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Singapore

Food Processing Ingredients

Annual 2015

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Report Highlights:

Due to its high dependency on imported foods, Singapore is one of Asia's largest importers of processed food and beverage products. In 2014, the U.S. exported a record of US\$ 608.1 million in consumer oriented products, which was an increase of percent from 2013. As the country has limited agricultural resources, raw materials for the food processing industry are largely imported too. The limited local food manufacturers are incapable of meeting demands for both the domestic and re-export markets. Due to demographic and lifestyle changes, the sector is expected to grow and emerging trends have been taking place in the market such as increasing demand for healthier and convenience products.

Post:

Singapore

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SECTION I. MARKET SUMMARY

Singapore's food processing sector is relatively small due to limited natural resources, livestock and agricultural production. As the country engages in very minimal agricultural production, raw materials for food processing are largely imported. The relatively limited local food manufacturers are also unable to meet the overall demand; hence Singapore imports large amounts of processed food products.

The U.S., Malaysia Indonesia Australia and China are Singapore's main suppliers of food / food products. Competition would largely dependent on the nature of the product. For example, Australia and New Zealand supply most of the milk products and dairy ingredients and China supplies mostly the corn and soybean products, and Malaysia supplies nearly 20% of the food ingredient market and a major supplier of live poultry, edible oils, and tropical fruits and vegetables. The U.S. has substantial market share in juice, juice concentrate, frozen poultry parts, fresh temperature fruit, nuts, flavorings, spices and leaf tobacco. In 2014, the U.S. exported \$795.2 million in total agricultural products to Singapore, which was a 5% growth from 2013. Of that amount, a record \$608.1 million in consumer-oriented products were exported to Singapore, an increase of 6%. Top exports of processed foods to Singapore in 2014 included ingredients and beverage bases, chocolate, distilled spirits, whey protein, lactose and syrups, French fries, powdered milk and dry beverages.

Singapore's food processing sector comprises of about 750 companies – mainly small and medium enterprises, and on average they employ less than 100 personnel. Many local food manufacturers are keen to invest in R&D in order to cater to wider customer bases through improved packing and product shelf, and also an adherence to food safety standards. In fact, many are certified to international food safety standards, such as the Hazard Analysis and Critical Control Points (HACCP), ISO 22000 and BRC.

The local food manufacturing industry spans over 17 sub-sectors – including flavors, sauces, ready meals, noodles, deli meat, sausage, confectionary, chocolates, snacks and beverages. The local processing sector is dominated by major food manufacturers in beer, non-alcoholic beverages, fish processing and snack products. Growth in consumer spending on consumer goods / F&A products is expected to remain strong in 2014-18, at an average of 5% in local currency terms. Some local food companies are keen to do business overseas and in fact several have gained footholds in ASEAN countries, the Middle East and Russia. It is estimated that that over half of the total manufactured output of food, beverage and tobacco sector is re-exported. Some re-export products include beer, soft drinks, edible oils, chocolates, processed seafood, milk powder, condensed milk, sauces and spices.

As of May 2014, Singapore's Agri-Food & Veterinary Authority (AVA) has issued licenses to the following food establishments:

Number of meat and fish processing establishments: 333

Number of cold stores (for storage of meat and/or fish products): 120

Number of other processed food establishments: 1050

According to the Singapore government's statistics, while output of general manufacturing industries

declined by 5.5% in the fourth quarter of 2014 and declined by 1.7% for 2014 as a whole, however, the food, beverage and tobacco segment grew by 2.8%. For example, there has been a steady increase in the retail value of canned / preserved, and frozen/ chilled processed fish / seafood products in Singapore. According to Euromonitor, the total retail value of processed fish / seafood (in million) was \$ 62.20 in 2010, \$69.10 in 2011, \$ 71.10 in 2011 and \$ 72.30 in 2014. The country enjoys one of the highest per capita consumption of fish / seafood products and the total expenditure on fish/seafood for a typical household takes up about 17% - and with growth prospects in processed seafood estimated to increase by at least 5% per year.

Advantages and Challenges for U.S. Exporters in Singapore’s Processing Food Ingredients Market

Advantages	Challenges
<ul style="list-style-type: none"> • Growing popularity of U.S. convenience and fast foods in Singapore favors the use of these chains’ existing procurement systems which source food ingredients from the U.S. • U.S. food producers are known to be a reliable source of large volume and consistent quality food products to major food processors. Generally, U.S. products are already well-known and also well presented in major supermarkets. U.S. products also have a reputation of being high quality. • Singapore is a major regional hub for 	<ul style="list-style-type: none"> • There is a rising trend in Singapore on eating “healthier” food. Justified or not, fast food is often associated with eating “empty calories” and “junk” food. • For meat / meat processed food products, continuing SPS/ TBT issues. • U.S. food products are considered to be more expensive compared with similar products from regional and “traditional” food supplying countries (Australia, NZ and the E.U.). • Singaporeans are generally price sensitive when it comes to buying food products. This price sensitivity has provided China and ASEAN countries to increase their market share in Singapore. • Coming into effect on December 31, 2015, the ASEAN Economic Community (AEC)’s blueprint will help transform ASEAN into a single market and production base; and promote freer movement of trade and capital in the region amongst ASEAN member states. • Singapore is one of the most competitive

F&A re-exports – especially processed foods.

markets in the region. In general, competitive products are often less expensive, and are used equivalently to U.S. products.

- Food ingredients from the region enter Singapore at lower prices due to the ASEAN Free Trade Area (AFTA). The AFTA also includes a provision on a Common Effective Preferential Tariff (CEPT) to promote the free flow of goods between member states.



