of RM99 million included lobster and freshwater fish-breeding in Pekan and Rompin districts.

**Livestock industry:** Malaysia is an exporter of poultry meat, especially to Singapore. However, the country is still a net importer of meat products, particularly beef and mutton. The processing of chicken meat has backward linkages to the poultry sector and this represents more than 60 per cent of the total meat processed. There is a need to increase the production of meat products, especially in beef, mutton and pork, which caters to 27 million people.

**Fruit and vegetable processing industry:**

This industry has great potential for import substitution as well as in the export sector. Dragon fruit has gain popularity over the years, especially after the Kampung Nipah epidemic. A number of the former pig farmers have started to grow dragon fruits. Other fruits that have been well received in the export market are the pink guava, passion fruits and pineapple for puree and juices. Investors are encouraged to undertake commercial cultivation of fruits and vegetables to ensure consistent supply and quality control.

**Cocoa:** Malaysia is currently the largest cocoa processing country in Asia and ranked fourth in the world. Malaysia is a net exporter of cocoa products including chocolates. Malaysian cocoa products are exported to over 66 countries, including USA, Australia, France, Japan, Singapore and New Zealand.

**Growth Areas**

The other areas to focus on in the food processing industry are the key growth areas, which include functional food, convenience food, and halal food.

**Functional/health food:** Currently, as Malaysia imports about 70% of its food ingredient requirement, this is an area which has the potential for further growth. Functional / health food produced in Malaysia is mainly in the form of food products that are enriched, such as food ingredients used by the food manufacturers, natural food additives and flavours.

Recently, global food giant, Nestle has contracted more than 500 traditional farmers in Sarawak with a total of over 350 hectares of farmland to produce red rice, which is a key ingredient needed to manufacture Nestle's range of infant cereals. Red rice is considered to be one of the healthiest rice in the world. In the agreement, Empire Rice Mills will procure the raw red-rice paddy from farmers which will then be stocked, processed and delivered to Nestle as and when required. The

project was the result of a successful full scale commercialisation programme, which resulted after five years of collaborative efforts by Nestle (Malaysia) Bhd, the Malaysian Agricultural Research and Development Institute (Mardi), Agricultural Research Centre (ARC) Sarawak and the State Agriculture Department to ensure the viability of the project. The traditional single season red rice varieties and the new Mardi developed double yield variety known as YTM16 will be planted.

**Convenience food:** With a more affluent and busier lifestyle, Malaysians are going for convenience food such as cereals, fruit bars, fresh ready-to-eat salads or fruits and value-added palm oil-based specialty products, which cater to the demand from health conscious and vegetarian consumers. There is also a greater demand for minimally processed fresh food, organic food and natural food flavours from plants and seafood.

**Halal food:** Despite a global market value of estimated US\$547 billion (RM1.97 trillion) a year, the potential of this market is largely left untapped by Malaysian food processing industry, especially since there is still a big unmet demand in the Middle East for halal food as highlighted by the Ministry of International Trade and Industry recently. The advantage that Malaysian manufacturers enjoy over the other countries is its halal certification, which is recognized worldwide. This provides immense opportunities for Malaysian manufacturers to enter the Middle East market.

The Government should continue to encourage the expansion of these growth sectors, especially with the upcoming Fourth Outline Perspective Plan (OPP4) and the 10th Malaysia Plan (10MP). Agriculture, which was also identified as the third engine of economic growth, with a projected expansion of 5% every year, should be given focus on enhancing the value chain, cultivating high value added agricultural activities and large-scale commercial farming, utilising ICT as well as



exploiting the full potential of biotechnology. This is where research organizations like Mardi play a very important role in achieving our national objectives.

### Halal food industry

The Government is making every effort to promote the Halal food industry in the country. Through its e-Halal portal ([www.halal.gov.my](http://www.halal.gov.my)), applications can be made online, and enquiries or complaints can also be channelled to the respective regulatory bodies to check on the halal status of any food processing company. It also discusses how an application is processed and approved for the Halal Certification, as well as publishes a list of companies or restaurants whose Halal certificates have been withdrawn. To date, a total of over 5700 products and over 1000 premises have applied for Halal certification.

