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Food Safety Standards and Regulations in Malaysia: Implications for the ASEAN Integrated Region*

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Abstract

This paper examines the frequency and diversity of non-tariff measures (NTMs) in the food sector of Malaysia. Technical measures, specifically technical barriers to trade (TBTs) are found to dominate the food sector. There is substantial variation in the frequency of NTMs and the coverage of products affected across the sub-sectors of food. Further, not all sub-sectors of food are found to be highly tradable within the region. The same trends are most likely to prevail in the other ASEAN countries, specifically for Members that adopt the Codex guidelines. This paper therefore contends that harmonization of food standards and regulations within the region should be NTM specific and sector specific to realize progress in terms of regulatory convergence. This is particularly true for the food sector, since complete harmonization is not practical and not politically feasible.

Key Words: non-tariff measures, technical measures, food, Malaysia.

JEL Classification: F10; F13; L66

Introduction

Regulatory heterogeneity is identified as a challenge for increasing trade, harmonizing standards, and ultimately creating an integrated Association of Southeast Asian Nations (ASEAN) single market. A significant number of non-tariff measures (NTMs)[1], including non-tariff barriers (NTBs) (RSIS, 2013), remain in the food sector, more specifically, arising primarily from diverse national standards and regulations (Pettman, 2013; Norani, 2014). The Member countries are found to arbitrarily adopt food control systems under SPS measures for imports, despite the fact that ASEAN has several bodies[2] dealing with food safety (RSIS, 2013).

The multiple food safety regimes call for increased dialogue on food safety standards within the region. Efforts are already underway to harmonize regulatory standards in the food sector under the ASEAN Economic Community (AEC). However, there are information shortcomings on the extent of the diversity of NTMs in the various sub-sectors of food trade

[1] The NTMs aim to ensure food safety, animal and plant health; they also extend to other quality and technical aspects of food products

[2] These bodies include the ASEAN Expert Group on Food Safety (AEGFS), the ASEAN Task Force on Codex (ATFC), the ASEAN Consultative Committee on Standards and Quality (ACCSQ) and the ASEAN Sub-Committee on Food Science and Technology (SCFST).

within the ASEAN countries. The picture on NTMs remains sketchy, as the existing databases lack complete information. For this purpose, there is a need for a nuanced understanding on the types and forms of standards and regulations imposed by the Members, not just for recognizing regional measures, but also allow for Members to adopt each other's regulations, and plausibly harmonize some standards within the region.

This paper applies a new database to provide a comprehensive assessment of NTMs in food trade from the Malaysian perspective. More specifically, the paper details the diverse types of NTMs for the various sub-sectors of food, based on acts and regulations that prescribe the conditions for importing food products into Malaysia. It also calculates the coverage ratios of products affected by NTMs for the different food sub-sectors to provide indications of the trade incidence of NTMs. Finally, the paper articulates some thoughts concerning the harmonization of standards within the region, based on the national scenario.

Food Regulations, Harmonization and International Trade

Governments usually set standards for food imports that require foreign producers to meet the same standards required of domestic producers (Mitchell, 2003). The food sector is therefore highly regulated, with various measures related to product characteristics, production, processing and distribution. The complexity in regulations for the food sector reflect consumers' demand for food safety, firms' reputation for providing safe food and maintaining global market shares, and new hazards that surface in global food trade. These regulations, however, differ across countries in terms of the types/ forms and desired/ stringency levels, for example, different levels of tolerance for food safety risks and different levels of accidental contamination. The regulations also differ significantly across food types, such as raw and processed food, less and highly perishable food products, low or high incidence of risks for human health.

Hence, differences in regulations, resulting from differences in regulatory approaches and capacity and consumer risk preferences, result in multiple safety regimes that could disrupt trade and cause conflict between countries. However, Buzby and Unnevehr (2003) argue that these differences could in fact spark more dialogue between countries, leading to change and improvement in the food safety systems. Further, some argue that implementing food safety standards represents increased compliance costs to firms. Standards may therefore act as a barrier to trade. Notwithstanding that, standards can solve information asymmetries between buyers and sellers and reduce transaction costs (Schuster and Maertens, 2015; Athukorala and Jayasuriya, 2003). Firms may be willing to adopt stringent food practices, provided that, the costs are manageable, and the benefits from implementing those standards outweigh the risks of losses in terms of reputation and sales. In that case, food safety and expanded trade can be considered mutually reinforcing.

