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Beyond the SST: Rethinking Malaysia's Fruit Supply Strategy

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Introduction

Food is a subject that can bring people together in a way nothing else could; policies that affect what people eat or can afford to eat would naturally spark public interest. Since the government announced the Sales and Services Tax (SST) expansion, a large part of the public discourse has revolved around imported fruits. At the core of this discourse are two key questions: how reliant are we on imported fruits, and why?

Where does our fruit supply come from?

Over the years, our fruit supply has steadily increased, with the amount available for consumption rising nearly two-fold from 2010 to 2022. The growth in supply, however, is attributed mainly to the increased imports of fruits. In 2022, Malaysia locally produced 50% of the total fruit supply (1.48 million metric tonnes or MT), with net imports making up the

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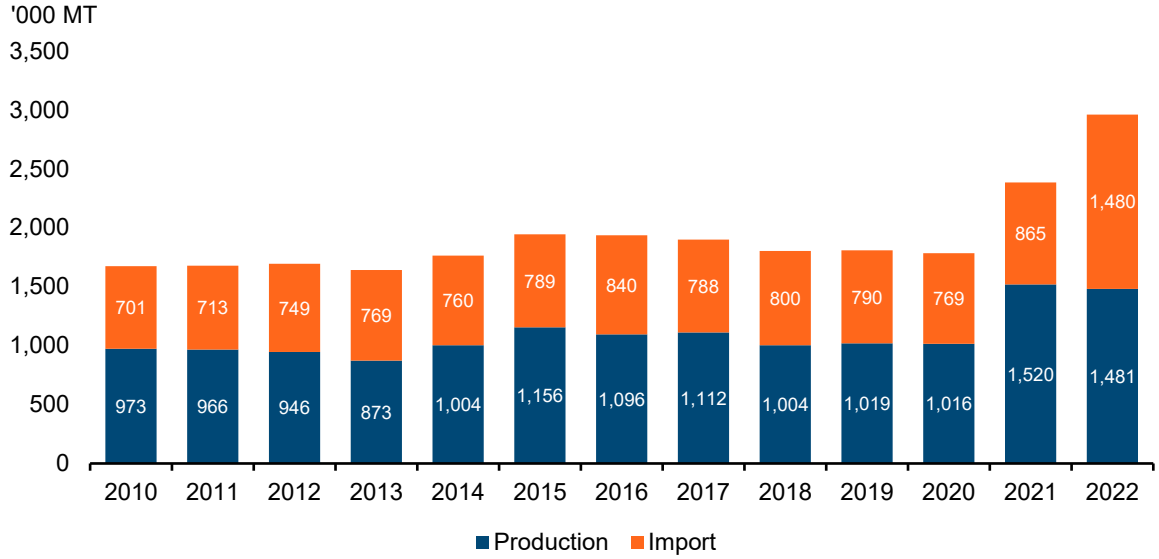
other half[1] (see Figure 1). The share of imported fruits out of the total fruit supply has remained between 40% and 50% from 2010 to 2022. During the same period, the volume of imported fruits doubled, while the supply of locally produced fruits grew much slower.