Sources:

FAS Singapore

SECTION II. ROAD MAP FOR MARKET ENTRY

A. ENTRY STRATEGY

In terms of market access, countries importing goods to Singapore do not encounter significant trade barriers. In fact, import procedures in the country are quite liberal. Singapore has no applicable tariffs / duties on food and most beverage products. Duties are levied on the following four broad categories: intoxicating liquors, tobacco products, motor vehicles and petroleum products. All goods imported into / manufactured in Singapore are subjected to 7% Goods and Services Tax (GST). There is also a license system required for about 6% of the total amount of imports – including also on fresh fruits and vegetables, plants, and meat. Singapore has also restrictions on imports of specific controlled items – e.g. guns and gums.

The U.S.-Singapore Free Trade Agreement went into effect on January 1, 2004. The FTA has been instrumental in increasing bilateral trade between the two countries. According to the U.S. Department of Commerce, the U.S. goods trade surplus with Singapore rose 13.1 % in 1H 2014 to \$7.1 billion. The U.S. ran its sixth largest trade surplus in 1H 2014 with Singapore (\$7.1 billion), after Hong Kong (\$17.6 billion), Netherlands (\$10.9 billion), United Arab Emirates (\$9.1 billion), Australia (\$8.0 billion), and Brazil (\$7.4 billion). In relations to import restrictions and duties, Singapore allowed the imports of chewing gum with “therapeutic value” and also dropped all duties on beer and stout from the U.S.

Market promotion activities and finding the right partner to distribute or represent U.S. export products in the market are key considerations to success in Singapore. In selecting importers / distributors / retailers to partner with, some details U.S. exporters should consider are as follows:

- Their “reputation” in the market
- Their financial strength and business volume
- Their business connections and coverage
- Their interest and commitment in carrying imported U.S. products
- Their marketing campaigns and tie-ups
- Their policies on purchasing new, basic, premium and niche items

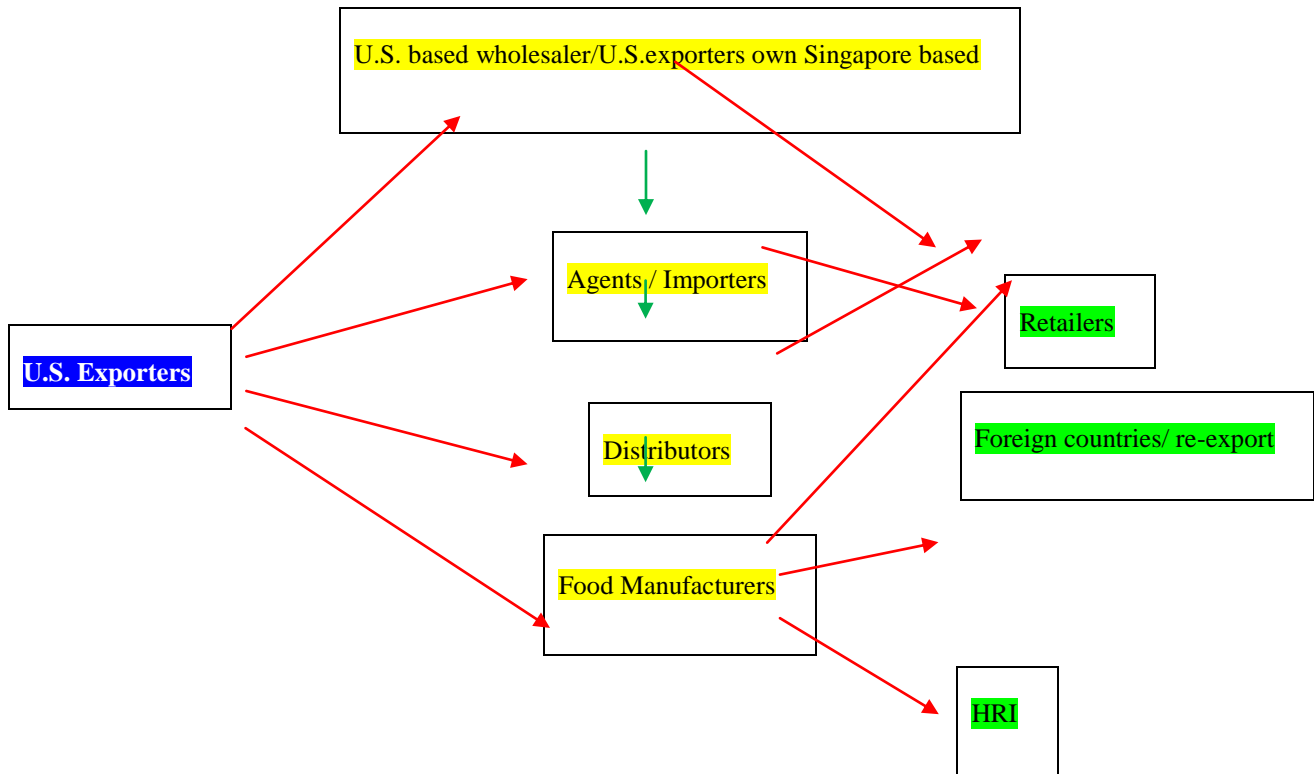
Other details U.S. exporters should consider as well:

- Their product positioning.
- Their price competitiveness as compared to others in the market.
- To consider about fitting their products into local context.
- The packaging and size requirements.
- The anticipated level of promotional efforts to create awareness and acceptance.
- The ability and willingness to suit retailers / HRI / distributors’ expectations and requirements.

For the retail sector, the key channels for U.S. products are generally retailers catering to higher income

locals and expatriates - including higher end / premium supermarkets and hypermarkets. The wet and dry markets, “mom and pop” type shops, and mini marts are no longer viable to adequately support U.S. products especially in building a sizeable market and share in the long term. The only segment in the traditional sector that could potentially support U.S. products are specialist niche stores that offer a range of imported products such as wines / spirits; organic and healthy foods; and confectionary food products.

B. MARKET STRUCTURE



Food Manufacturers: Most of the local food manufactures are small-scaled operators and are usually based in factories within industrial areas. Other bigger food manufacturers – usually multinational companies- typically produce food products / brands and, in some cases, also export them. Another type of food manufacturers are involved in providing food preparation services, such as processing of meat and vegetables, to both hotels and restaurants (HRI). The majority of food manufacturers in Singapore are members of the Singapore Food Manufacturers Association – please click [here](#) for the details.

