

*There is nothing unusual about imported fruit in Malaysia, with low barriers to entry and a population that is always on the lookout for something new. This is the view of Chop Tong Guan (CTG) Group director Koay Swee Aik, whose company recently won the Importer of the Year award at Asia Fruit Logistica in Hong Kong. He tells [www.freshfruitportal.com](http://www.freshfruitportal.com) about a new investment in Penang to improve supply chain efficiency, while discussing his views on the prospects of different fruits from around the world.*



Construction of CTG's new facility in Penang.

Koay says CTG has come a long way since its first major cold chain investments more than a decade ago, with the group's biggest project yet due for completion in March, 2014.

"We were proactive with the emergence of modern retailers in the fresh fruit industry, with demand for a better total reefer solution for fresh fruits in terms of cold rooms and chilled reefer trucks, and also the need to have strategic partners in growing areas to concrete our supply," he tells [www.freshfruitportal.com](http://www.freshfruitportal.com).

He says the first facility with 1,500 pallets worth of coldroom and prepacking space started to be built in 2002 in Penang, followed by a second facility in Kuala Lumpur with capacity for 2,000 pallets in 2008.

"This year we are finishing the latest one which will be ready by March 2014, with capacity for 4,000 pallets," he says.

"It's not just cold storage space. Inside we will have our pre-packing facilities for all the major supermarkets in Malaysia, so that will be a very good platform for me to step up to the next level.

"Also we have a lot of reefer trucks to service the whole country, which is important as Malaysia's weather is a challenge with 35°C (95°F) temperatures in the daytime. When you talk about cold storage you save a lot on wastage."

### **Import dynamics**

In terms of import success, the first three products that come to mind for Koay are Zespri green kiwifruit from New Zealand, Washington cherries and South African Fuji apples.

"For Chilean kiwifruit to compete with New Zealand kiwifruit is uphill in our market. If you compare New Zealand's kiwifruit with that from Chile, or even Italy, France or China, no one can compare with the taste of Zespri green kiwifruit," he says.

"The good cherries are mainly from Washington and also from Tasmania and New Zealand, while we also source from Chile and get some from South Africa."

In terms of apples, he adds the Pink Lady brand is also gaining its appeal with fruit sourced from the United States,



France, South Africa, Australia, New Zealand and Chile.

He says that health benefits are boosting consumption of blueberries in Malaysia, more so than with other berries, while CTG is moving "a lot of avocados" now.

"It's [avocado] something that can add value to food so we have to do a lot of promotion and educate people to use them. When it gets momentum and becomes a part of people's eating habits, I see that the growth will be there. We are in the building stage at the moment.

"We are selling Avanza avocados from New Zealand, and they have been very tasty in terms of the oil content and dry matter. We also do avocados from South Africa, California, Spain and Chile, but I find that the best tasting is the Avanza."

In terms of citrus, Koay sees continued strength for Navel oranges and does not see them losing out to easy peelers as is the case in other countries.

"They [oranges] have been a very important fruit for Malaysia because the consumer wants to eat oranges, and we can bridge the season from the Northern Hemisphere to the Southern Hemisphere.

"The easy peeler is getting more and more popular but they will never replace oranges. The reason is that part of the Navel oranges in our market are juiced, and you can't juice an easy peeler."

He adds that the amount of citrus from Australia has been lower this year but the quality has been good and the company has had enough oranges to supply the market.

In addition to the likes of Avanza, Zespri and Pink Lady CTG works with other partners to develop brands in the



Malaysian fruit market, including Sunkist and Dutoit.

"At the same time we have vertically integrated with the growing and harvest of certain produce items, like Chinese mandarins which we have branded under our own brand Tian Tian in Malaysia.

"The whole branding started in 1993, and we have better traceability and integrate the whole process from the growing until the merchandising at the supermarket sales floor."

### **Local supply has 'little effect' on imports**

Koay emphasizes that while consumption of local tropical fruits is very strong, supply is seasonal and imports help serve the consistency of the fruit business.

"Malaysia has its own production of tropical fresh fruits but it generally has less effect on the sales of imported fresh fruits. The main supply would be melons, papayas, pineapples and bananas, and other tropical fruits are more seasonal like durians and rambutans from April to August.

"Malaysia is a traditional market for importing fresh fruits with a low barrier of entry. As the economy starts to grow, the customers tend to be discerning about taste and they want to try new varieties of fruits.

"This is further strengthened by growing notion of fruits connection to healthy living and generally many more people turn to a larger fruit intake as part of a healthy diet. Variety is the spice of life so we tend to get more and more fruits from different origins and people want to try them."

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