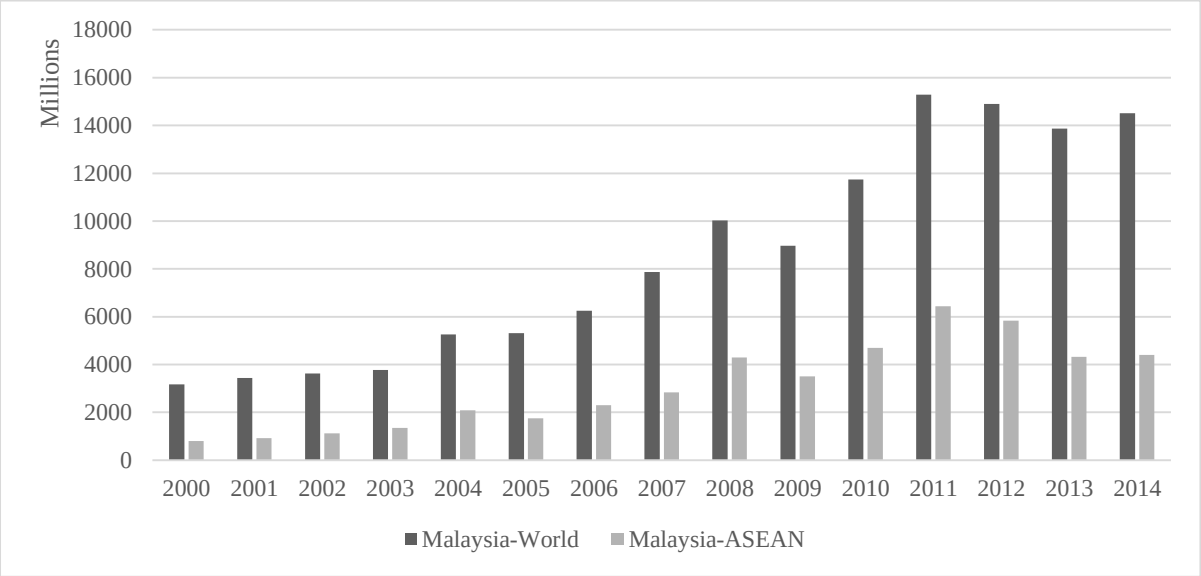
Though standards and regulations have implications for food trade, the literature suggests that the effects on trade are ambiguous. Some studies indicate that standards impede trade (see Jongwanich, 2009), while others find that that standards do not act as a catalyst of trade. Most studies have examined the trade effects of standards within the context of the developed-developing world.

Relevant to ASEAN's efforts towards regulatory convergence, are studies that examine the trade effects of harmonization of standards on a regional basis. De Frahan and Vancauteren (2006) confirm that harmonization of food regulations within the European Union (EU) single market had significantly increased trade within member countries. Winchester *et al.* (2012) qualify that convergence of specific regulations, such as pesticides maximum residue limits (MRLs), are important for increasing trade flows based on the import requirements of the EU and its major trading partners.

Regional Source for Food Imports

Food imports of Malaysia from ASEAN recorded an average annual growth rate of 15.9 per cent relative to global food imports at 12.5 per cent for the period 2000-2014. In terms of volume, imports of food from the region rose from a mere USD80 million in 2000 to USD4408 million in 2014. The ASEAN region is considered an important import source for food[3] (see also RSIS, 2013); it represents 30.4 per cent of Malaysia's global imports of food in 2014. On a regional level, food is also identified as a potential sector to derive benefits when the AEC fully rolls out (Pettman, 2013).

Figure 1: Malaysia – Food Imports from ASEAN and the World (USD million)



Source: Calculated from UN COMTRADE.

By categories of food products, high import concentration is noted, with fats, animal and vegetable (HS15), fish, crustaceans (HS03), cereal, flour, starch (HS19), cereals (HS10) and cocoa (HS 18) accounting for more than 60 per cent of total imports from ASEAN (see Table 1). The same products account for large shares in total imports of Malaysia from the

[3] The move towards the AEC has increased intra-ASEAN trade, largely due to the increase in processed food trade (RSIS, 2013).

world. The only exception is that though ASEAN is not an important source for dairy products, these imports constitute a relatively larger share of global imports to Malaysia.

Within ASEAN, food products are mainly imported from Indonesia and Thailand (Figure 2). While Indonesia gained in terms of import market share of Malaysia for food products between 2000 and 2014, the opposite holds for Thailand. The reduction in import market shares of Thailand reflect the growing importance of Singapore and Vietnam as food import sources for Malaysia.

The four major import markets for food products in ASEAN, Indonesia, Thailand, Singapore and Vietnam, serve the Malaysian market for different food categories. From Table 1, it is noted that the major imports from Indonesia constitute fats, animals and vegetables (HS15), cocoa (HS18) and fish and crustaceans (HS3). Alternatively, Malaysia imports mainly sugar (HS17) and cereals (HS10) from Thailand. Singapore channels mainly miscellaneous edible preparations (HS21), beverages (HS22) and cereal, flour and starch (HS19) to Malaysia. Imports from Vietnam to Malaysia comprise cereals (HS10), coffee, tea and spices (HS9) and fish and crustaceans (HS3).

