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Singapore

Food Processing Ingredients

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Report Highlights:

As Singapore is highly dependent on imported foods, it is one of Asia's largest importers of processed food and beverage products. With limited agricultural resources, raw materials for the food processing industry are mostly imported. Local food manufacturers cannot meet demands for both domestic and re-export markets. Due to demographic and lifestyle changes, the sector is expected to expand, and there are emerging trends such as growing demand for healthier products. U.S. best seller products include breakfast cereals, juices, some dairy products (e.g. cheese) and pet food, and U.S. best potential products include prepared/processed fish, pork, and wine/beer.

Post:

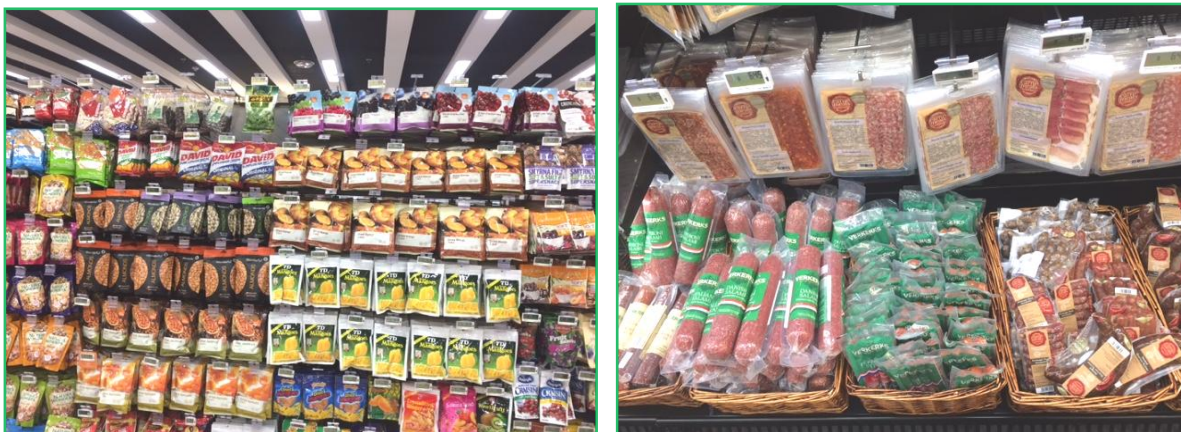
Singapore

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SECTION I. MARKET SUMMARY

Singapore's food processing sector is small due to limited natural resources, livestock and agricultural production. As the country engages in minimal agricultural production, most raw materials for food processing are imported. The few local food manufacturers that exist cannot meet overall demand; hence, Singapore imports 90% of the food consumed in the country – including large amounts of processed food products.



Examples of nuts and processed fruit (left) and meat products (right) in a Singapore supermarket
(Source: FAS Singapore)

The United States, Malaysia, Indonesia, Australia and China are Singapore's main suppliers of food / food products including food processing products. According to the Food Export Association, competition depends on the product. For example, Australia and New Zealand supply most of the milk products and dairy ingredients; China supplies mostly 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. In 2015, Singapore imported \$688.3 million of consumer oriented agriculture total group, down from \$ 783.2 million in 2014.

Import was also down for processed food total: in 2015, Singapore imported \$ 551.1 million, down from \$ 595.0 million in 2014; but the country still ranked first in the Southeast Asia region despite Singapore's small size and global economic doldrums. Top U.S. exports of processed foods to Singapore in 2015 included food preparations, chocolate and confectionery, processed vegetables and pulses, processed/prepared dairy products, non-alcoholic beverages, fats and oils and distilled spirits and other alcoholic beverages.



Processed

fish is in hot demand

(Source: FAS Singapore)

For prepared/packaged fish & seafood, prepared/preserved seafood, in 2015 Singapore imported \$ 2.2 million from the States, down from \$3.4 million in 2014. While there was a 33.6% decrease for 2014/2015 period, Singapore is still a good potential market for prepared/processed fish/seafood products as the country enjoys one of the highest per capita consumption of fish/seafood products and the total average expenditure on fish/seafood for a typical household is about 17%. Growth prospects in processed seafood are estimated to increase by at least 5% per year. Top U.S. imports of prepared/processed fish/seafood products to Singapore in 2015 included lobster, scallops, tunas, clams/cockles, and salmon.

