



Foreign Agricultural Service

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ASEAN¹ Market Watch

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Prepared by:

DALE L. GOOD

U.S. Agricultural Trade Office

Drafted by:

Dale L. Good

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Includes PSD changes: No
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Unscheduled Report
Singapore [SN1], SN

^{1/} Association of Southeast Asia Nations. Southeast Asia is comprised of ten countries, nine of which are members of the ASEAN and one of which has observer status.

Members: Brunei, Burma, Indonesia, Laos, Malaysia
the Philippines, Singapore, Thailand and Vietnam.

Observers: Cambodia

The Southeast Asia Food Manufacturing Industry

The Food Ingredient Asia Trade Show will return to Singapore, March 30-April 1, 1999. To assist U.S. ingredient suppliers contemplating participation in the show, the ATO commissioned two reports to evaluate sales opportunities: The Southeast Asia Food Manufacturing Industry--An Overview and Singapore's Food Manufacturing Industry. The first report is available on FAS' Homepage: www.usda.fas.gov. The latter will be available at the same site within two weeks. Those without Internet access can contact the ATO for hard copies.

Source: ATO Singapore.

A Survey of the Singapore Food Trade

An ATO survey of 150 (99 responding) Singapore traders has revealed the extent of the Singapore's trade sales territory and their interests in U.S. product representation. Territory range was reported as follows:

Country	% of Trade Covering	Country	% of Trade Covering
Malaysia	64	Vietnam	29
Indonesia	48	Thailand	26
Philippines	30	China	25
Burma	30	Cambodia	22

Fifty-six percent of those responding intend to expand their territory over the next two years. China (10%), Vietnam (7%) and the Philippines (6%) were the markets of primary interests. Forty-seven percent of those responding represent from 1-5 U.S. companies. Fifty-five percent are interested in representing new U.S. products. A full report on the survey will be available on FAS' homepage within three weeks. Source: ATO Singapore.

Singapore as an Asia Regional Business Hub

Research firm Boz, Allen and Hamilton carried out a study of U.S. companies based in Singapore. The study results revealed the following:

- 80% of the more than 1,300 U.S. companies located in Singapore have regional responsibilities.
- Of those with regional responsibilities, how do they define their region?
 - 94% service the ASEAN

--- Almost 60% service Greater China, India, South Korea and Australia/New Zealand
 ---Almost 80% believe the Singapore American Chamber of Commerce should have a Singapore and regional focus. Source: Singapore American Chamber of Commerce.

Australia's Exports to Southeast Asia Down

Australia's promotion Agency, Austrade, recently released a publication, "Food Market Profiles." According to the report, Australia's food exports to Asia grew by 2% in 1997-98. This growth is expected to pick up strongly within 2-5 years. The report estimates Asia's food market at \$130 billion a year and reveals that Australia has increased its share of the market from 6% in 1992, to 8% in 1997-98. While sales were up in the Asia region, sales have not fared as well in Southeast Asia according to the report:

Australia's Food Exports to Southeast Asia			
Country	1996 - 1997	1997 - 1998	Change
	A\$ Billion		
Indonesia	1.09	0.84	- 30%
Philippines	0.55	0.48	- 13%
Singapore	0.44	0.41	- 7%
Malaysia	0.79	0.80	+ 1%
Thailand	0.24	0.26	+ 8%
Vietnam	0.07	0.15	+ 14%
Other	NA	NA	NA
Total	3.18	2.94	- 8%
Source: Food Week, November 24, 1998			

Liberty Market...A Model American Supermarket

A model American Supermarket was opened by Singapore's largest supermarket chain, NTUC FairPrice, December 5, 1998. Over one-half of the 12,000 products in the store were sourced from the U.S. NTUC FairPrice's goal is to maintain U.S. product share at 50-60%. The 25,000 sq.ft. store is expected to have an annual turnover of US\$20 million the first year. Located in a newly renovated shopping mall along Orchard Road, it is ideally situated next to an MRT (metro) station interchange that will be completed in 2002 and is expected to handle 22,000 passengers an hour. FAS Cooperators are establishing 12-week promotion calendars with NTUC FairPrice to take advantage of the concept and its expected draw of Singapore shoppers and regional tourists and trade. NTUC is actively sourcing U.S., new-to-market products. Source: ATO Singapore.

Shifts in Eating Out

According to a survey of 16,000 households in Asia by Taylor, Nelson Sofres Asia Pacific, eating out is a regional pastime and in spite of the economic crisis this is still proving to be important. However, there are shifts from high-class restaurants to less expensive traditional restaurants and fast food outlets. Though Singapore has not been hit as hard by the crisis as some other Asian markets, this trend is certainly true for Singapore and this has not gone on noticed by U.S. fast food franchises.