Figure 1: Weight of domestically produced and imported fruits, 2010 – 2022

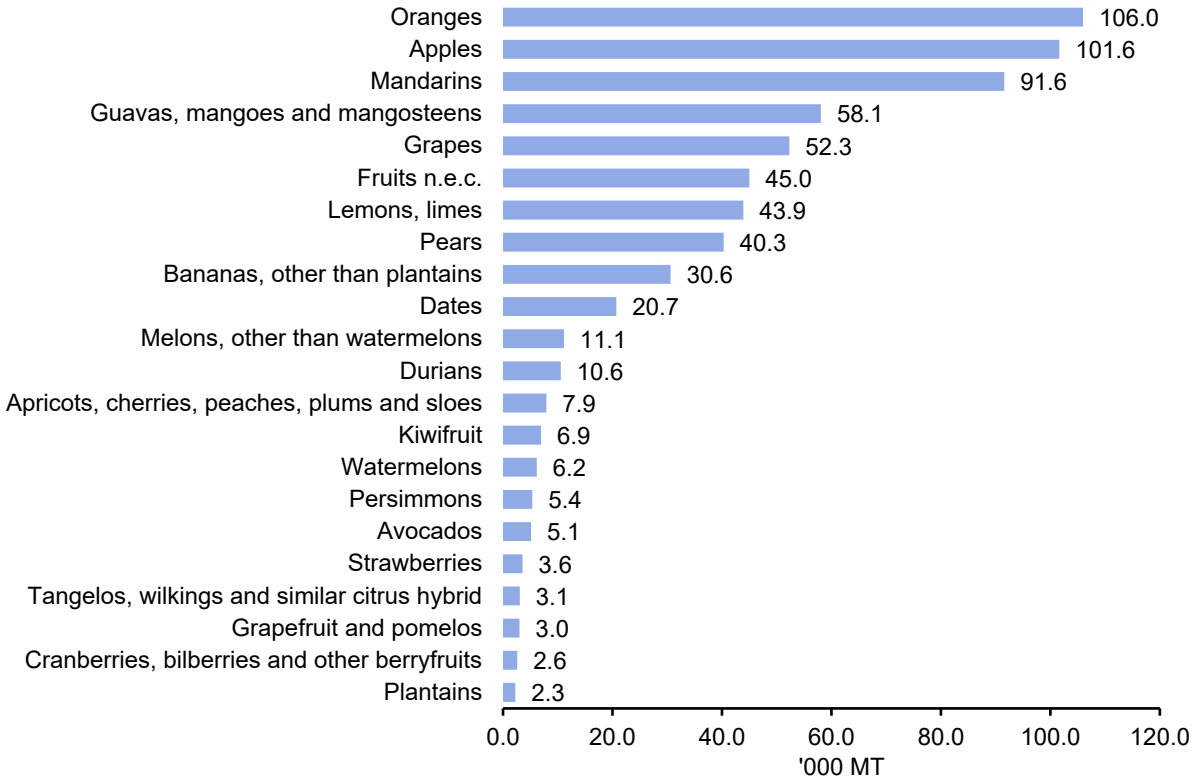


Source: FAO (n.d.)
Note: Production includes the quantities of fruits sold in the market (marketed production) and the quantities consumed or used by the producers (auto-consumption).

In 2024, Malaysia imported close to US$1.04 billion worth of fruits[2], over two times more than what we used to spend importing fruits in 2010. Oranges, apples, mandarins, guavas, mangoes, mangosteens, and grapes consistently top the imported fruits chart[3]. In particular, the value of imported oranges accounted for roughly 10% of the total imported fruits and nuts bill in 2024, making it the top imported fruit. However, it is important to note that the list of imported fruits includes not only temperate and subtropical fruits like apples, strawberries, and pears but also tropical fruits such as bananas, watermelons, papayas, and pineapples (see Figure 2).

[1] FAO (n.d.)
[2] United Nations, n.d.
[3] Ibid.