In Sarawak, the Tanjung Manis halal hub is expected to produce RM5 billion worth of halal products a year for the export market in the next five to 10 years. Tanjung Manis has attracted some RM9 billion in investments from 11 companies, six of which are Taiwanese. These companies will be venturing into aquaculture, biotechnology and modern farming. One of the first Taiwanese major investors, Sea Party Technology Co Ltd will be undertaking the farming of prawns, chickens and eggs, chlorella and other aquaculture activities using biotechnology. It will also be manufacturing biotech feed meal, food processing as well as tilapia, marine fish and Japanese eel farming.

A number of companies, such as food and drinks manufacturer, Yeoh Hiap Seng have started introducing certain product lines using the Halal certification to penetrate new markets; however, more of such efforts have to be made to tap into the global Halal food industry.

### Mardi

Mardi was established with the main objective of generating and promoting new, appropriate and efficient technologies towards the advancement of the food, agriculture, food and agro-based industries. Its research on food science and technology involves three major thrusts, namely food science, food processing and food packaging.

- **Research in food science and food safety.** Research in food science involves an understanding of the nature of food composition

Voted Favourite Entrepreneur by Fried Chillies, Liow Ren Jan was the proud recipient of the Best Halal Product award in 2009. His company, AYS Sdn Bhd, barely two years old, is involved in the production of frozen, microwavable, Halal ready-to-eat meals under the brand name, Sri Kulai, which is sold in major supermarkets throughout the country as well as on low-cost airlines and in private hospitals.

Building his brand from the scratch, Liow is a good example of a new breed of entrepreneurs who saw a niche area and decided to build a business around it. He reckons that his product is able to offer the Muslim community a desirable solution especially during the Ramadhan month, where they do not have to wake up early to cook. "All they need to do is heat up the meal in the microwave, enjoy the meal, re-set the alarm clock and go back to sleep," he quips.

At the same time, the Muslim community can now enjoy Halal dim sum, previously predominantly a Chinese culinary, at the convenience of their homes. Prepared under very stringent Halal regulations, the product has the potential to popularise local Malaysian cuisines overseas because of the convenience that it offers as an instant meal which can be served after heating it in the microwave for four to six minutes. "With the airtight packing, the food enjoys a one-year shelf-life if kept frozen, which means that it is now possible for a Malaysian student in Australia, for example, to have his favourite nasi lemak within four minutes."

Attractively packed in microwavable trays, Sri Kulai features pre-cooked meals, including all-time Malaysian favourite Nasi Lemak with Rendang Chicken, Sambal prawns and Dim Sum Combo with Chicken Soup. Others in the range are the Sri Kulai Western Delights, which features Grilled Black Pepper Steak, Grilled Chicken Chop and Spaghetti Bolognese – all affordably priced below RM10 per meal.

Dubbed the Frozen Food King, Liow also received from the Malaysian Food Institute of Technology the MIFT Product Innovation Gold Award in 2009, an award created to recognize and honour food manufacturers in Malaysia for their efforts towards producing outstanding food products.

In 2010, the company was also awarded the Malaysia Power Brand 2010 in Microwavable Halal Food Industry Malaysia by the Asia Entrepreneurs Alliance (AEA), a non-profit international organisation with members comprising entrepreneurs from the Asia Pacific Regions.

and the changes of their molecular structure under certain conditions especially towards handling and processing. The trends in Malaysian food production, processing, distribution and preparation give rise to an increasing demand for food safety research so as to ensure a safer and higher quality food product.

Research on food safety issues addresses the entire food processing chain using efficient, scientific-based tools and methods to enhance food safety, which includes food analysis and method development, food safety, nutrition science, microbiology, chemistry and food sensory evaluation.

- **Research in food processing.** In food processing, Mardi focuses on development of new products. Product development is based on industrial demand. It is constantly creating new products or processes, making changes to existing products or improving the manufacturing processes in order to preserve the food as naturally as possible.

Many of the food processing techniques in food technology research centre have become a business tool within the food industry such as spray and freeze drying, canning and cryogenic freezing. Food processing department now is ready to undertake research in new field such as nanotechnology, rheology etc.

The food mechanization and automation refers to the engineering aspects of food production and processing. The impracticality, high cost and limited manpower of manual processing has provided incentive for this area of research.