According to the Food Export Association, Singapore's food processing sector comprises 750 companies – mainly small and medium enterprises which, on average, 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 life, and to adhere 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 British Retail Consortium (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 according to the Food Export Association. 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 over half of 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.

Based on Global Trade Atlas data, Singapore's total food export of processed food in 2015 was \$8.1 billion, down from \$ 8.7 billion in 2014. However, Singapore's total export to the States saw an increase of 5.54% in 2015: export was \$ 164.3 billion in 2014 and \$ 173.5 million in 2015. Top Singapore's exports of processed foods to the U.S. in 2015 included pepper, juice single fruit, cocoa

butter, cookies and cocoa preparation.

The Agri-Food and Veterinary Authority (AVA) - a government statutory board that governs food and agriculture matters in the country – issued licenses to food processing establishments: i.e. where food is manufactured, processed, prepared or packed for distribution to wholesalers and retailers. They include bakery and flour confectionery factories, dairy processing plants, noodles and pasta manufacturers, etc. AVA also issues licenses to slaughter houses and cold stores that are used to store meat/fish products; and registers food storage warehouses to store commercial storage of food. Singapore’s National Environment Agency (NEA) issues licenses to food retail businesses, including restaurants, cafes, supermarkets, mobile food wagons and food caterers.

According to AVA, in 2015, AVA issued licenses to 964 food processing establishments, 139 cold stores and 15 slaughter houses (10 chicken slaughter houses, 4 duck slaughter houses and 1 pig slaughter house); and registered 1,130 food storage warehouses. Food establishments licensed by AVA are subject to regular inspections - for food safety considerations - and laboratory analysis to ensure compliance with the country’s Food Regulations. Food establishments are also graded annually and classified under grade A, B, C or D according to food safety and hygiene standards.

Although halal certification is not an import requirement – including food processing ingredients -- *Majlis Ugama Islam Singapura* (MUIS), also known as the Islamic Religious Council of Singapore, Singapore’s Islamic religious body, suggested that manufacturers might want to get their products halal certified if they wanted to reach/target Muslim customers. For information on how to apply for halal certification, please refer to link: [Muis eHalal System \(MeS\)](https://www.halal.sg/ehalalv2/login.aspx) at <https://www.halal.sg/ehalalv2/login.aspx>. However, manufacturers do not have to reapply for halal certification if their food processing ingredients have already been certified halal. Generally, halal certification is not required for fish, plants which are not intoxicant, fresh/dried fruits, legumes/nuts, grains and milk (if they come from sheep, camels, cows and goats).



Processed foods fill supermarket shelves

(Source: FAS Singapore)

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

Advantages	Challenges
<ul style="list-style-type: none"> • 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 United States • 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 well presented in major supermarkets. U.S. products also are known for high quality. • Singapore is a major regional hub for food and agriculture re-exports – especially processed foods. 	<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 more expensive compared to 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. • The ASEAN Economic Community (AEC) came into effect on Dec 31, 2015. One of its goals is to transform ASEAN into a single market and production base and, in the process, promote freer movement of trade and capital amongst ASEAN member states. • Singapore is one of the most competitive 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.



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.

In 2016, the U.S. and Singapore observed 50 years of formal bilateral relations. According to U.S. Department of Commerce, the US-Singapore FTA (signed in 2004) was one of the most successful FTAs on record – trade between the two countries has continued to expand, reaching \$ 47 billion in 2015. Singapore was the United States' 13th largest export market and 17th largest trading partner in 2015. The Department of Commerce gave five reasons why U.S. companies should consider exporting to Singapore: it is a major distribution and logistics hub to the ASEAN region; lack of corruption; favorable tax codes; strong intellectual protection; and English speaking population.

Three key factors for Singapore buyers that U.S. exporters should be aware of are price, quality and service. U.S. exporters should also consider that competition is strong, and it is pertinent that U.S. firms visit their representatives and maintain close contact with them. It follows that 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, U.S. exporters should consider their:

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

Other details U.S. exporters should consider:

- product positioning.
- price competitiveness as compared to others in the market.
- how their product fits into the local context.
- packaging and size requirements.
- anticipated level of promotional efforts to create awareness and acceptance.
- 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.