Figure 2: Weight of imported fruits, 2024



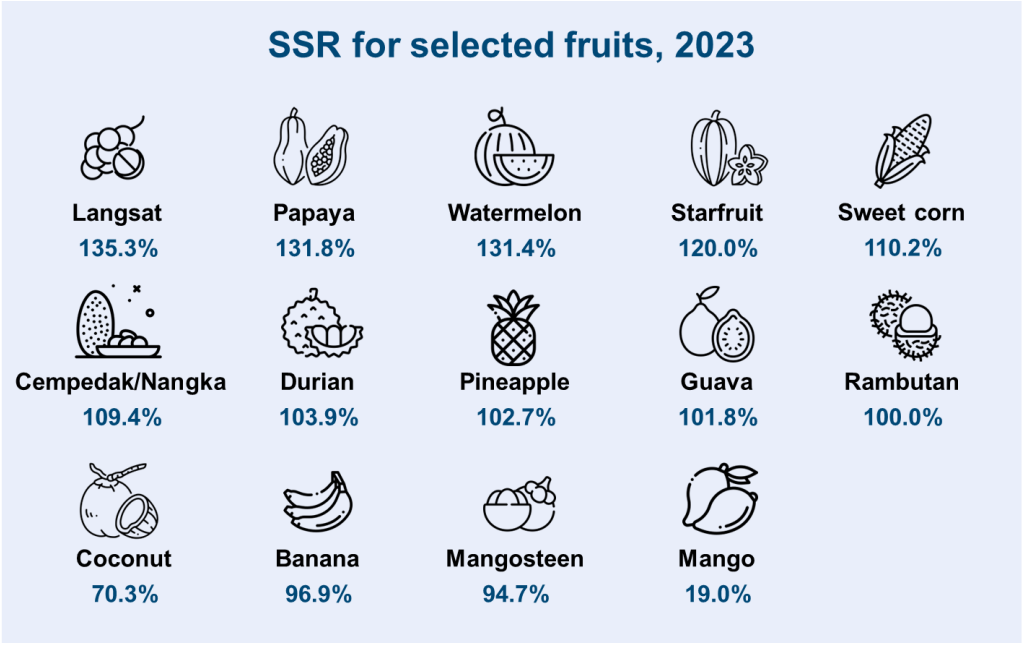
Source: United Nations (n.d.)
Note: The list also includes fruits with import volume below 1,000 MT: papayas, raspberries, blackberries, mulberries, and loganberries, pineapples, other citrus fruits, figs, currants and gooseberries, and quinces. These fruits are grouped under the Harmonised System (HS) 8 for Fruit and Nuts, Edible. n.e.c. = not elsewhere classified.

Is the local fruit supply adequate to meet our needs?

Malaysia has achieved over 100% of self-sufficiency ratio (SSR) for several locally produced fruits, such as langsat, papayas, watermelons, starfruits, sweet corns, and jackfruits[4] (see Figure 3). In 2023, the overall SSR for tropical fruits recorded 97.4%[5]. According to the current definition[6], an SSR of 100% or more indicates that domestic production is adequate to meet local needs. If Malaysia is able to produce fruits domestically to satisfy local demands, then why are we still importing nearly half of our fruit supply?

[4] DOS (2024)
[5] KPKM (2024)
[6] KPKM (2024)

Figure 3: Self-sufficiency ratio (SSR) for selected fruits produced in Malaysia, 2023



Source: KPKM (2024)

The SSR is calculated by taking the amount of food produced locally and dividing it by the total amount of that food available[7]—this includes the amount produced locally and imported, minus the amount that is exported. To put it simply, the SSR reflects how much of the available supply of a certain food comes from local production, not whether the amount fulfils the country's actual dietary needs.

For example, if Malaysia produces 100,000 MT of papaya and the total supply of papaya—after accounting for imports and exports—is also 100,000 MT, then the SSR for papaya would be 100%. This happens when the papayas produced locally are not only supplied for the local market but also for exports. However, this does not necessarily mean that the supply of papaya is adequate to meet the population's actual needs.

The Malaysian Dietary Guidelines recommend a daily intake of at least two servings of fruits and three servings of vegetables[8], or a total of 400g[9], for optimal health. Currently, the total supply of fruits and vegetables is about 395 g/person/day[10]. This amount may not be sufficient for the entire population of Malaysia to meet the recommended daily intake if food waste is accounted for: Malaysia produces 17,000 tonnes of food waste daily, of which 24% is still edible[11]. Fruits and vegetables are a major source of edible food waste[12], given their highly perishable nature and short shelf life.

[7] KPKM (2024)
[8] MOH (2021)
[9] WHO (2018)
[10] FAO (n.d.)
[11] KDEB Waste Management (2024)
[12] OECD and Food and Agriculture Organization of the United Nations (2024)