- **Food packaging** is an essential part of the food production chain. Modern packaging technology uses a vast variety of modern materials, high technology applications and smart

operations. Mardi's research includes packaging technique, package development, package testing, shelf-life study, labeling and graphics as well as handling and transportation.

### **Bio-Desaru**

Since organic food has been identified as one of the growth areas, effort to boost the production of organic farming is a right step. Organic farm certification has to be given emphasis, with some help from the Government, in order for the products to gain acceptance in the First World countries.

The Desaru bio-agricultural project in Tanjung Balau, Kota Tinggi, or "Bio-Desaru" in short, is touted to be a key agro-food production and eco-tourism zone in the region. It is an effort in applying the latest green technology, such as biomass recycling and the control of organic pests.

To date, the Desaru project has attracted some RM1.5 billion worth of investments from 15 foreign and local investors and recently, another seven companies have injected RM236 million in investments. These latest investors will be setting up an integrated herb and vegetable garden, a pepper plantation and Arowana fish and goat farms, and are expected to draw earnings of more than RM85 million annually from the fifth year of operation.

Negotiations are also being held with 10 other companies which have expressed interest in investing some RM800 million in various kinds of projects, including production of beef and dairy products, aquaculture fry and salt-water fish products.

The Bio-Desaru project will be employing mainly biotechnological organic farming methodologies, which are a key to creating and enhancing value of food products. The use of biotechnology methods help to create higher-yielding clones, exotic breeds of livestock, superior quality fish, fruits and vegetables, as well as new high value-added products. Efforts are being focused to create a safe, clean and sustainable environment, instead of using the traditional chemical-based fertilizers and enhancers which pollute the environment. Instead, it is hoped that through the National Biotechnology Policy, the use of the latest agro-biotechnological processes will help ensure high yield and high nutritional value agricultural food produce, in an effort to transform and revitalise the agriculture sector and turn it into key growth sector that contribute to the country's GDP. Most of its output will be exported to Singapore, Hong Kong and Europe.

However, as pointed out by World Bank in its country report on Malaysia, one major limitation on moving up the economic value chain is Malaysia's education system, which it claims, churns out tens of thousands of graduates who are ill-equipped for the kind of high-value work such as biotechnology that the government has identified as growth areas. Education in Malaysia has become mired in a deep political row as the government recently switched to Malay language

instruction for Mathematics and Science from English, a move critics said was designed to appease its ethnic Malay voter base. To date, it is estimated that a huge 80% of the country's population are educated not higher than the Sijil Pelajaran Malaysia (SPM) or secondary Five level, a fact well-acknowledged by Economic Planning Unit director-general, Datuk Noriyah Ahmad.

### **i-SHARP**

One of the latest developments in the aquaculture industry is the setting up of the RM200 million aquaculture park, known as Integrated Shrimp Aquaculture Park (i-SHARP) in Setiu, an isolated fishing village in Terengganu, by end 2010.

Once operational, between 10,000-12,000 tonnes of white prawns and 5,000 tonnes of tiger prawns will be produced annually, and exported to the European Union (EU), Japan and the US, generating an income of more than RM 100 million (EUR 19.8 million). It will be the biggest prawn breeding project in the country, spreading out over 1,200 ha and will be implemented in three phases.

This is a joint-project between Blue Archipelago Bhd, and both the Federal and State Governments, to stimulate the economy in the rural areas. Blue Archipelago has been in this line for the past 30 years, managing the shrimp park in Kerpan, Air Hitam in Kedah. Its current annual turnover is

RM20 million worth of shrimp, and its brand has become a national seafood brand that purports to stress wholesomeness, food safety and high quality in its farmed shrimp products.

### **World of Culinary Delights**

Any review report on the Food Industry would be incomplete without the mention of the world of culinary delights. As a tourist destination known for being a food haven, Malaysia can continue to leverage on the huge diversity of its cultures and food. The Ministry of Tourism Malaysia and Tourism Malaysia have recently taken the initiative to promote and brand Malaysia as 'a world of culinary delights.'

At the Malaysian International Gourmet Food Festival in November 2009, two campaigns were launched simultaneously -- a 3-month-drive 'Fabulous Food 1Malaysia' and the ASEAN Heritage Food Trail, featuring Malaysian celebrity chef, Chef Wan.