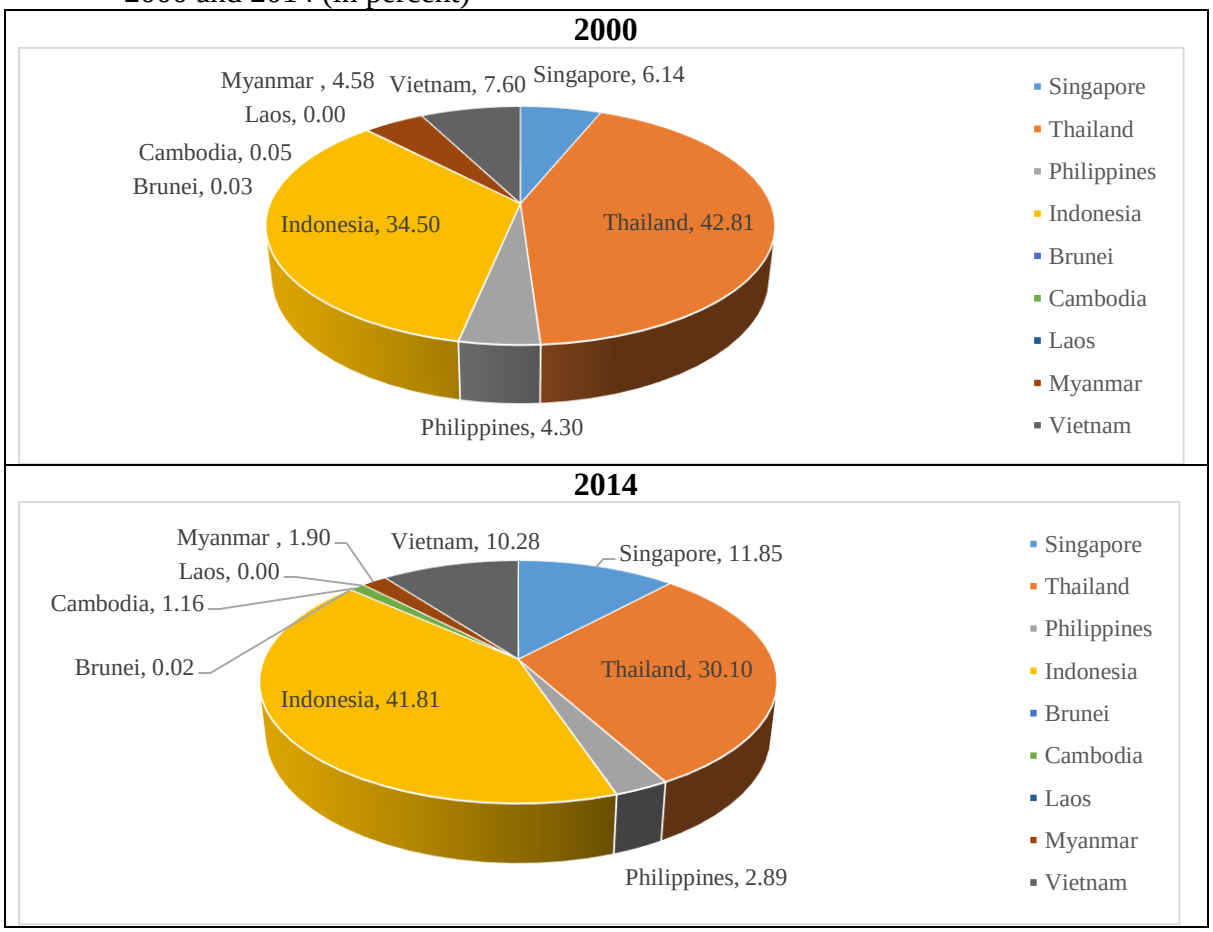
The varying market- and product concentration of food imports from the region suggest that NTMs are also going to affect the Member states disproportionately. Efforts to harmonize standards within the region should also account for the intensity of trade across the different food sub-sectors .

Table 1: Malaysia - Import Concentration of Food Products from ASEAN and the World (in percent)