U.S. bacon and wines displayed in Singapore supermarkets
 (Source: FAS Singapore)

Place
Cold



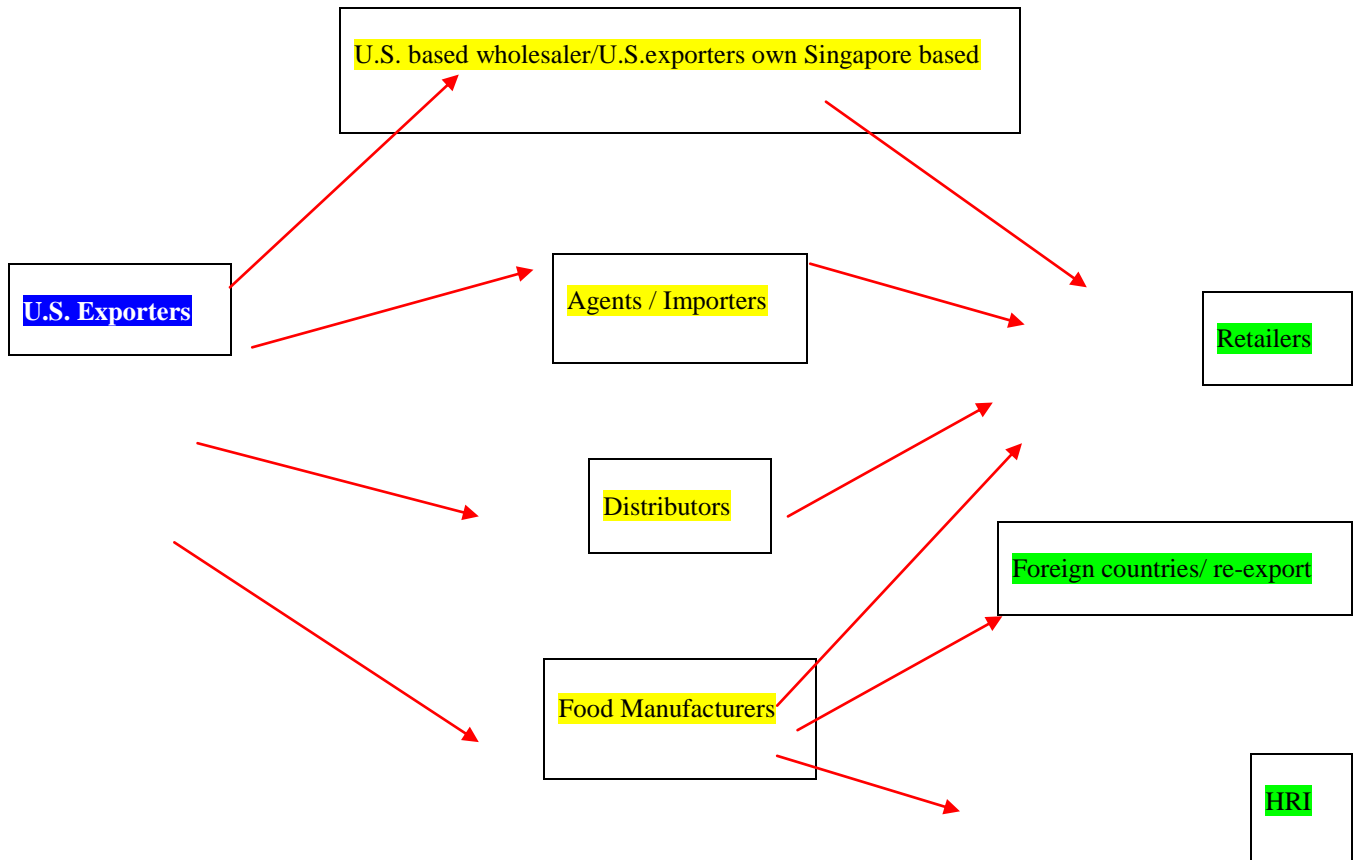
is



Tanglin
Market
part of the
Storage

supermarket group one of the
higher-end supermarkets in Singapore
(Source: FAS Singapore)