Throughout the month of November 2009, while foreign visitors and Malaysians alike had the opportunity to savour the signature dishes of renowned chefs from 10 participating countries in the region, in Los Angeles and other parts of the world, the 'Fabulous Food 1Malaysia' promoted Malaysia's unique local cuisine with a series of exciting activities to titillate, engage and delight the taste buds of all Malaysians and visitors alike, in



#### **A NEW BREED OF CHEFS**

Come January 2011, awards winning chef, Patrick Siau Chi Yin hopes to gain Better ranking during the World Pastry Cup in Lyon, France.

Together with his partner, Elaine Loo, and team manager, Chef Chern Chee Hoong, the team representing Malaysia at the Asian Pastry Cup 2010 held in Singapore in April 2010 bagged the Best Plated Desert, with the theme, "Light & Easy" and overall emerged second runner-up, qualifying them for the international competition representing the Asia Pacific Region.

Siau, dubbed the Dragon Emperor, single-handedly created the dragon sculpture using sugar, while Loo, a chef de partie with Hotel Equatorial Kuala Lumpur, and popularly known as the Phoenix Empress, sculptured a phoenix using chocolate during their participation in the competition. Culinary, to them, has become a work of art.

Driven by a passion to raise the standards in the food and beverage industry in Malaysia, the 35-year-old from Tawau in Sabah, who is a lecturer-cum-head chef at Sunway School of Hospitality, Tourism and Leisure Management shares his observations:

"There is a lot of future in the F&B Industry in this country. The challenge now is how to raise the standards of our local chefs to international standards," he says. "What is required is a lot of hands-on and development of soft skills, which we want to inculcate into our Generation X, whose tendency is to spend more time in front of the computer screen than putting their hands to work."

For this reason, he says, the Pastry Alliance Malaysia was recently set up in 2010 as a non-profit organisation to engage both professional chefs and students through monthly technical workshops, to encourage the fraternity reach international standards. "Our aim is to bring our younger generation of chefs to the next level of excellence," he says. "And to make representation on behalf of the fraternity to the Government, especially in areas of food raw materials, which are currently taxed highly to the point that it restricts the creativity of the chefs who could have made use of certain imported food ingredients."

Besides, he adds, there is very little government funding to send Malaysian teams overseas for international competitions. More efforts have to be made to steer the local chef fraternity to reach international standards.

Anyone interested to join Pastry Alliance Malaysia can contact Chef Chern, Executive Pastry Chef of Genting Berhad Email: [chernc@yahoo.com](mailto:chernc@yahoo.com)

an attempt to attract tourists to visit the country to enjoy the great diversity of Malaysian food. Three categories of Malaysian culinary which have been picked for their uniqueness and relation to Malaysian culture and heritage are: Nasi Lemak, Laksa and Bak Kut Teh (Meat Bone Tea).

To this end, the Ministry of Tourism Malaysia will roll out different initiatives to encourage Malaysians to serve as the country's "Food Ambassadors." One of these initiatives will include targeting Malaysian taxi drivers who themselves know the best places to eat within the country.

Under the 'Fabulous Food 1Malaysia' programme, there are three tiers: the first promotes Malaysia's gourmet cuisine capabilities and top restaurants; the second encompasses shopping mall food court dishes; and the third promotes Malaysian multi-culturally-influenced hawker and street restaurant food.

A number of collaborations like that of Sunway University College's School of Hospitality, Tourism and Events Management recent agreement signed with the world renowned, Le Cordon Bleu of France, will help to create a special niche in attracting tourists from the region, who want to try out French cuisine, without having to travel to France. Foreign tourists can also savour the best of Swish culinary from Equatorial Hotel and a number of fine dining restaurants in the city.

### Exhibitions

To further promote the food industry in Malaysia, a number of exhibitions are being planned for this year's calendar to promote both the food processing and packaging industries in the country.