HS Category	Malaysia-ASEAN			Malaysia-World			2000				2014			
	2000	2006	2014	2000	2006	2014	SGP	THAI	INDO	VNM	SGP	THAI	INDO	VNM
HS 02 Meat, edible	0.79	0.10	0.86	6.18	4.25	6.12	0.10	1.21	0.17	2.56	0.37	2.15	0.00	1.57
HS 03 Fish, crustaceans	19.76	10.45	9.03	8.36	8.05	6.63	4.12	22.16	19.94	12.37	1.34	8.01	9.89	14.45
HS 04 Dairy products	1.42	2.45	0.42	9.66	7.19	8.06	0.75	0.10	3.71	0.66	1.80	0.12	0.21	0.63
HS 07 Edible vegetables	6.21	4.55	2.72	7.70	7.22	5.24	0.10	7.72	2.47	1.43	0.15	3.29	0.35	6.90
HS 08 Edible fruits, nuts	2.50	1.11	2.03	3.54	2.31	3.63	0.01	4.81	1.18	0.21	0.25	3.29	1.19	1.67
HS 09 Coffee, tea, spices	4.93	3.80	4.70	3.07	3.28	3.81	4.64	0.20	8.92	18.44	2.49	0.15	5.62	19.27
HS 10 Cereals	17.10	13.84	8.66	19.72	15.47	12.93	2.61	30.15	0.37	48.02	0.11	14.14	0.01	33.30
HS 11 Milling products	2.93	2.27	3.49	3.09	1.97	2.89	1.47	6.35	0.24	0.44	0.92	9.04	0.64	3.60
HS 12 Oilseeds	3.10	1.73	0.82	7.27	4.41	3.66	0.05	0.59	5.89	7.27	0.05	1.03	0.69	1.31
HS 13 Lac, gums, resins	0.18	0.09	0.13	0.40	0.39	0.34	0.31	0.02	0.24	0.00	0.14	0.03	0.18	0.00
HS 15 Fats, animal and vegetable	11.27	24.30	23.61	4.74	11.60	9.85	9.01	1.26	21.43	2.55	4.59	8.07	47.29	3.25
HS 16 Meat and fish preparations	1.99	1.39	1.04	1.07	0.89	0.93	1.52	3.49	0.13	4.67	0.69	2.23	0.30	1.13
HS 17 Sugars	5.34	1.49	7.74	8.80	7.27	7.83	0.67	10.16	1.76	0.03	0.54	23.33	0.46	3.50
HS 18 Cocoa	8.96	16.95	9.76	3.15	11.71	9.04	3.78	0.14	24.97	0.00	10.20	0.55	19.47	1.45
HS 19 Cereal, flour, starch	6.95	8.12	10.22	4.64	4.92	5.44	34.61	4.76	5.39	0.37	19.17	10.65	6.99	0.60
HS 20 Vegetable and fruit preparations	1.27	0.67	1.12	1.92	1.48	2.16	2.95	2.21	0.15	0.42	0.99	2.51	0.19	0.48
HS 21 Miscellaneous edible preparations	4.40	4.02	9.16	4.98	4.61	6.49	21.96	4.50	2.86	0.51	34.60	6.50	6.35	3.96
HS 22 Beverages	0.91	2.66	4.49	1.72	2.97	4.95	11.33	0.16	0.18	0.04	21.59	4.90	0.15	2.92

Note: SGP – Singapore; THAI – Thailand; INDO – Indonesia; VNM – Vietnam.
Source: Calculated from UN COMTRADE.

Figure 2: Malaysia - Geographical Concentration of Food Imports from ASEAN, 2000 and 2014 (in percent)



Source: Calculated from UN COMTRADE.

Food Safety Standards in Malaysia

Data Description

This paper deals only with public standards set by the government. It relates to the Food Regulations 1985[4] (gazetted on 26 September 1985) of the Food Act 1983 (enacted as Laws of Malaysia Act 281; gazetted on 10 March 1983), which regulates the various aspects of food standards in Malaysia. All food, beverage and edible agricultural products imported (or manufactured locally) are required to comply with these guidelines, and the requirements apply to imports from all countries. The Food Regulations comprise 10 parts and 30 schedules. Part VIII provides detailed provisions regarding standards and particular labelling requirements for

[4] Until 2013, several amendments of the regulations have been made.

a variety of food; 28 sub-categories as follow: cereal, cereal products, starch and bread; malt and malt extract; food aerating substance; milk and milk products; sweetening substance; confection; meat and meat products; fish and fish products; egg and egg products; edible bird's nest and edible birds nest products; edible fat and edible oil; vegetable and vegetable products; soup and soup stock; fruit and fruit products; jam, fruit jelly, marmalade, and seri kaya; nut and nut products; tea, coffee, chicory and related products; cocoa and cocoa products; milk shake; salt and spice; vinegar, sauce, chutney and pickle; soft drink; packaged drinking water; alcoholic beverage; shandy; special purpose food; and water, ice or steam.

The NTMs are drawn directly from the Food Regulations 1985. They are based on the classification of import measures by UNCTAD (2013), which includes the following 9 chapters, comprising technical and non-technical measures. This classification is more comprehensive than the measures depicted in the current ASEAN database[5]. For the Food Act 1983, based on the current ASEAN database, Malaysia has 352 measures, categorized into certificate of approval and technical regulations. Further, the measures relate to specific products only at the 4-digit HS level of aggregation.