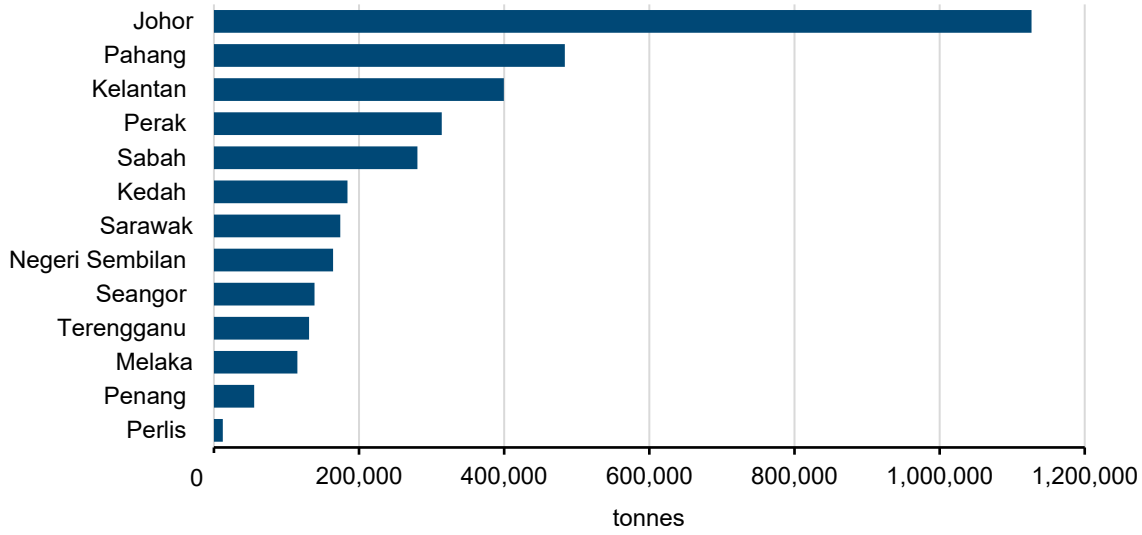
While Malaysia is capable of producing high volumes of various tropical fruits, the total local fruit supply is still short of meeting the population's actual dietary needs. This explains our reliance on imported fruits, which helps ensure there is enough supply for everyone.

What are the challenges with local fruit production?

Despite growing demand, Malaysia continues to struggle with scaling up domestic fruit production. One of the major barriers is land scarcity: only 3.9% of Malaysia's total agricultural land is dedicated to fruit production[13]. About 84% of farmland is allocated to more profitable agricultural commodities (e.g., palm oil and rubber), leaving just 16% for food crops like paddy, fruits, and vegetables.

Climate and seasonality further complicate production. Malaysia's fruit supply is increasingly vulnerable to extreme weather events, which have become more frequent. For example, the 2023 floods in Desaru, Johor, caused severe damage to fruit orchards and estimated losses of RM600,000[14]. Such incidents threaten supply continuity and food security, particularly given Johor's role as Malaysia's largest fruit-producing state, contributing to over one-third of the total fruit supply (see Figure 4).

Figure 4: Fruit production quantity by state, 2023



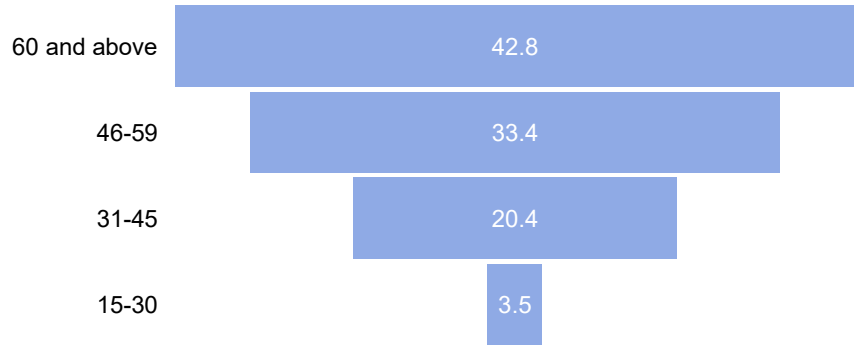
Source: DOS (2025)

Seasonal fluctuations in fruit cultivation also add to the challenge of ensuring a stable supply. Local fruit production is usually lower from December to February, an off-season for seasonal fruits like durian, rambutan, duku, and langsat[15]. During this period, imports are necessary to help stabilise the fruit supply.

[13] Ministry of Economy (2023)
[14] Astro Awani (2023)
[15] Rozhan Abu Dardak (2019)

The sector also faces demographic challenges. Malaysia has approximately 147,000 fruit farmers, most of whom are smallholders[16]. Among individual farm holders, 42.8% are aged 60 and above, while another 33.4% are between 46 and 59 years old (see Figure 5)[17]. The demographic trend raises concerns about the sector's future capacity, especially in terms of keeping pace with evolving technology and production demands. Attracting younger generations into fruit farming might be helpful, not only to encourage the adoption of new technologies but also to ensure long-term continuity.

