

Australia now a leading food exporter to Malaysia

BY V. GANESAN

KUALA LUMPUR: Food products from Australia have been making their way to Malaysia for nearly a century, moving along steadily and not drawing much attention. Until now.

In the past 10 years, in fact, Australia has emerged as the leading food exporter to Malaysia.

From a mere RM200 million in the early 1990s, the Australians have notched up food sales of RM2.12 billion in 1998 in Malaysia, a sharp and stunning growth of almost 90% over the years.

They cornered almost 21.7% of Malaysia's annual food bill of about **RM9.66** billion, up 30% from 1997.

This performance is indeed credible, particularly in light of the fact that Malaysia's food bill which normally averages about RM20 billion annually, had almost halved because of the currency crisis and the impact of the capital controls imposed by the government.

Indications are that food exports have surged further in 1999. Almost 50% of

Australia's trade with Malaysia is related to food items, with another 40% or so with the manufacturing sector.

Among the major items imported are wine, dairy products, beef, wheat, sugar, fish, maize, vegetables, fruits and even rice.

What has often worked in Australia's favour in food trade has been its ability to garner tremendous goodwill for its products, due to well-accepted perception of its high quality products at low cost.

With signs of a strong recovery in place under the pro-business Mahathir administration, Australian food producers are optimistic that their food exports will expand. This is shown by a rise in trade queries at the Australian Trade Commission in Kuala Lumpur.

However, on the whole, Australian exports of all goods to the East Asian region dropped by **A\$3.1** billion (RM7.44 billion), reversing all the gains of 1997.

-According to Kylie Bell, the trade commissioner at the Australian Trade

Commission in Kuala Lumpur, the financial crisis of 1997 had all the potential to harm food exports from Australia, especially when Asian countries implemented patriotic "buy local" campaigns.

"The Asian markets are just too critical of 'us,'" said Kylie.

During 1996-97, agricultural and food exports made up almost 30% of total Australian merchandise exports valued at A\$23 billion (RM55.2 billion). "The bulk of it goes into Asia," she added.

In a bid to increase its penetration in the international markets, the Australian government turned to its market development task force to develop its export markets as one of its top priorities. It was also a move to support and ensure its exporters can compete fairly in global markets.

According to Kylie, Malaysia, with a population of 22.5 million is one potential market that cannot be ignored.

After over a decade of rapid economic growth spurred by strong foreign investment and the **expan-**

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sion of economic activities, a new, younger, better educated and sophisticated group of consumers has emerged in the country, she said, adding they are ideal target of Australian products.

The good trade activities, no doubt, had to bear with the "hiccups" in political ties between the two countries that has often erupted over the years.

But food trade soared, traders said, because the biggest weakness of the Malaysian psyche is an annual **import** food bill of RM20 billion. This is set to rise to RM22 billion in the new year.

The trade links between Malaysia and Australia have become steadily stronger as both economies have matured and evolved and become more sharply focused on economic developments in the region, especially following the financial crisis.

According to the Australian Trade Commission such 'strong trade ties, especially in the area of food, provides Australia with further opportunities to expand.