The Malaysian External Trade Development Corporation (Matrade) and the Ministry of International Trade and Industry (MITI) will be hosting the upcoming 6th International Halal Showcase (MIHAS) at the Matrade Exhibition and Convention Centre (MECC) in Kuala Lumpur, which will be held from 23 – 27 June, 2010. MIHAS 2009 saw the active participation of 529 exhibitors from 30 countries and attracted a total of 34,051 visitors from 65 countries. It recorded a total concluded sales figure of RM 226.4 million, and another RM3.01 million in potential sales, making it a good platform for halal industry players and entrepreneurs to source and sell halal consumables, products and services. MIHAS is a very useful platform to help the country penetrate

the global Muslim market or traders from around the world embark into the ASEAN market.

Another popular event is the 11th Malaysia Food & Beverage Trade Fair 2010 (MIFB 2010) which will be held at Putra World Trade Centre from 22-24 July 2010. It will highlight a wide range of Malaysian indigenous F & B products and services. In conjunction with this major event, Food Future 2010 will also be held concurrently to give focus and showcase the processing, packaging, product designs and other equipment dedicated exclusively for the industry players.

Meanwhile, in Penang, the 11th iFoodex 2010 exhibition will be held at Penang International Sports Arena (PISA) from June 4 - 6, 2010, followed by the 12th edition from June 3 - 5, 2011. The exhibition mainly features food and kitchen products from all over the region, including the United States. Held alongside the Battle of the Chefs and 100-stall Penang Local Delights, this is the island's International Food Festival, which attracts over 100,000 people over three days.

Organised by the Federal Agricultural Marketing Authority (FAMA), the Malaysia Agriculture, Horticulture and Agrotourism Exhibition 2010 (MAHA 2010) will be held from 26 Nov - 5 Dec 2010. It will feature the technological and innovative solutions for players in the agriculture, agro-based horticulture and agrotourism industry.

The 21st edition of Malaysia International Food Processing and Packaging Exhibition, now known Food-Pack Malaysia 2010, will be held at the Putra World Trade Centre from 15th-18th July 2010. It is jointly organized by Paper Communication Exhibition Service (member of Info Communication Holdings Ltd, a company listed on the Stock Exchange of Hong Kong), China International



Exhibition Center Group Corporation, and Guangzhou Mass Exhibition Co., Ltd. The fair is endorsed by MATRADE, and supported by the China Council for the Promotion of International Trade Shantou Sub-Council, China Food and Packaging Machinery Industry Association, Taiwan Food & Pharmacy Machinery Manufacture's Association, Federation of Malaysia Foundry & Engineering Industries Association (FOMFEIA), Malaysia Chamber of Rural Entrepreneurs Industry (DUID), and Bumiputra Manufacturers & Services Industry Association of Malaysia. Its main objective is to develop the nation's manufacturing industry with special attention given to the Small and Medium Industry (SMLs) to further develop and keeps ahead with the competitive environment.

While the country is serious about promoting its food industry, two aspects relating to food production and its consumption should not be overlooked, namely food safety and food nutrition.

#### Food Safety

The world will never forget the massive dairy scandal in China in 2008, where at least six children had died and nearly 300,000 children fell ill after consuming tainted infant formula, which had been deliberately contaminated with the industrial chemical melamine in order to fool inspectors testing for protein content. Melamine, which can cause kidney stones and kidney failure, is used to make plastics and fertilizers, has also been found added to pet food and animal feed.

Despite tightened regulations and increased inspections on producers, melamine-tainted milk products have recently shown up repackaged in several places around the country, exposing weaknesses in China's promises to better police the food chain.



In another recent development, the Ministry of Health has recently banned the import of 'flashing candy' from China under Section 13 of the Food Act 1983. Currently, the product is placed under Inspection Level Six (not allowed to be brought in) of the Food Safety Information System of Malaysia (FoSIM). The products have a Light Emission Diode (LED) bulb that is covered by candy and authorities say, if the bulb breaks and is swallowed by those eating the candy, it can cause physical injury.

To ensure that food is safe for consumption, especially to boost the export market, the Government has to look into the legislations to enforce full implementation of the Hazard Analysis and Critical Control Points (HACCP) in the food processing industry to reduce potential food safety hazards. Designed to be more as a preventive measure than finished product inspection, the HACCP certification is crucial to products exported to First World countries like the European Union and the US. The implementation of HACCP widely across the food industry will also create a positive reputation of the country's ability to produce food that is safe for human consumption. As it is now, the moment an epidemic hits, export of food products from Malaysia is badly hit.