Importers / Distributors: In Singapore, there are a considerable number of food importers/ distributors. They typically import food products and distribute them to supermarkets / hypermarkets, etc. Some of the importers have exclusive distributorships for certain food products from certain countries. Many of the food importers are also major food retailers; and they include such well-known names as NTUC Fair Price and the Dairy Farm group. The retailers import food products in bulk, and

have also introduced their own house brands for certain products. For example, the 7-Eleven chain – part of the Dairy Farm group – has commissioned food manufacturers to produce their own in-house brands sandwiches and ready-to-eat meals. The other smaller establishments tend to import food products directly from neighboring countries. Distributors also distribute food products to retailers locally, and are often also responsible for the logistic details for importing and distributing food products.

C. COMPANY PROFILES

Major Processed Food and Beverage Companies

Company (Product Type)	Sales (2014)	End-use Channels	Production Location	Procurement Channels
<p>Fraser & Neave (F&N) Foods Pte Ltd</p> <p>Mainly soft drinks; other products include bottled water, carbonates, fruit/vegetable juice, sports and energy drinks, RTD tea, Asian specialty drinks, and packaged food, including yoghurts.</p> <p>F&N's household brands include NutriSoy, Fruit Tree Fresh, etc. It is also a distributor of well-known food /beverage products.</p>	<p>F&N Foods (S) Pte Ltd retained its leading position in soft drinks in 2014, on an off-trade value sales share of 24% in 2014. However, due to stiff competition, the company posted flat growth in off-trade value sales last year.</p> <p>The off-trade value for soft drinks market in Singapore was \$ 477.9 million in 2014.</p>	<p>Retail, HRI.</p> <p>F&N also exports a wide range of products to countries without a local F&N subsidiary to produce / distribute its products – including Brunei, Hong Kong, Taiwan, Papua New Guinea and the Maldives.</p> <p>Strong presence in Australia and Africa.</p>	<p>F&N's soft drinks, dairy products and glass containers divisions are based in Singapore, Malaysia, Thailand, Vietnam and China.</p> <p>F&N produces its own household brands and distributes well-known brands like Sunkist Juices, Snow margarine</p> <p>F&N bottles its own brands locally and then distributes the final products</p>	<p>Direct, import</p>

			across Singapore.	
<p>Tee Yih Jia Food Manufacturing Pte Ltd</p> <p>Leading processed frozen foods manufacturer.</p> <p>With its flagship “Spring Home” brand specializing in Asian food products such as prawn rolls, spring roll pastry, etc.; other brands include “Happy Belly” and “Master Chef”.</p>	N/A	<p>Retail.</p> <p>Also exports more than 90% of its “Spring Home” brand to North America, Europe, South Africa, Middle East and Asia Pacific.</p>	<p>Manufacturing facilities in Singapore, the U.S., Malaysia, and China</p>	<p>Direct, import</p>
<p>Singapore Food Industries Pte Ltd (subsidiary of SATS)</p> <p>Largest integrated food company in the country: food manufacturing –sole abattoir in Spore including slaughtering, processing and distribution of fresh, chilled and frozen pork; offers halal meat cutting and</p>	N/A/	<p>Retail, HRI, food manufacturers, food processors, caterers.</p> <p>Distribute meats, seafood / other food products to the Americas, Europe, Australia, New Zealand and Asia.</p>	<p>Singapore</p> <p>Integrated pig farm in China (JV)</p> <p>Sports catering services with Australia (JV)</p>	<p>Imports / source meats / other food products in the Americas, Europe, Australia, New Zealand and Asia.</p>

processing; producing chilled, frozen and ready-to-eat meat products; processing fruits and vegetables, ready to eat soups / meals, sauces; and food catering services.				
<p>Asia Pacific Breweries (APB) Ltd (as of Jan 2013, APB became a wholly-owned subsidiary of Heineken NV)</p> <p>Portfolio of over 40 beer / stout brands via its global marketing network; focuses on brewing and distribution of brands such as Tiger Beer, Heineken, Baron, Anchor and ABC Stout.</p>	<p>APB continued to be on top of Singapore's chart for overall alcoholic drinks, capturing a total volume share of 45.6% in 2014. It also maintained its leading position in beer with 52% total volume share in 2014.</p> <p>The off trade value of alcoholic drinks in Singapore was \$ 614.4 million in 2014.</p>	<p>Retail, HRI</p> <p>APB has a business network across 60 countries including Cambodia, China, Indonesia, Laos, Malaysia, Mongolia, New Caledonia, New Zealand, Papua New Guinea, Sri Lanka, Thailand and Vietnam.</p>	<p>Some brands such as Baron and Tiger are manufactured in Singapore.</p> <p>APB also produces brands like Heineken and Guinness under license in Singapore, while the rest are imported from overseas breweries and distributed in Singapore – including Guinness Draught, Sol, etc.</p>	Direct, import
<p>Yeo Hiap Seng (YHS) Pte Ltd</p> <p>One of the leading</p>	<p>YHS Ltd accounted for a 9% share of off trade value sales of soft drinks in 2014,</p>	<p>Retail, HRI</p> <p>YHS operates food and beverage</p>	<p>Singapore.</p> <p>Also Malaysia and China –</p>	Direct, import

