



# Eucolait position on EU trade negotiations with Malaysia

Malaysia represents a growing and strategically important market for EU dairy products. Demand is underpinned by rising incomes, an expanding middle class, and structural constraints on domestic production. As EU-Malaysia trade negotiations advance, it is essential to address both remaining tariff barriers and key non-tariff obstacles, particularly those related to halal certification and regulatory procedures.

Eucolait supports the European Commission’s efforts to secure a fair, transparent, and predictable trading environment with Malaysia. This paper outlines the key features of the Malaysian dairy market, the challenges faced by EU exporters, and priority areas for action.

## Dairy in Malaysia

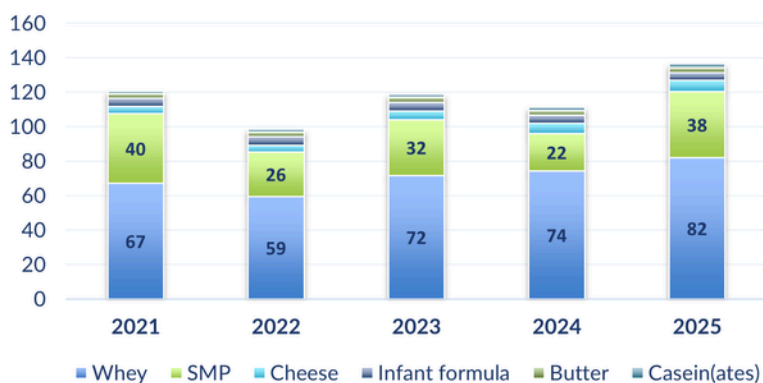
Malaysia’s economy has experienced sustained growth since the late 20th century, contributing to increased purchasing power and evolving dietary patterns. While population growth is gradually slowing, demand for dairy products is expected to continue rising, driven by higher per capita consumption and growing awareness of milk’s nutritional benefits.

Domestic milk production is structurally constrained by the tropical climate and limited suitability for large-scale dairy farming. Even if local production continues to expand, Malaysia remains dependent on imports to meet its dairy consumption needs.

## Trade profile

Malaysia is a net importer of dairy products. Around 2,6 million tonnes in milk equivalent were imported in 2025, making Malaysia the 7th largest export market globally. The major import categories are whey products and skimmed milk powder, followed by infant formula, cheese, butter, and butteroil. While demand for cheese has remained relatively stable, there is growing interest in European cheese varieties, reflecting diversification in consumer preferences.

Main EU exports to Malaysia (in 1000 tonnes)



It is important to note that a significant share of imported dairy ingredients is used for further processing and re-export, particularly to neighbouring Asian countries and African markets. Malaysia therefore plays a dual role as both a consumer market and a regional processing hub.

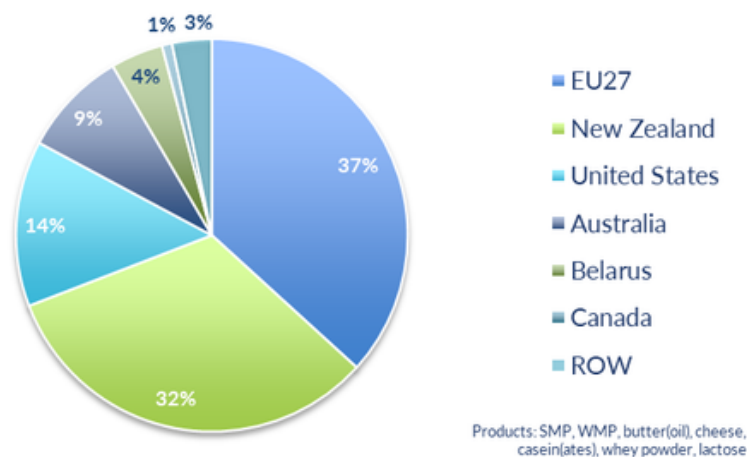
The European Union is currently Malaysia's largest dairy trading partner, closely followed by New Zealand which benefits from better market access conditions due to an existing free trade agreement.

## Tariffs

Most dairy products currently enter Malaysia duty-free. However, certain product categories, including milk, cream, condensed milk, and whey protein concentrate (WPC) are subject to MFN tariffs ranging from 5% to 50%.

The conclusion of a free trade agreement should eliminate any remaining tariffs and guarantee permanent duty-free access across all dairy categories. This would enhance the competitiveness of EU exporters and provide greater certainty for long-term trade relationships.

### Malaysia imports - main suppliers



## Non-Tariff barriers

Non-tariff measures remain a significant constraint for EU dairy exports, particularly in relation to halal certification and administrative procedures. It is essential that the EU be recognised as a single entity from a food safety and animal health perspective, as well as for halal certification.

### Halal certification

All dairy products intended for the Malaysian market must be halal-certified and carry the appropriate logo. Certification must be issued either by the Department of Islamic Development Malaysia (JAKIM) or by a foreign certification body recognised by JAKIM. While this requirement is well understood in principle, its practical implementation presents challenges.

The certification process is further complicated by the dual involvement of JAKIM (responsible for religious compliance) and the Department of Veterinary Services (DVS) (responsible for safety and hygiene). This shared responsibility can result in procedural inefficiencies, including delays in inspections and approvals.

Additionally, halal certificates are valid for only one year, with renewals contingent on the submission of annual reports from the competent authority in the exporting country. These recurring administrative requirements generate additional costs and burden for exporters.

### **Establishment approval**

Since 2018, Malaysia has required that dairy products can only be imported from establishments approved by DVS. Applications submitted by exporting companies must be reviewed and validated by the Member State competent authority. On-site audits are organised to verify compliance. While these types of procedures are not uncommon, they add another layer of administrative complexity which slows down market entry for EU operators.

### **Compliance with international standards**

Food regulations that deviate from internationally recognised references, such as Codex Alimentarius, constitute another challenge. As an example, Malaysia recently adopted an amendment to its Food Regulations banning the use of colistin in food-producing animals. This full prohibition is stricter than the EU and Codex MRL of 50 µg/kg and generates uncertainty and compliance challenges for operators, as colistin residues are typically not detected using common screening methods applied to raw milk.

*To unlock the full potential of the Malaysian market, the following priorities should be addressed in the ongoing negotiations:*

- *Elimination of all remaining tariffs on dairy products*
- *Greater transparency and clarity in halal certification requirements*
- *Streamlining of certification and approval procedures*

*A comprehensive and balanced agreement addressing these issues would significantly improve market access conditions, reduce unnecessary trade frictions, and support the continued growth of EU dairy exports to Malaysia.*

*Eucolait fully supports the ongoing efforts of the European Commission and stands ready to provide any further information or technical input in relation to dairy trade.*