Figure 5: Individual agricultural holding for fruits by age group (%), 2023



Source: DOS (2025)

Moreover, smallholders' potential is often constrained by structural limitations in the supply chain that restrict their market access and ability to scale up. Due to their relatively smaller production volume and narrow profit margins, most smallholders lack resources like transportation, labour, and equipment[18]. Smallholders often struggle to access the bigger consumer market offered by formal retailers, largely due to their small production volume, and lack of certifications like Malaysian Good Agricultural Practices (MyGAP), which are often required to meet the quality standards in the formal retail sector. As a result, they rely heavily on collectors or wholesalers to market their produce, which limits their bargaining power, market reach, and profits.

How can we strengthen our local fruit production?

As available farmland shrinks, strengthening local fruit production will rely heavily on research and development (R&D) and technology adoption. R&D is essential for producing higher-yielding, better-quality, and climate-resilient fruit varieties. Appropriate technologies—such as sensor-based monitoring systems, input-optimising tools, and simple drip irrigation systems—can improve farm efficiency, reduce environmental impact, and stabilise production. However, these solutions will only be impactful when complemented with financial assistance and training, as many smallholders currently lack the financial means and technical knowledge to implement such solutions.

[16] KPKM (2024)
[17] DOS (2025)
[18] Zakaria and Abdul Rahim (2014)

Most small-scale farmers still struggle with basic challenges: inadequate storage facilities, unreliable transportation, and difficulty accessing major retail markets. Addressing these issues requires targeted investments in basic infrastructure, particularly temperature-controlled storage and transport systems, to handle perishable produce and reduce food waste. Supporting smallholders in meeting market standards and obtaining certification is also crucial, as these can enable them to access formal retail outlets and, hence, wider groups of consumers.

An equally important goal is to increase awareness about the health benefits of eating fruits, especially the local varieties. Due to marketing and branding, imported fruits are often perceived as superior to local alternatives. Hence, more strategic efforts are needed to promote local fruits by highlighting their nutritional benefits, cultural significance, and the importance of supporting local farmers. Together, these strategies would not only strengthen fruit supply and reduce post-harvest losses but also enhance the competitiveness and appeal of local fruits against imported options.

What does the SST expansion on imported fruits mean for Malaysians?

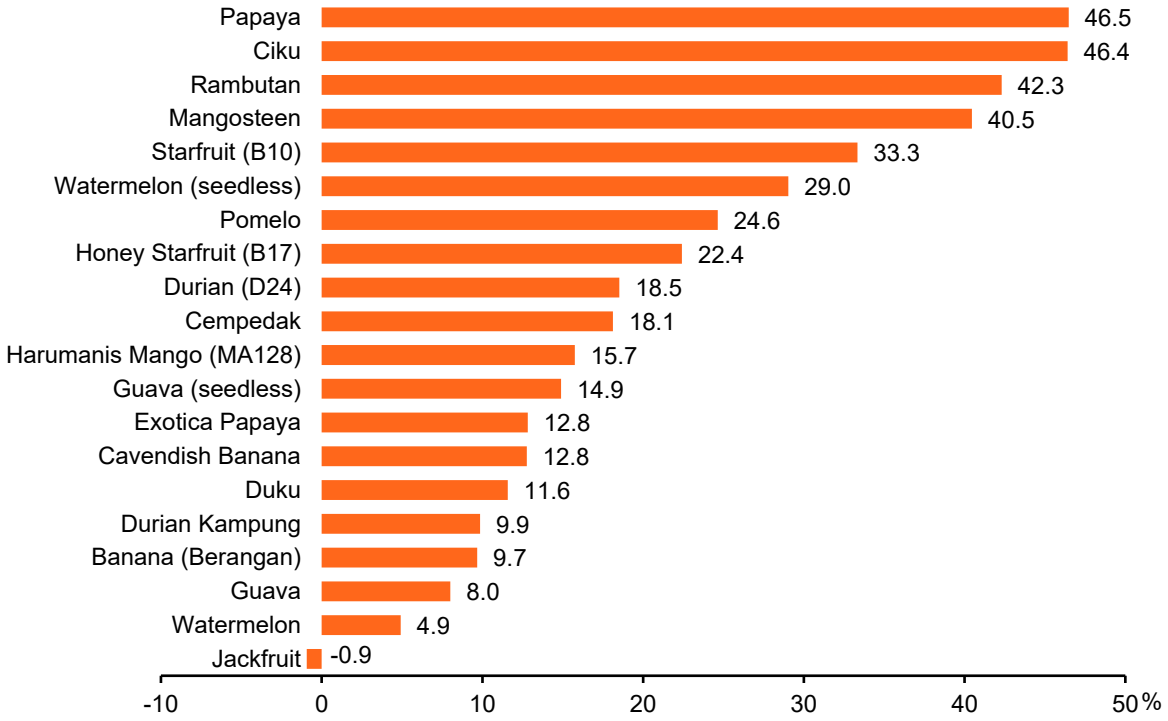
The imposition of a 5% SST on imported fruits has sparked debate, especially considering Malaysians' already low fruit intake and growing cost-of-living pressures. According to the National Health and Morbidity Survey (NHMS) 2024[19], only one in six Malaysian adults meets the recommended daily fruit intake level, with lower-income groups faring even worse [20].