<p>beverage, sauce and food products in Singapore. Some of its notable brands (beverages) include Yeo's, Pink Dolphin, etc.</p> <p>It also manufactures packaged food products such as canned and preserved food.</p> <p>It is also a manufacturer under license / major distributor of established and global beverage brands. YHS holds the local license to bottle PepsiCo's global soft drink brands – including Pepsi, 7-Up, Mountain Dew, Mirinda and Mug. It is also a distributor for Pepsi, Evian, Red Bull and Gatorade</p>	<p>placing it in fifth position.</p> <p>The off-trade value for soft drinks market in Singapore was \$ 477.9 million in 2014.</p>	<p>distribution subsidiaries in the U.S. and Hong Kong; also operates subsidiaries involved in the manufacturing, marketing and distribution of F&B products in Malaysia and China.</p>	<p>which are operated with the support of subsidiary companies.</p> <p>YHS is scheduled to open manufacturing plants in Cambodia in 2015 and Indonesia by 2016.</p>	
<p>Khong Guan Biscuit Factory (S) Pte Ltd</p> <p>Under the Khong Guan brand name, it</p>	<p>N/A</p>	<p>Retail.</p> <p>Export products to the U.S., China, Australia, Japan</p>	<p>Singapore, Malaysia, Indonesia, Thailand and China.</p>	<p>Direct, import</p>

<p>manufacturers a wide assortment of cookies / biscuits products, including crackers, cream sandwiches, wafer, etc.</p> <p>Also involved in trading commodities such as wheat flour, cocoa beans, corn grit and other investment holdings.</p> <p>In 1974 signed an agreement with Arnotts, an Australian biscuit manufacturer, allowing access to Arnotts' recipes, production methods and processes.</p>		and Europe.		
<p>Tai Hua Food Industries Pte Ltd</p> <p>A leading manufacturer and distributor in traditional, Chinese flavored soy sauces and table condiments.</p>	N/A	Retail, HRI. Export to the U.S., Europe and Middle East.	Singapore. Tai Hua also supplies its raw sauce to other food sauce producers as well as co-packing products for other leading food producers and suppliers.	Direct, Import

<p>It is also a producer of ready to cook sauces and braising sauce targeted for the convenience cooking market.</p>				
<p>Sime Darby Edible Products Ltd (a subsidiary of Sime Darby Group)</p> <p>A leading producer of edible oils and fats in the region, with well-known brands such as Sunbeam, Chief Brand and LEILA.</p> <p>It is involved in processing palm oils and other soft oils such as sunflower oil, olive oil, ground nut oil and canola oil. Its product range includes butter ghee, bottled, refined, bleached and deodorized oils and drum packed oils.</p>	N/A	<p>Retail</p> <p>Export to almost all parts of the world including Europe, America, China, the Middle East, Africa, the Asia Pacific region and the Indian sub-continent.</p>	Singapore	Direct, Import
<p>Chun Cheng Fishery</p>	N/A	Retail, HRI	Singapore.	Direct, import

<p>One of Singapore's leading processor and exporters of fish and seafood including yellow fish tuna, mackerel and swordfish.</p>		<p>Export to U.S., Japan, Korea, Europe and also several countries in Asia.</p>	<p>Also does contract processing for filleting, vacuum packed and packaging of frozen fish /seafood.</p> <p>Has a 100% - owned subsidiary in Los Angeles and an associate company in Taiwan.</p>	
<p>Auric Pacific Group Ltd (APGL)'s core business includes manufacturing, distributing and retailing of food products; and also management of restaurants / food courts such as Food Junction and Delifrance.</p> <p>APGL has a its own house brands for bakery, oils, fats, chilled processed food, frozen processed food and ready meals.</p>	<p>Auric Pacific Group Ltd was the 11th leading packaged food player with a 2% value share in 2014.</p> <p>In 2013, the company posted net sales of \$ 281.48 and net profit was down to \$ 16.27 million.</p>	<p>Mainly retail.</p> <p>AGPL also exports and has offices in regional markets such as Malaysia, Indonesia, Vietnam, Laos, and the Philippines.</p>	<p>Singapore. E.g. AGPL produces its own bread products - Sunshine and Top-One brands.</p> <p>The facility also produces buns, baking products, cookies, and frozen products such as pizzas and pies.</p> <p>AGPL's Buttercup dairy spread and margarine are produced by Auric Pacific</p>	<p>Direct, import</p>

<p>Notable brands include Sunshine and Top-One fresh bread and bakery products, Sunshine frozen pizza, Sunshine Flour, SCS butter and cheese, Buttercup diary spread and magazine, and Gourmet delicatessen and pizzas.</p> <p>AGPL also distributes global brands such as Heinz, Kraft, Pringles, Post, Anlene, McCormick, etc.</p>			<p>Food Processing Sdn Bhd in Malaysia.</p>	
<p>KH Roberts Group (KHRG)</p> <p>KHRG manufactures food coloring and flavoring.</p> <p>It was established under a joint venture between Australian Flavor and Fragrance and the Ong Boon Seng Group (established in the 1930s and</p>	<p>N/A</p>	<p>The flavorings are sold mainly to F&B and pharmaceutical manufacturers.</p> <p>KHRG plans to focus on expanding its business in the following markets in the next five to 10 years: Thailand, Indonesia, China and Indochina.</p>	<p>Singapore, Indonesia (in partnership with PT Jutarasa Abadi).</p>	<p>Direct, Import</p>

<p>considered a pioneer in the food industry).</p> <p>With its HQ in Singapore, KHRG is a wholly owned subsidiary of the Ong Boon Seng group.</p>				
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(Sources: Euromonitor, OSEC, website and media)

D. SECTOR TRENDS

Several trends have emerged in the food processing sector in Singapore including the following:

- With the government’s encouragement of healthy lifestyle and balanced diets, there is a growing demand for healthy food products. According to the Singapore government statistics, the consumption rate of healthier food products carrying the Healthy Choice Symbol has increased steadily; e.g. from 29% in 2002 to 49% in 2009. Healthy and nutritional food products such as yoghurt are becoming increasingly popular.
- Due to increasing healthy trend, there is a growing demand for smaller pack sizes and individually wrapped products which enable consumers to watch their diets and control their calorie intake. Also, as household sizes have gradually declined over the years, consumers prefer to purchase smaller pack size.
- Also, there has been a higher level of awareness on food safety among consumers in general.
- While there is a growing awareness of sustainability, generally the end customer is not willing to pay more for sustainable products.
- There is a growing demand for processed food products / ready –to-eat meals due to Singaporeans’ increasingly faster paced lifestyles. As packaged foods gained popularity, new expectations are also driving the convenience food products to start focusing on new areas such as freshness and nutrition.
- Demographic factors such as an ageing population and an increasing number of women in the workforce has shifted consumption towards convenience foods, read-to-cook meals and dining out. Aside from processed food, there is market interest also in the following product categories: dairy, functional foods, healthier options (e.g. low fat, low salt, sugar free, etc.), organic foods, private labels and quality meats.