Table 2: Classification of NTMs

Chapters	Technical Measures
A	Sanitary and Phytosanitary (SPS) Measures
B	Technical Barriers to Trade (TBT)
C	Pre-Shipment Inspection and Other Formalities
Chapters	Non-Technical Measures
D	Contingent Trade Protective Measures
E	Non Automatic Licensing, Quotas, Prohibitions and Quantity Control Measures Other than for SPS or TBT Reasons
F	Price Control Measures, Including Additional Taxes and Charges
G	Finance Measures
H	Measures Affecting Competition
I	Trade-Related Investment Measures

Source: UNCTAD (2013).

[5] The NTM database for ASEAN is obtained from http://www.asean.org/communities/asean-economic-community/item/non-tariff-measures-database

Type of Non-Tariff Measures

A total of 488 NTMs[6], affecting 1,349 tariff lines, are found in the food regulations, and all of which comprise technical measures. Within the technical measures category, 55 percent constitute TBTs[7] and the remaining 45 percent are SPS[8]. Since all NTMs hail from the TBT and SPS chapters, Table 3 reports the frequency counts of NTMs within those two chapters[9]. In terms of the SPS measures, most of the NTMs are for restricted use of certain substances in foods and feed and their contact materials, followed by labelling requirements. Likewise there is high concentration of NTMs for the TBT chapter in product quality or performance requirement, followed by labelling and packaging requirements.

Labelling requirements are even more important for a country like Malaysia, whereby more than half the population is Muslim, as such requirements apply to products containing pork and alcohol. In addition, among the ASEAN countries that follow the Codex guidelines[10], only Malaysia makes nutrition labelling mandatory for energy, protein, carbohydrate, fat and total sugars for foods that are commonly consumed (bread and milk, canned meat, fish, vegetable, fruit and fruit juices, salad dressing and mayonnaise) and for various types of beverages (Kasapila and Sharifudin, 2011; see also Pettman, 2013).

[6] The total number of notifications made at the WTO by Malaysia for TBTs and SPS are 216 and 36, respectively (WTO I-TIP Goods online database, available at https://i-tip.wto.org/goods/). Clearly the number of notifications made at the WTO is not a reflection of the number of NTMs in the country (see also Cadot *et al.*, 2013; Malouche *et al.*, 2013).

[7] TBTs are also the major impediment for the expansion of regional and global trade in processed food (AFBA, 2014).

[8] The SPS refers to measures to protect human, animal or plant life or health.

[9] There are 42 and 31 sub-chapters for SPS and TBT, respectively, based on the UNCTAD classification.

[10] For other ASEAN countries that follow the Codex guidelines, nutrition food labelling is voluntary, unless nutrition or health claims are made on food packaging or if the food is for a special purpose (diabetic and fortified foods).

Table 3: Frequency Counts of NTMs for SPS and TBT Chapters

A	SPS	No.	%
A14	Special Authorization requirement for SPS reasons	4	1.80
A19	Prohibitions/restrictions of imports for SPS reasons n.e.s.	1	0.45
A21	Tolerance limits for residues of or contamination by certain (non-microbiological) substances	1	0.45
A22	Restricted use of certain substances in foods and feeds and their contact materials	125	56.31
A31	Labelling requirements	66	29.73
A33	Packaging requirements	9	4.05
A41	Microbiological criteria of the final product	1	0.45
A42	Hygienic practices during production	3	1.35
A51	Cold/heat treatment	6	2.70
A63	Food and feed processing	1	0.45
A64	Storage and transport conditions	1	0.45
A82	Testing requirement	4	1.80
B	SPS	222	100.00
B31	Labelling requirements	65	24.44
B6	Product identity requirement	37	13.91
B7	Product quality or performance requirement	164	61.65
	TBT	266	100.00

Source: Derived from the Food Regulations 1985.

Within the 28 sub-categories of the food sector, the frequency count of NTMs is highest for (i) salt and spice; followed by (ii) sweetening substance; (iii) edible fat and edible oil; (iii) alcoholic beverage; and (v) tea, coffee, chicory and related product (see Table 4). Almost all the sub-categories of food products have 3 or more NTMs, with the exception of four sub-categories (mill shake; milk and milk products; egg and egg products; and soup and soup stock). Interestingly, the food sub-sector with relatively high number of NTMs, edible fat and edible oil, is also the sector with the highest import concentration of food products from ASEAN. Thus, NTMs in the category of fats, animal and vegetable (HS15), need to be given special attention in terms of assessing the restrictiveness of these measures.