Affordability remains a key barrier; fruits alone account for nearly a quarter of the cost of a healthy diet[21], and the consumer prices of fruits have increased by about 50% since 2010[22], in line with overall food inflation trends. While imported fruits are vulnerable to inflation and price fluctuations due to geopolitical tensions, currency depreciation, and global supply chain disruptions, local fruits are not immune.

Domestic fruit varieties can also face price volatility driven by erratic weather patterns, pest and disease outbreaks, rising input costs, and transport and storage infrastructure inefficiencies. The prices of many locally produced fruits have risen significantly in recent years. For instance, the retail prices of commonly consumed local fruits like papaya, ciku, rambutan, mangosteen and starfruit increased by at least one-third in 2023 compared to what they used to cost in 2019[23] (see Figure 6).

[19] MOH (2025)
[20] Kee et al. (2023)
[21] World Bank (2023)
[22] DOS, n.d.
[23] KPKM (2024)

Figure 6: Changes in the retail prices of selected local fruits, 2019 – 2023



Source: KPKM (2024)

The government has since announced exemptions[24] for the most commonly imported fruits, specifically apples, oranges, mandarin oranges, and dates, but many other widely consumed imported fruits—including guavas, mangoes, mangosteens, grapes, pears, bananas, melons, and watermelons—remain taxable under the expanded SST. Although some may argue this tax is progressive—affecting those who are more well off and can afford imported fruits—the reality is that nearly half the fruit available for consumption is imported. These are not exclusive to high-income groups; they are also consumed by middle-income families and even by some in the low-income segment who rely on the more affordable choices, whether local or imported, for variety and nutrition.

In the short term, the SST risks making fruits—an essential component of a healthy diet—more unaffordable, further discouraging fruit consumption. In the long run, this could add to the existing public health burden, exacerbating rates of obesity, diabetes, and other diseases linked to unhealthy diets. These health consequences, in turn, carry long-term costs for the healthcare system and society.

[24] MOF (2025)

Concluding remarks

It is undeniable that local fruits can be as nutritious as the imported varieties, but there remain several challenges to bolster domestic fruit production. This means imported fruits will remain indispensable in supplementing our fruit supply to meet the population's actual dietary needs—not to mention the health benefits of having a greater diversity of fruits for people to choose from and consume. The SST expansion to imported fruits may send a mixed signal, especially when nutrition policies emphasise the importance of consuming a variety of fruits. Most importantly, fruits, like vegetables, are essential goods, not luxury items.

Lastly, it is important to note that food supply does not always equate to actual consumption. The availability of food in the market does not necessarily reflect how much people actually eat. Another pressing issue beyond the SST is that many Malaysians still do not consume enough nutritious foods. This is a public health challenge that goes beyond availability and prices—it is also about awareness, eating behaviours, and the food environment.

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