- While there is a growing demand for buying premium products, standard brands continue to dominate the processed sector in Singapore. The major Multinationals such as Mondelez and Nestle also tend to offer standard brands.
- While rice is still an important staple for most Singaporeans; however, noodles and increasingly bread, pasta, milk and cereals are gaining in popularity too.
- Frozen processed food is gaining more popularity over chilled processed food. This is largely attributed to the former offering an extensive range of flavor variants and wider variety of products that have a longer shelf price at a lower price. The pace for new product development is also much faster in the frozen processed food sector.
- With the rapid product innovation and blurring of product categories as manufacturers mix and match ingredients and concepts, most packaged / processed food players are venturing beyond a few categories of packaged food products. The strategy also enables them to spread brand awareness among consumers, which will be beneficial in the long run.
- Singaporeans are also becoming increasingly more receptive to new food products as they become more exposed and influenced by various cultures. Aside from the diversity of the local population, the high number of expatriates living in the country has also influenced the local food culture. Consumers in general have high acceptance levels, thus making it easier for foreign brands / products to enter the country.
- Supermarkets and hypermarkets continue to dominate the retail channels for various food products in Singapore including processed food. Several factors contribute to their continued popularity and dominance:
 - Supermarkets and hypermarkets continue to be the most convenient and accessible retail channels for consumers.
 - Many new major shopping centers in suburban areas tend to include a supermarket / hypermarket.
 - Supermarket and hypermarkets have the economies of scale to engage in price promotions over a wide range of products. Some also offer 24 hour operations and internet retailing as well.

In terms of sector trends, the following table indicates the market sizes and retail/off-trade value in USD

(million) for the following processed food/ ingredients in Singapore from 2009 to 2014:

Products	2009	2010	2011	2012	2013	2014
Alcoholic Drinks	379.3	433.3	506.0	551.3	584.7	614.4
Bakery	364.8	400.9	450.0	472.2	491.8	519.6
Canned/Preserved Food	76.0	83.6	93.2	95.9	97.6	100.7
Chilled Processed Food	50.9	55.4	61.0	62.2	62.8	64.0
Confectionery	164.5	183.4	208.4	219.7	228.4	239.1
Dairy	272.7	304.1	343.7	364.5	378.6	397.0
Dried Processed Food	263.0	292.0	325.5	336.6	345.8	356.8
Frozen Processed Food	64.0	69.9	77.4	79.6	81.3	84.2
Ice Cream	74.5	83.0	93.6	98.6	104.2	110.4
Meal Replacement	12.1	13.3	15.1	15.8	16.2	16.7
Noodles	47.1	57.0	66.2	71.3	76.7	82.6
Oils and Fats	62.3	67.6	74.7	77.0	79.0	82.3
Pasta	7.3	8.0	9.0	9.4	9.6	10.1
Ready Meals	32.1	35.1	39.1	40.3	41.1	42.6
Sauces, Dressings And Condiments	55.8	61.2	68.2	70.5	71.9	74.3
Snack Bars	6.7	7.6	8.7	9.3	9.8	10.4
Soup	9.6	10.5	11.9	12.3	12.5	12.8
Spreads	28.9	31.8	35.8	37.4	38.7	40.6
Sweet and Savory Snacks	71.3	78.0	88.7	92.9	96.3	101.2
Soft Drinks	355.7	388.6	436.1	453.4	465.1	477.9

(Source: Euromonitor)

Foreign Food Company Profiles:

The following table provides information on major foreign food company profiles in the food processing sector; and they are mainly multinationals.

Company	Details
Asia Pacific Breweries (APB) – it is a wholly owned subsidiary of Heineken (Netherlands)	Manufacturer – also under license – and distributor of imported beer /stout brands.
Ajinomoto (Singapore) Pte	A subsidiary of Japan’s Ajinomoto Co. Inc., it does sales and

Ltd (Japan)	distribution of food products, additives, seasonings, beverages, fine chemicals and other products under the Ajinomoto brand name.
Arnotts (Australian subsidiary of Campbell Soup, U.S.)	In 1974, Singapore's Khong Guan signed an agreement with Australian cookies manufacturer Arnotts, giving Khong Guan access to Arnott's recipes, production methods and processes.
Cerebos Pacific (Japan)	A fully owned subsidiary of Japan's Suntory Beverage and Food Group. It produces and sells canned food, instant and gourmet coffee, sauces, BRAND's Essence of Chicken and health supplement products.
Cargill Asia Pacific (U.S.)	Singapore is the headquarters of Cargill's AP office. In Asia, it focuses on food ingredients and applications serving global, regional and local food manufacturers, food service, and retailers with F&B ingredients, meat and poultry products. Cargill also operates palm plantations in the region and manages close to 15% of the total grain and oilseed imports into Asia through their Asian Oils Trading and Marketing Group in Singapore.
Danone Asia Pte Ltd (France)	Based in Singapore, Danone Asia Pte Ltd operates as a subsidiary of Danone. It is a holding company – and via its subsidiaries - produces and markets its products in Asia Pacific. Its products include dairy, yoghurt, packaged water, sauces, cereal products, snack foods, herbs and fruit drinks.
The Coca-Cola Company (U.S.)	It is the world's largest beverage company with nearly 500 brands. The Coca-Cola system in Singapore comprises Coca-Cola Singapore and Coca-Cola Singapore Bottlers – part of the Bottling Investment Group (BIG), a fully owned entity of the Coca-Cola Company. Coca-Cola Singapore develops high quality brands and BIG manages the manufacturing, sales and distribution of these brands in Singapore – including non-alcoholic beverages comprises of still and sparkling beverages, such as teas, juices, water, Asian drinks and Isotonic drinks.
Effem Foods Inc. (U.S.)	The Singapore office imports and distributes Mars products – including chocolates and candy, pet food, chewing gum, and food and beverage products.
Royal Friesland Foods Singapore (Netherlands)	The Singapore office markets the multinational cooperative's products comprising of mainly branded dairy products and fruit-based drinks. The products marketed in Singapore are imported from Malaysia and Holland. Notable products include infant nutrition under the Friso brand and dairy products sold under the Dutch Lady Brand.