Tricon Restaurants International will invest US\$60 million during 1998 in Singapore. It has opened two Taco Bells restaurants and will continue to do so until it reaches 50 on the island. From Singapore, once established, it will expand into other Asian markets. Tricon claims out of 40+ countries surveyed, Singapore ranked among the top three among consumer acceptance.

California Pizza Kitchen (CPK) opened its second outlet in Asia in Singapore. Its first was in Manila. They are very optimistic having laid out their restaurant with the advice of a feng shui master. They import 80% of their ingredients from the U.S., but hope to source as much as possible locally, once quality of local foods is established. Plans call for opening one more in Singapore and another in Hong Kong next year.

Swenson's opened three new outlets in Singapore in early December bringing its total to 30. It has an outlet in Johor, Malaysia and plans to open others in Penang and Kuala Lumpur, Malaysia, as well as Brunei, Philippines, and Australia.

Sources: Retail Asia, October 1998; Singapore Strait Times, December 1 and 3, 1998.

Newcomer to the Southeast Asia Bread Market

Boustead Singapore. Ltd. with new manufacturing facilities in Johor, Malaysia; after investing about US\$7 million and two years in R&D is well on its way to reaching its goal of capturing 25% of the US\$60 million Singapore bread market. Once established in Singapore, Boustead plans to enter the Malaysian market followed by other East Asian countries. To date, their Bonjour brand features enriched white bread, milk bread, high fiber white bread, honey wholemeal bread, butter loaf, raisin loaf, apple loaf, apricot loaf, fruit & nut loaf and coffee & nut loaf.

Source: Retail Asia, October 1998.

New Kellogg's Plant to Service Southeast Asia

Kellogg's has agreed to purchase a Malaysia convenience food manufacturing plant from Singapore-based Network Foods International. Plans are to modernize the facility to produce Rice Krispies squares and other convenience foods for the region.

Source: Asian Retailer, October 1998.

Pepsico Boosting Thai Unit as Asia Hub

Pepsico is expanding its Thai agribusiness facilities, including potato and maize farms, to produce and distribute snack products across Asia. Its regional director has moved from Australia to Thailand, signaling a change in strategy and the importance placed on the Thai operations. The company started exporting potato chips to China last year. In two to three years plans call for penetrating the Vietnam, Cambodia, Laos, Singapore and Malaysia markets.

Source: The Nation, November 11, 1998.

ASEAN's Food & Agriculture Meetings

USDA will send several biotechnology experts to Singapore in January 1999 to make presentations to an ASEAN Biotechnology Task Force. The Task Force, chaired by Singapore, hopes to harmonize the nine members biotechnology regulations within two years time. Singapore is pushing for one year.

The ASEANS' food and agricultural meeting agenda for the first trimester of 1999 includes:

- | | |
|--|-------------|
| - ASEAN Biotechnology Task Force | Singapore |
| - Experts Working Group on Harmonization of Phytosanitary Measures | Philippines |
| - Experts Working Group on Harmonization of Maximum Residue Limits | Philippines |
| - ASEAN Working Group on Agricultural Training and Extension | Vietnam |
| - ASEAN Working Group on Crops | Philippines |
| - ASEAN Working Group on Fisheries | Vietnam |
| - Ad hoc Working Group on Halal Food Guidelines | Bangkok |

In April, the ASEAN Ministers of Agricultural will meet in Ho Chi Minh City.
Source: ATO Singapore.

Canada-Singapore Tie-Up in Agricultural R&D

Canada's National Research Council (NRC) and Singapore's National Science and Technology Board plan to collaborate in four areas. In agriculture, Singapore's Institute of molecular Agrobiology and the NRC will explore modern approaches to gene identification and cloning of cereals. Source: Singapore Strait Times, November 14, 1998.

Singapore's Port and the Year 2000 Computer Problem (Y2K)

Singapore's Government and port authority are pressing carriers and other to speed up work on warding off Y2K problems. Singapore, is the world's busiest port, with 130,000 vessels calling per year. The Maritime and Port Authority says it has certified 80% of its 77 port-related systems as Y2K compliant. The maritime agency holds regular meetings with interested parties to exchange information. A disaster recovery center is in place at the MPA's mainframe computer site and will be able to provide backup services.
Source: Singapore Business Times, November 24, 1998.

ATO Reports Placed Online, August-December 1998

- ASEAN Cooperation in Agriculture	SN 8034
- ASEAN a More Competitive Regional Market by the Year 2000	SN8027
- Where Have All the Diners Gone?	SN8036
- New American-Style Supermarket in Singapore	SN8038
- Singapore Approves Import of U.S. Chilled Pork	SN8039
- Singapore's Trade in Agricultural, Forestry and Fish	SN8041
- The Southeast Asia Food Manufacturing Industry	SN8040
- Food Retail Industry in Singapore	SN8033

These reports are posted on FAS' homepage: www.fas.usda.gov. Source: ATO Singapore.

END OF REPORT