Table 4: Frequency Counts of NTMs for SPS and TBT Chapters, by Product Groups

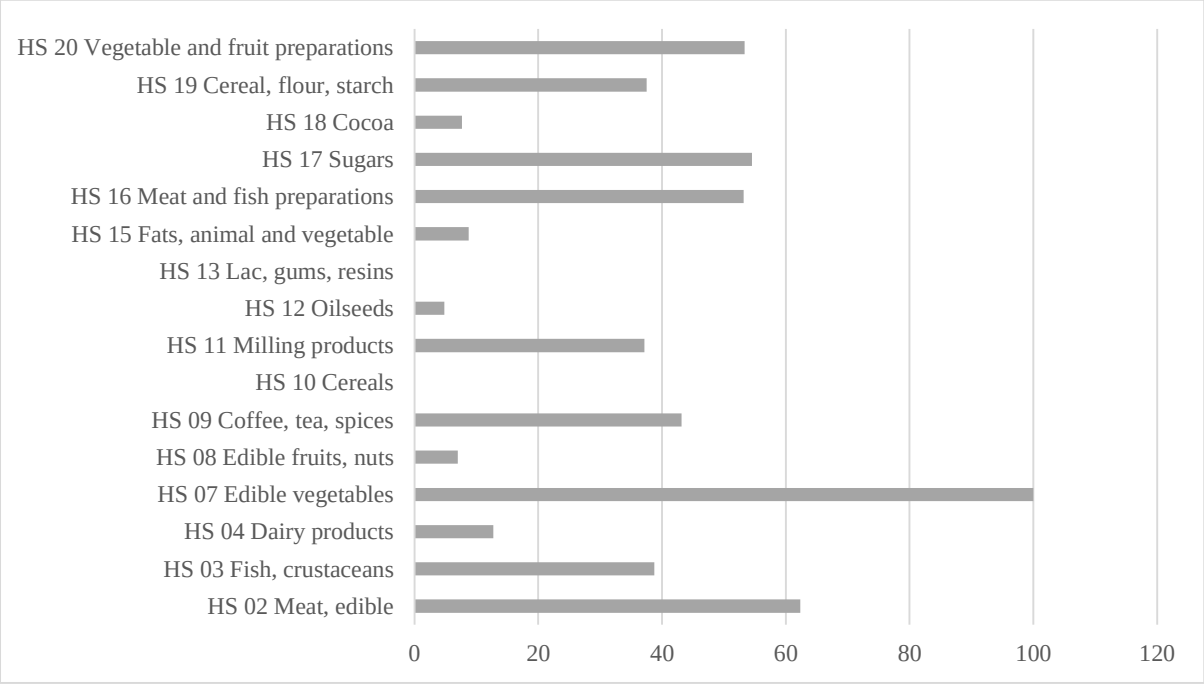
Product Category	**No.**	A14	A19	A21	A22	A31	A33	A41	A42	A51	A63	A64	A82	B31	B6	B7
Cereal, Cereal Products, Starch and Bread	**25**				8	3								3	3	8
Malt and Malt Extract	**4**					1								1		2
Food Aerating Substance	**9**				1	3								3		2
Milk and Milk Product	**2**													1		1
Sweetening Substance	**44**	1			17	5			2					4	1	14
Confection	**8**		1		4	1								1		1
Meat and Meat Product	**25**			1	4	4				1				4	3	8
Fish and Fish Product	**26**				5	3	1				1	1		3	2	10
Egg and Egg Product	**7**					1				3				1	1	1
Edible's Bird Nest and Edible Bird's Nest Product	**2**				1				1							
Edible Fat and Edible Oil	**44**				19	2								2		21
Vegetable and Vegetable Product	**20**				4	3	2			1			2	3	1	4
Soup and Soup Stock	**2**				1	1										
Fruit and Fruit Product	**24**				5	4	2							4		9
Jam, Fruit Jelly, Marmalade and Seri Kaya	**7**					2								2		3
Nut and Nut Product	**11**				5			1								5
Tea, Coffee, Chicory and Related Product	**34**				6	8								8	3	9
Cocoa and Cocoa Product	**8**				4										2	2
Milk Shake	**1**															1
Salt and Spice	**70**				23	3								3	8	33
Vinegar, Sauce, Chutney and Pickle	**16**				1	4							2	3		6
Soft Drink	**19**				2	5								5	3	4
Natural Mineral Water	**0**															
Packaged Drinking Water	**4**	1				1	1							1		
Alcoholic Beverage	**42**				8	5	1							6	8	14
Shandy	**3**				1	1								1		
Special Purpose Food	**23**				5	5	1			1				5	2	4
Water, Ice or Steam	**3**	1														2
FOOD PRODUCTS*	**5**	1			1	1	1							1		
Total	**488**	**4**	**1**	**1**	**125**	**66**	**9**	**1**	**3**	**6**	**1**	**1**	**4**	**65**	**37**	**164**

Note: *Include the general requirements for food products obtained through modern biotechnology. These guidelines were enforced on 8 July 2014.
Source: Derived from the Food Regulations 1985.