Heinz ASEAN Pte Ltd (U.S.)	<p>The Singapore office performs wholesale activities for Heinz products. Products sold in the country under the Heinz brand include ketchup and sauces, beans, soups, tuna, spaghetti, baby food, dills and relish.</p> <p>Heinz's Singapore office covers the whole region of ASEAN.</p>
Mondelez Asia Pacific (U.S.)	<p>From their regional HQ in Singapore, Mondelez Asia Pacific (formerly Kraft) operates in over 14 countries in the AP region. They also have 10 R& D centers and 40 manufacturing plants in various markets in the region. Notable brands marketed in Singapore include Tang, Cadbury chocolate, Halls, Ritz, Toblerone, Chips Ahoy and Oreo.</p>
Nestle Singapore Pte Ltd (Switzerland)	<p>Nestle Singapore is a wholly owned subsidiary of Nestle SA, a Swiss nutrition, health and wellness company. Aside from its condensed milk product under the "Milkmaid" brand that dates back to more than 90 years ago, the company's other brands in Singapore include Milo, Nescafe, Kit Kat, Purina, Friskies and Maggi Noodle.</p>
Unilever Singapore (U.K. and Netherlands)	<p>The Anglo Dutch multinational consumer goods company moved its SEA and NEA business group offices from London to Singapore as Unilever East Asia Pacific. The Singapore businesses are reorganized into HPC, Unilever Bestfoods and Ice refreshments. Unilever Singapore's global functions include brand developments, supply chain management, procurement and customer development. Several Unilever brands marketed in Singapore include Knorr, Lipton, Walls, and Ben & Jerry's.</p>
Yakult Singapore (Japan)	<p>Yakult manufactures probiotic dairy products / cultured milk drinks. Yakult Singapore began operation in 1979 and has its own manufacturing plant in the country. Globally, Yakult is marketed in different sizes. In Singapore, Yakult is distributed in 100 ml bottles.</p>

(Source: Websites and media)

SECTION III. COMPETITION

Singapore's food processing sector is already highly competitive: there are more than 1,000 industry players in the small local processed food sector, including food manufacturers. There are also more than 100 food importers and over 23,000 food retail outlets in Singapore. In addition, there are also a significant number of food processing machinery and equipment companies that either distribute or manufacture the equipment in the country.

It is anticipated that the competitive landscape will become more intense due to several factors – including the following:

- Changing demographic factors that favored a shift from traditional food consumption to modern convenience meals.
- The population’s diversity including a large expatriate population and a sizeable number of wealthy Singaporeans will ensure that a wide range of food products from all over the world can be found in the country.
- While the local food processing sector does not compete directly with U.S. products; however, with the government’s support, the domestic sector is expected to grow and also improve the quality of its products. E.g. in cooperation with the government, local food companies are investing more in improving their processing and packaging for better quality and longer shelf-life food products.
- Since the signing of its first FTA under the ASEAN Free Trade Agreement (AFTA) in 1993, Singapore’s network of FTAs has expanded to cover additional 18 regional and bilateral FTAs with 25 trade partners including the U.S., Malaysia, Hong Kong, Australia and New Zealand. As most tariffs would be gradually reduced or eliminated, a more competitive landscape can be anticipated – including also for the food processing sector.
- ASEAN countries have taken a major step toward greater cooperation and integration by establishing the ASEAN Economic Community (AEC). Set to fully function by December 31, 2015, the AEC will fully integrate the 10 regional countries economically as a single market production and base.

Product Category	Major Supply Sources (2014 figures)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Prepared / preserved beef / meats (including swine) Net Imports: 12,484 ton \$64,638,317	<ol style="list-style-type: none"> 1. China – 33.08% 2. Australia – 15.26% 3. Malaysia – 13.59% 4. U.S.A. – 9.44 % 	<p>The key supplier countries offer competitive pricing and geographic proximity.</p> <p>Also, the country’s “traditional” meat suppliers (e.g. Australia) have no reported cases of BSE and FMD.</p> <p>China offers competitive pricing for its prepared / preserved pork products. For example, through food distributor Yit Hong Trading, the Ma Ling Luncheon meat has become the all-time favorite</p>	<p>The local sector comprises of only a small number of companies that specialize in the manufacturing and processing of meat / beef products. The products are then mainly distributed to retailers and some restaurants.</p> <p>One popular local preserved pork product is “Bak Kwa” – a Chinese salty-sweet dried meat in the form of flat thin sheets. It is available throughout the year and sold</p>

