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FDI NEWSLETTER

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Obtaining the **HACCP and GMP** certifications on **27 September 2024** is a major milestone for your company, particularly in facilitating the export of tiger prawns. These internationally recognized certifications will boost your credibility, ensuring compliance with the stringent safety and quality standards required by global buyers. This achievement not only strengthens your market position but also opens doors to new opportunities in the export business.

Hazard Analysis and Critical Control Points (HACCP), which is a globally recognized management system designed to ensure food safety. It focuses on identifying, evaluating, and controlling biological, chemical, and physical hazards from raw material production, procurement, and handling to manufacturing, distribution, and consumption of the finished product.

HACCP certification helps businesses by ensuring they meet strict food safety standards, which is crucial for regulatory compliance and customer trust. It allows businesses to access international markets where **HACCP** is often a mandatory requirement, ensuring smoother export processes. By focusing on preventing contamination, the certification minimizes risks of recalls and legal issues, which can be costly. It also fosters customer confidence by demonstrating a commitment to food safety and quality, enhancing the business's reputation. Additionally, it can improve operational efficiency through better process control, offering a competitive advantage in the industry.



Good News: Certificate Approved

Good Manufacturing Practices (GMP), a system that ensures products are consistently produced and controlled according to quality standards. It is designed to minimize the risks involved in any production process that cannot be eliminated through final product testing. **GMP** certification is essential in industries like food, pharmaceuticals, cosmetics, and medical devices.

GMP certification helps businesses by ensuring that products are consistently manufactured to high-quality standards, which is crucial for regulatory compliance and consumer safety. It minimizes risks of contamination, defects, and recalls by enforcing strict hygiene, quality control, and process management throughout production. With **GMP** certification, businesses gain access to more markets, as many customers and regulators require it, especially in industries like food, pharmaceuticals, and cosmetics. It also enhances customer trust by demonstrating a commitment to quality, while improving operational efficiency through better processes, reducing waste, and ensuring consistent product quality.



Good News:

Unprecedented 700% Spike in Export Sales

After our first export to **Korea in July**, which involved a shipment of **7,500KG**, we decided to take a strategic pause. This break was essential to focus on completing all the necessary certifications and licenses, particularly securing **HACCP and GMP** approvals. These certifications were crucial for strengthening our position in the international market, ensuring compliance with stringent safety and quality requirements, especially for tiger prawns.

At the same time, we recognized the need to ramp up our production capacity. With the positive response from the **Korean** market and anticipating a surge in demand, we took the opportunity to enhance our production processes and increase our capacity to meet larger orders.

As a result of these efforts, we successfully secured **21,000KG** of export orders in **September**, marking a significant growth from our initial shipment. Building on this momentum, we managed to secure another **30,000KG** of export orders in **October**. The combined value of these orders for **September and October** is estimated at approximately **RM 2,000,000**.

This growth reflects the market's confidence in our products and the effectiveness of our operational improvements. We're now well-positioned to handle even larger volumes and are optimistic about further expanding our exports in the coming months.



GOOD NEWS



A WORD FROM SALES DIRECTOR- KEVIN OOI FOO KIM

“ **GMP (Good Manufacturing Practice) and HACCP (Hazard Analysis and Critical Control Points)** certifications are essential for any company entering the export market, particularly in the food industry. These certifications provide assurance that your production processes meet strict international standards for safety, hygiene, and quality control. In a global market where regulatory scrutiny is high, having these certifications is a basic requirement for building trust with customers and partners, demonstrating your commitment to quality and safety.

With these certifications in place, your company will likely see a significant boost in customer confidence. **GMP and HACCP** serve as endorsements that your products are produced under safe, consistent, and monitored conditions, reducing the risk of contamination or safety issues. This reassurance is crucial in the export business, where food safety concerns can lead to reputational damage or even loss of market access. By meeting these standards, you position your company as a more reliable and attractive partner for both existing and potential customers.

In the long term, these certifications are expected to drive growth, potentially increasing sales by more than **30%**. New customers are likely to be drawn to your certified products, while existing customers may increase their order volumes, confident in the quality and safety of your offerings. Additionally, these certifications open doors to new markets that require such standards, positioning your company for sustained growth in the competitive export landscape. By meeting international expectations, you ensure your business stays ahead of the competition and can capitalize on new opportunities. ”

Challenge :

Financial Strain for Exporters from MYR Strengthening

The strengthening of the **MYR** against the **USD** poses significant challenges for exporters, particularly in terms of forex losses. Many exporters must confirm their orders **1 to 2 months** in advance to effectively plan for raw material procurement. This advance commitment makes them vulnerable to fluctuations in exchange rates during that period. As the **MYR** appreciates, exporters lock in prices and quantities, only to find that the costs may not align with the prevailing exchange rates when it comes time to fulfill their orders. This disconnect can lead to reported losses of up to **12%**, eroding profit margins and creating cash flow pressures that threaten their financial stability.

These forex losses not only impact immediate profitability but can also have broader implications for the supply chain. Exporters may be forced to pass on increased costs to their customers, potentially straining relationships and diminishing competitiveness in the market. The uncertainty surrounding currency fluctuations can also prompt a more cautious approach to inventory management, leading to delays in order fulfillment and missed sales opportunities. Overall, the challenges posed by the strengthening **MYR** highlight the need for exporters to develop adaptive strategies that address the risks associated with currency fluctuations while maintaining operational efficiency and customer satisfaction.





Solution:

Leveraging In-House Procurement to Mitigate Forex Risks and Boost Profitability

We have a significant advantage as we procure our raw materials from our own farms. This allows us to produce specific orders within a short timeframe, which is critical in the fast-paced export market. By managing our own supply chain, we can confirm orders just **2 to 3 weeks** before shipping. This approach not only streamlines our operations but also significantly reduces our exposure to forex fluctuations.

By minimizing the time between order confirmation and shipping, we mitigate the risks associated with currency volatility, ensuring that our costs remain stable and predictable. This agility allows us to respond quickly to market demands while maintaining our profitability, setting us apart from competitors who may be more vulnerable to currency-related challenges. Overall, our direct control over raw material procurement enhances our operational efficiency and financial stability in a fluctuating market environment.



Upcoming: Upgrading Retail Facilities

We are embarking on a significant upgrade of the facilities at four of our outlets, focusing on two key areas: the purchase of **new transportation vehicles** and the **expansion of our cold room storage**. **Upgrading our transportation fleet** is essential for enhancing our logistics capabilities. With the ability to carry more cargo per trip, we will significantly reduce the number of trips required for deliveries. This will not only improve operational efficiency but also lead to substantial savings in both time and fuel costs. Additionally, we plan to apply for government subsidies that will help offset the costs associated with these upgrades, further contributing to our bottom line.

The **expansion of our cold room storage** is equally important for our business operations. By increasing the capacity of our cold storage, we can stock a larger inventory, allowing us to meet growing customer demand more effectively. This additional space will facilitate better organization of our products, ensuring that everything is stored neatly and accessible. A well-organized cold room will help minimize the risk of spoilage caused by disorganized storage practices, ultimately preserving product quality and reducing losses.

Together, these facility upgrades will enable us to streamline our operations and enhance our service to customers. By improving our logistics and storage capabilities, we will be better positioned to respond to market demands and attract new customers. These changes not only support our immediate operational needs but also lay a strong foundation for future growth, allowing us to scale our business effectively and sustainably in the competitive market landscape.

STAY TUNED FOR MORE UPDATES NEXT MONTH