Incidence of Non-Tariff Measures

The preceding section detailed the frequency of NTMs across the food sub-sectors in the Food Regulatory framework. For examining the coverage of NTMs by sector, the number of products affected as a percentage of the total tariff lines (9-digit HS level) are calculated for each HS-2 digit product group (refer to Table 1). There are however some NTMs that are generic and apply to all food product groups, as shown in Table 4. These are not included in the following discussion. Though the exclusion of these general measures for food products should not significantly alter the percentage coverage of the affected products across subsectors, the results should be interpreted with some caution. The results of products affected by NTMs (only those which are defined at the HS9-digit level) are presented in Figure 3.

Figure 3: Percentage of Products Affected by NTMs, by HS Groups*



Note: (1) Excludes HS 21 and HS 22. (2) *The percentage of products affected by NTMs divided by the total tariff lines, at the 9-digit HS 2012 classification. With the exception for HS07, all affected products are defined at the 9-digit HS level.
Source: (1) Derived from the Food Regulations 1985.
(2) Tariff Analysis Online, WTO database, http://tao.wto.org

Approximately 37 percent of food products imported into Malaysia are affected by NTMs. The coverage of products affected by NTMs is considerably high for edible meat, vegetable and fruit preparations, sugar, and meat and fish preparations. With the exception for sugar, the afore-mentioned sub-sectors are not those with high frequency of NTMs (see Table 4). These are also not products that dominate the market share of Malaysia's imports from ASEAN (see Table 1).

Harmonization of Food Trade in ASEAN: Some Thoughts

ASEAN Members have begun to recognize the desirability of having common measures. For trade purposes, harmonization of standards enables food companies to adhere to one set of regional regulations instead of adjusting to a diverse array of regional standards of Member countries. Following which, ASEAN members have expressed their intention to use global food standards[11] as a basis for harmonization efforts in the food sector at the regional level. Yet, there has not been much progress in this regard (AFBA, 2012).

One reason is that the diverse regulations that govern food and nutrition labelling across ASEAN rest on the different International Guidelines followed by Member countries when preparing national regulations. Kasapila and Sharifudin (2011) point out that for food and nutrition labelling, Singapore, Malaysia, Brunei, Laos, Vietnam and Cambodia have followed the Codex guidelines[12] in preparing their regulations. Conversely, Thailand and the Philippines, to some extent have adapted the United States nutrition labelling guidelines. Further, Member countries with more developed food safety systems have also adopted the

[11] Organizations that are working to harmonize regulations in the food sector include Codex Alimentarius, the World Trade Organization (WTO), Food and Agricultural Organization (FAO), World Health Organization (WHO), the International Standardisation Organization (ISO), Global Harmonisation Initiative (GHI) and International Union of Food Science and Technology (IUFoST).

[12] The Codex Alimentarius is significantly relevant for international food trade, as the food standard issues cover specific raw and processed materials characteristics, food hygiene, pesticides, residues, contaminants and labelling and sampling methods.

'hazards' based-approach, which do not allow for regulatory convergence, as there is no common basis for the adoption of common food safety standards. What is needed is a shift towards a 'risk' based approach, which comes with a scientific basis (see also Henson and Caswell, 1999) to adopt common safety standards.

Notwithstanding the differences in the regulatory framework of Member countries, various efforts are already underway to address the issue of harmonization. The ASEAN Consultative Committee on Standards and Quality (ACCSQ) and the ACCSQ Prepared Foodstuff Products Working Group (ACCSQ-PFPWG) are both responsible for the harmonization and convergence of food safety and quality standards. Following which, several initiatives have been launched. The ASEAN Common Principles of Food Control System (ACPFCS), which includes regional requirements for the labelling of pre-packaged foodstuffs, provides some direction for Member countries to align their national food and nutrition regulations with those generic labelling requirements. Further, the ASEAN Food Reference Laboratories (AFRLs), which coordinates and monitors food testing activities, supports the ACPFCS. Finally, the ASEAN Risk Assessment Centre (ARAC) tasked with risk assessment activities, recognizes the importance of the 'risk' approach for the harmonization of standards.

While these initiatives are all necessary for pushing the harmonization agenda, it is important to recognize that complete harmonization may not be practical or politically feasible. As such, harmonization of regulations in the sub-sectors that have a high product coverage of NTMs (cover a large number of products), would make more sense. Further, while harmonization of standards is often done through the benchmarking with international standards, Members need to also realize that improving regulatory practices region-wide may in turn help Members overcome difficulties in adhering to international standards (RSIS, 2013; AFBA, 2012).

The premises for harmonization often builds on the elimination of TBTs, having recognized that TBTs are prominent in the region (AFBA, 2014). Worth mentioning here is that, not all NTMs (including TBTs) are NTBs. As adequately pointed out by Malouche *et al.* (2013), the onus for policymakers should not be on the suppression of NTMs, given the legitimacy of these measures. From the Malaysian perspective, it is also noted that there are only a few recent cases of *potential* NTBs (not clearly defined NTBs) related to food products, as reported by other Member countries. Table 5 presents three cases levelled by Vietnam, Brunei and Indonesia against Malaysia. Most of these cases have been resolved with the Member countries.