		in Singapore and is also distributed to Malaysia and Brunei.	mainly in stand-alone retail stores. Despite pork's popularity in Singapore, the country has a relatively small number of suppliers for prepared / preserved pork products.
Prepared / preserved poultry Net Imports: 19,491 ton \$90,860,795	1. Thailand – 72.86% 2. Malaysia - 11.04% 3. U.S.A. – 8.24% 4. China – 5.09%	The key supplier countries offer competitive pricing and geographic proximity – especially ASEAN countries (Thailand and Malaysia).	Singapore has a relatively small number of suppliers in prepared / preserved poultry products.
Prepared /preserved fish and seafood Net Imports: 49,302 ton \$ 326,817,486	1. China – 25.95% 2. Malaysia – 13.22% 3. Vietnam – 11.29% 4. Thailand – 10.83% 16. U.S.A. – 1.03%	The sector is dominated by price competitive regional countries including three ASEAN countries and China.	Singapore is a not a major fishing nation or food producer. However, production is increasing because of the government's support in the development of farms to increase seafood supply as part of the country's food security policies.
Dairy products (including cheese) Net Imports: 361,551 ton \$ 1,242,422,626	1. New Zealand – 32.27% 2. Australia – 19.94% 3. U.S.A. – 8.47% 4. France – 5.91%	New Zealand and Australia have geographic proximity. Most of the key suppliers also produce processed cheese. Reflecting the potential growth, the import values have actually shown an increasing trend of processed cheese entering the country. Gourmet cheeses are also becoming more popular and are mainly sold in supermarkets.	Local dairy companies are strong competitors and have brand / name familiarity with the domestic consumers.
Processed fruits total Net Imports: N/A ton	1. Indonesia – 33.44% 2. Thailand – 15.78% 3. China – 10.37%	The regional countries offer competitive pricing and also have geographic proximity. The U.S. is quite a dominant player in this sector as an extension of its dominance in	Singapore has limited processed fruit products manufactured locally.

<p>\$134,273,611</p>	<p>4. U.S.A. – 10.07%</p>	<p>the fresh fruit market. Generally, U.S. fruit products are dominant because of their competitiveness on quality, profitability and supply capacity; but considered as quite pricey.</p>	
<p>Processed vegetables and pulses total</p> <p>Net Imports: 96,897 ton – down from 100,559 ton in 2013</p> <p>\$158,815,849</p>	<p>1. China – 32.95% 2. U.S.A. – 25.35% 3. Thailand – 5.74% 4. Malaysia – 5.49%</p>	<p>China offers competitive pricing and also has geographic proximity. Its top four products are mainly mushroom products.</p> <p>The U.S. is the leading supplier of processed potatoes, sweet corn and vegetables.</p> <p>The local frozen vegetable market is usually categorized into mono type of frozen vegetables and mix vegetables. One of the most recent additions is steamed vegetables accompanied with sauce – and is offered by Bird’s Eye (U.S.), Green Giant (U.S.) and Watties (NZ).</p>	<p>While Singapore is only a small producer of processed vegetables products; however, low priced retailer house branded products have started to dominate the retail shelves.</p>
<p>Chocolate and confectionary total</p> <p>Net Imports: 75,170 ton</p> <p>\$431,808,396</p>	<p>1. Malaysia – 27.60% 2. Italy – 10.08% 3. U.S.A. – 7.81% 4. Netherlands – 6.78%</p>	<p>Malaysia offers competitive pricing and also has geographic proximity. It offers a wide variety of chocolate, confectionary and biscuit products in supermarkets / hypermarkets. Malaysia also produces confectionary /chocolate products for Multinationals – e.g. it produces chocolate products for Mondelez under the Cadbury brand.</p> <p>For chocolates, Italy’s Ferrero SpA dominates the market share with a value of 25% in 2014. Some of its notable brands include Ferrero Rocher and Kinder Joy. The products are mainly available in supermarkets / hypermarkets.</p>	<p>Singapore is not a major producer of sugar confectionary but does have a sizeable biscuit producer, Khong Guan.</p> <p>While Singapore produces chocolate products, however it is not a major player in the retail market.</p>

<p>Snack Foods total Net Imports: 116,497 ton \$ 389,030,953</p>	<ol style="list-style-type: none"> 1. Malaysia – 39.89% 2. U.S.A. - 10.48% 3. China – 9.65% 4. Indonesia 6.79% 	<p>Malaysia’s dominance is also supported by strong distribution capabilities. Malaysia also produces snack foods under established brands – Pringles, Kraft foods, etc., and their products are readily available in supermarkets / hypermarkets / convenience stores. Other key regional suppliers compete mainly on price considerations.</p> <p>The U.S. has also a fairly strong presence in the retail market; e.g. its products under the Frito Lay brand are quite prevalent in supermarkets / hypermarkets.</p>	<p>Most snacks – even under Singapore owned brands – are usually produced in Malaysia.</p>
<p>Non-alcoholic beverages total Net Imports: \$ 507,852,019</p>	<ol style="list-style-type: none"> 1. Malaysia – 44.71% 2. Indonesia – 9.46% 3. U.S.A. – 7.91% 4. Thailand – 5.76% 	<p>Malaysia / regional countries dominate the non-alcoholic beverage group, mainly for its coffee and fruit juices products.</p> <p>While U.S. non-alcoholic beverage products are considered to be of high quality, they are also known to be pricier. For the U.S., the dominant product in 2014 was coffee, roasted, not decaffeinated.</p>	<p>Singapore has a relatively strong sector in the production of fruit juices. Notable companies include F&N, Malaysia Dairy Industries and Pokka Singapore.</p>
<p>Alcoholic beverages Net Imports: \$ 2,385,391,676</p>	<ol style="list-style-type: none"> 1. France – 54.03% 2. U.K. – 23.84% 3. U.S.A. – 2.73% 4. Australia – 2.61% 	<p>It is a fragmented market with a broad range of products and high profile promotions.</p> <p>The U.S. competes both on the “mass market” and premium products. For the U.S., the dominant product in 2014 was whisky.</p> <p>Flavored / mixed lager was a trend in 2014; aside from beer, flavored wine / dark beer /other liquor are now available and becoming increasingly popular targeted at mainly female consumers.</p>	<p>For beer products, Asia Pacific Breweries dominates the Singapore market with its high profile and well distributed beers/ stouts, such as Heineken, Tiger and Baron’s.</p> <p>Singapore does not produce wines and spirits.</p>