#### Of Good Nutrition and Nutritionists

Since food is found in abundance in this country, one of the preoccupations of its citizens is food. However, the lack of control over food intake has led to a nation that is suffering from all sorts of high risk health malaises. As high as 8% of the country's adult population suffer from diabetes, as a result of changing lifestyles, which include a high intake of sugar and a lack of physical exercise. Around 7.9% of the nation's obese adult population are women and 4.7% are men.

According to the World Health Organisation, 79% of the deaths due to non-communicable diseases, and the figure is rapidly rising in developing countries. If left unchecked, these countries would see over 100 per cent rise in coronary deaths during 1990-2020. Apart from hereditary factors and endocrinal disorders, the chief culprit of obesity is a combination of unhealthy eating habits and a sedentary lifestyle. Statistics show that every year globally, around two million deaths are attributed to physical inactivity. Obese individuals are three times more likely to have high blood pressure. It has also been found that 50% of Type 2 diabetics are obese.

Instead of consuming more fruits and vegetables,



the fast-food revolution and the carbohydrate-laden two-minute noodles have become convenient substitutes for wholesome food; this has also contributed to weight gain. The World Health Organization has highlighted that low fruit and vegetable intake is among the top 10 selected risk factors for global mortality. It pointed out that up to 2.7 million lives could be saved annually with sufficient fruit and vegetable consumption.

This is why nutrition has to be learnt from young, not only learnt in classroom situations, but through proper counselling engaging professionally-trained nutritionists, parents and their children. The Americans have long realized that at least a third of their children are obese or overweight. Since 2005, the National Governors Association launched a childhood obesity prevention programme, and five years down the road, admitted that there are “few easy answers,” but “a coordinated multi-sector approach” is an essential first step. If left unattended, these children are more likely to develop chronic conditions at younger ages. As it is now, Americans are spending an estimated \$147 billion each year on obesity-related diseases, which is nearly 10 % of all medical spending. Although there are no official figures in Malaysia, the situation is no better.

This is one reason why Malaysia has to put serious efforts in educating its younger generation to eat and stay healthy, with the help of appropriately qualified nutritionists assigned to schools, who will soon be required to register under the proposed Allied Health Professional Act (AHP) Act. There is also a need to crack down on the wide spread of junk food advertising. A number of successful local food franchises should also emulate the example of Shangri-la Hotels and Resorts, which engages the services of a nutritionist to work in collaboration with the chefs to provide healthy and nutritious cuisine to guests at its properties worldwide.

### Moving Forward

In its Budget 2010, the agriculture sector was one of the top recipients with a RM6 billion allocation, which will go to various efforts such as upgrading and improving drainage and irrigation infrastructure in padi fields involving 180,000 farmers (RM137 million); implementation of the Paya Peda Dam project in Terengganu, which will increase water supply capacity to the Padi Irrigation Scheme in Besut (RM70 million); modernisation of the aquaculture industry and implement entrepreneurship training scheme for

aquaculture breeders with focus on the production of fish fry and ornamental fish (RM82 million); development of food farming industry such as fruits, vegetables, organic farming, herbs, seaweed and swiftlet nests (RM149 million); and development of basic infrastructure of livestock farms and establish supply chains for production of beef and mutton (RM58 million).

At the same time, while food production is important, efforts have to be made to ensure that they are sustainable. As pointed out by World Wide Fund for Nature (WWF) in Singapore, seabass and pomfret come from ecologically fragile Coral Triangle – the zone which covers the waters off Indonesia, Malaysia and the Philippines – which is largely overfished. In its report, the United Nations Food and Agriculture Organisation said that over a quarter of the world’s fish stocks are currently under threat. Cod stocks, for example, which collapsed in the north-west Atlantic in the 1980s have still not recovered. A total of 25 species of fish, including seven species of knifetooth sawfish, have been listed as endangered marine life by the International Union for Conservation of Nature (IUCN). Also on the list are 18 species of freshwater fish, including arowana, temoleh and kelah.

There is a delicate balance in the way we manage our food production sector to ensure that it will be able to sustain its productivity for many generations to come.