Thus the focus should shift away from eliminating NTMs to streamlining the NTMs across the region, irrespective of the regulatory rapprochement that is taken; mutual recognition[13] or harmonization. In this respect, this paper contends that harmonization of standards and regulations should give priority to the following two areas, given the high frequency of these measures in the food sector:

- Labelling for SPS and TBT reasons; and
- Restricted substances on food.

Though the above suggestion is based on the frequency of NTMs found in the food sector from the regulatory framework of Malaysia, AFBA (2014) has also identified the above two areas (amongst three others) as priority for harmonization within ASEAN. It should also be sector specific, as the food sector is highly diversified, and trade within the region will undeniably be concentrated in a few sub-sectors.

[13] Mutual recognition involves the acceptance of different forms of food safety regulation amongst countries as 'equivalent' (Henson and Caswell, 1999)

Table 5: Recent Reported Cases of NTMs/NTBs in Malaysia

NTM	Reporter	Issue	Concern	Status/ Remarks
Import licensing/ SPS/permits and related measures	VNM	Malaysia maintains TRQ for live pigs (HS 0103.91000, HS 0103.91000), live poultry (0105.11900, 010594190), pork of various kinds (HS 0203.11000, 0203.21000); poultry meat (0207.11000, 0207.12000, 0207.130000, 0207.14000), milk (0401.10110, 0401.20110, 0401.30110), chicken eggs and duck eggs (0407.00111, 0407.00112, 0407.00910, 0407.00920), round cabbage (0704.90110). While the tariff rate within quotas is from 10-25% , it's extremely high outside quotas, from 20%, 40%, 50% and 90% respectively (31/5/2012)	-	Agency managing quotas and grant import license is the Animal Health Department. Other cooperating agencies include Ministry of Agriculture, Ministry of Health 31/05/2012 TRQs are not applicable for ASEAN countries. VNM will revert since she needs to check with her private sector. (1/6/2012) VNM (12/7/2013): VNM considered this case resolved.
Import permit on meat products	BN	Export and import meat that pass through Limbang is being subjected to charges by the Malaysia Agriculture Dept. for import permit at RM0.10 per kg of meat products and RM10 per export permit	It affects the price of meat products	MY Comment: Sarawak State Government has agreed to waive the license/permit fees as specified under the Third Schedule of the Veterinary Public Health Ordinance, 1999 for the import/export of livestock (animal and fish) and livestock products between Brunei and Sarawak, effective 1 March 2012. A letter to that effect has been sent to Brunei. (14/05/12)
Border measures	INDO	Malaysia requires imported wheat flour must obtain license in advance, in accordance with the quota set by Malaysian authorities. 15/2/2012	ATIGA Article 20 provides that AMS eliminate TRQ's	MY comment: The import license or AP is required for monitoring purpose. No quota set for importation of wheat flour. (14/05/12) INDO: request MYto provide the relevant info. (LE/regulations/website) (1/6/2012) MY (12/7/2013): Please refer to the information on www.customs.gov.my

Note: VNM – Vietnam; BN – Brunei; and INDO – Indonesia.
Source: Malaysian International Trade and Industry (MITI), 2015.

Concluding Remarks

This paper reveals that the NTMs in the food sector comprise technical measures, mainly that of TBTs, followed by SPS. However, within the TBT chapter, the measures are highly concentrated in product quality and labelling requirements. In the case of the SPS chapter, the measures, though much more diverse than the TBT chapter, are also concentrated in two sub-categories, restricted substances and labelling requirements. By product, a large number of NTMs are found for the sub-sector of salt and spice, followed by sweetening substance, edible fat and edible oil and alcoholic beverage. For the former three sub-sectors, restricted substances and labelling for TBT reasons dominate in terms of NTM types.

In the context of Malaysia's imports from ASEAN, though edible fat and edible oil command the largest import share, and the frequency of NTMs in this product category is also relatively high, the percentage of products affected is reasonably low relative to the other sub-sectors of food. Conversely, fish and fish products have lower number of NTMs than edible fat and edible oil, but higher number of tariff lines affected by NTMs. ASEAN is also considered an important source of imports for fish and fish products. The frequency, type and coverage of NTMs, though informative, are certainly not an indication of the severity of those measures. The snapshot of NTMs in the food sector, however, provides some valuable insights for tackling the issue of regulatory convergence. The same diversity found in food regulations in Malaysia is most likely to prevail in the other ASEAN countries that adopt the Codex guidelines.

To move forward in facilitating trade within the region through the harmonization of standards and regulations in the food sector, it would be best to do it in a piecemeal fashion. First, to prioritize the task of harmonization by considering specific NTMs and specific sub-sectors of food that are highly tradable within ASEAN. Second, to examine which of the NTMs in the highly tradable sector of the region that could impede trade.

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