Table condiments, sauces and condiments Net Imports: \$123,754,347	<ol style="list-style-type: none"> 1. Malaysia – 30.81% 2. Japan – 14.29% 3. China – 11.87% 4. U.S.A. – 11.06% 	<p>For the key suppliers in the sauces and condiments group, the top products include sauces mixed condiments, soy sauce, ketchup, vinegar / vinegar substitutes and jams/ fruit jellies / pastes.</p> <p>Heinz Singapore Pte Ltd and Nestlé, both of which compete in several categories, were the second and third leading players overall respectively. Other prominent players in sauces, dressings and condiments included Lee Kum Kee Co Ltd (Hong Kong), and Kraft Foods (S) Pte Ltd.</p> <p>For the U.S., the dominant products in 2014 were sauces, etc. mixed condiments and seasonings, Nesoi.</p>	<p>The local sauces and condiment sector is fairly fragmented. Woh Hup Food Industry Pte Ltd led the sauces, dressings and condiments with value share of 9% in 2014. It was the leader in wet/cooking sauces, though it was also the second leading player in oyster sauces, and finished seventh in soy based sauces.</p> <p>Other prominent players were Lee Kum Kee Tai Hua Food Industries Pte Ltd, and Chuen Cheong Food Industries Pte Ltd – mainly for soy sauce products; and Sin Hwa Dee Foodstuff industries Pte Ltd – also soy sauce and other products including ready to cook, rice mix, dipping and paste products.</p>
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(Sources: Global Trade Atlas, Euromonitor and others)

SECTION IV. BEST PRODUCT PROSPECTS

Category A: Products Present in the Market Which Have Good Sales Potential

Product Category	Market Size in ton, (Volume) (2014)	Imports (2014)	% Change 2013/ 2014	Key constraints over market development	Market attractiveness for U.S.A.
Breakfast Cereal and other breakfast products	14,615	\$45,457,957	14.70%	The market is dominated by several established brands including European brand Nestle,	An attractive market for long term development due to changing eating habits as the younger generation is

				and also U.S. brands Kellogg's and Post.	consuming more cereals. Also, fairly high expat demand for cereal products.
Fruit and vegetable juices	64,320,843	\$79,347,706	-1.52%	<p>Lower priced fruit and vegetable juices from regional countries (Indonesia, Malaysia and Thailand), China and Brazil.</p> <p>In particular, Malaysia Dairy Industries continued to lead juice in 2014 with a 28% off-trade value share. The company is recognized as having high quality pasteurized product in Singapore. The company has been active in introducing new flavors and packaging types to offer consumers variety and convenience.</p>	<p>U.S.'s reputation as a supplier of quality fresh fruit and vegetable juices. U.S. products also have high brand recognition</p> <p>In 2014, the health and wellness trend continued in Singapore. For the juice category in 2014, healthy flavors drinks surpassed 100% juice to become the fastest growing juice category. Local consumers were attracted to juice extracted from healthy fruits / vegetables and containing lots of vitamins.</p>

Pet food	10,868	\$33,879,128	3.62%%	The market is dominated by Multinational companies - often dominating the retail shelf space at pet food channels.	<p>Attractive due to increased demand for pet food, especially premium and healthier products.</p> <p>The higher standard of living has resulted in a shift towards premium imports and brands which boast high nutritional, value and advanced formulation.</p>
Processed dairy products	265,915	\$1,097,726,608	10.22%	Competition from mainly New Zealand, Australia, Malaysia and France.	<p>Southeast Asia countries- including Singapore – with the region’s growth in population and rising income, western culture is having a huge influence on food preferences. In fact, South East Asia is the U.S.’s second largest market of dairy products after Mexico.</p> <p>Aside from the U.S.’s reputation as being a quality producer, the U.S. can also</p>

					deliver a consistent supply versus the Oceania's seasonal dairy production.
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(Sources: Global Trade Atlas

, Euromonitor and others)

Category B: Products Not Present in Significant Quantities But Have Good Sales Potential

Product Category	Market Size in ton, (Volume) (2014)	Imports (2014)	% Change 2013/ 2014	Key constraints over market development	Market attractiveness for U.S.A.
Chocolate and Confectionary Total	75,170	\$431,808,396	12.24%	Competition from both Malaysia for mainly confectionary products in general and EU countries for mainly chocolate confectionary.	Moderately attractive for niche building in healthier and higher quality products – especially for chocolate confectionary. Due to increasing health consciousness, there is a growing demand for smaller portion packing formats for dieting purposes and also controlling calorie intake.

					For chocolate confectionary products, there is a trend for more dark chocolate products – dark chocolate is considered healthier due to its antioxidant properties. For sugar confectionary, there is a growing demand for sugarless products.
Prepared / packaged fish / seafood	49,302	\$326,817,486	8.28%	Competition from lower cost regional countries – in fact, the top four of the world’s top ten largest fish producers are from ASEAN - Indonesia, Thailand, Vietnam, and the Philippines. Other countries include China and Australia	Generally high fish consumption in Singapore, accounting for approximately 40% of a typical diet. Fish products are also generally considered healthier than other meat products, such as red meat and pork.
Processed pork	89,713	\$323,247,778	14.30%	Competition from Brazil, Australia, Netherlands and China.	U.S. processed pork is popular. 74.2% (2014 figure) of the total population in Singapore is Chinese; and pork is a staple

					meat for this majority ethnic group.
Processed snack foods total	116,497	\$ 399,030,953	0.11%	Competition from lower cost regional countries, including Malaysia, China, Indonesia and Thailand	Strong demand and brand recognition for quality U.S. products. Also, availability of wide variety of flavors; and quality of U.S. products and packaging.
Wine and beer group	172,538,440	\$808,181,891	10.94%	Competitive market with a massive number of labels from France, Italy, Australia, Netherlands, etc. High taxation for alcoholic beverages in general. In fact, increased alcohol excise duties were implemented in 2014, contributed to driving the high unit prices even further.	Broad and wide Market; still provide opportunities at the right price point. U.S. wine and beer group have gained increased sales since 2012; in fact, the total import had increased by of 33.77% from 2013 to 2014.

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