B. MARKET STRUCTURE



Food Manufacturers: Most of the local food manufactures are small-scale 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 hotels and restaurants (HRI). A large number 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 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 (2015)	End-use Channels	Production Location	Procurement Channels
<p>F&N Foods (S) Pte Ltd is a subsidiary of Fraser & Neave Ltd, which handles the food and beverage business in Singapore. Fraser & Neave Ltd is a pan-Asian consumer group, with subsidiary companies across food and beverages, property, the publishing and printing industries.</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. F&N’s household brands include NutriSoy, Fruit Tree Fresh, etc. It is also a distributor of</p>	<p>F&N Foods (S) Pte Ltd retained its leading position in soft drinks in 2015. However, due to stiff competition, the company experienced an ongoing decline in off-trade value sales share, from 23% in 2011 to 22% in 2015.</p> <p>With the ongoing health and wellness trend, the company has diversified its</p>	<p>Retail, HRI.</p> <p>F&N also exports a wide range of products to countries without a local F&N subsidiary to distribute its products – including Brunei, Hong Kong, Taiwan, Papua New Guinea and the Maldives.</p> <p>The company has strong presence in Australia and Africa.</p>	<p>F&N bottles its own brands locally and then distributes the final products across Singapore</p> <p>F&N produces its own household brands and distributes well-known brands like Sunkist Juices, Snow margarine</p> <p>F&N’s soft drinks, dairy products and glass containers divisions are based in Singapore,</p>	<p>Direct, import</p>

well-known food /beverage products.	business in other soft drinks categories: in 2015, they launched F&N Oishi, F&N Ice Mountain Sparkling water and F&N Fruit Tree Cactus Water. All three categories have promising potential. The off-trade value for soft drinks market in Singapore was \$ 452.5 million in 2015. Revenue was \$1.5 billion million in 2015.		Malaysia, Thailand, Vietnam and China. Manufacturing plants for soft drinks are located in Malaysia; for dairies products: Malaysia, Singapore and Thailand; and for ice cream: Malaysia and Thailand.	
Tee Yih Jia Food Manufacturing Pte Ltd Leading processed frozen and convenience foods manufacturer. With its flagship “Spring Home” brand specializing in Asian food products such as prawn rolls, spring roll pastry, etc.; other brands include “Happy Belly” (buns and breads) and “Master Chef” (crepe).	N/A The company recognizes the growth potential of holistic and high quality healthcare, and has invested in leading healthcare facilities in Singapore and Malaysia.	Retail. Also exports more than 90% of its “Spring Home” brand to North America, Europe, South Africa, Middle East and Asia Pacific.	Manufacturing facilities in Singapore, the U.S., Malaysia, and China	Direct, import
Singapore Food Industries Pte. Ltd. (subsidiary of SATS) Largest integrated food company in Singapore: food manufacturing – produces value added products such as nuggets, patties, ham,	Revenue was \$1.2 billion in 2015 for SAT group.	Retail, HRI, food manufacturers, food processors, caterers. The company's catering and contract foodservices division provides	Singapore Integrated pig farm in China (JV) Sports catering services with	Imports / source meats / other food products in the Americas, Europe, Australia, New Zealand and Asia.

<p>bacon; and sole abattoir in Spore including slaughtering, processing and distribution of fresh, chilled and frozen pork; offers halal meat cutting and 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>		<p>on-site dining services for businesses, hospitals, schools, and the Singapore Armed Forces</p> <p>Distribute meats, seafood / other food products to the Americas, Europe, Australia, New Zealand and Asia.</p>	<p>Australia (JV)</p> <p>A JV was established in 2015 with Brazil based meat and poultry company BRF. Known as SATS BRF Food, the \$ 19 million JV will create a meat processing facility in Singapore and other parts of South East Asia.</p>	
<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 charts for overall alcoholic drinks, capturing a total volume share of 45% in 2015. It also maintained its leading position in beer with 50.7% total volume share in 2015.</p> <p>The off trade value of alcoholic drinks in Singapore was \$ 599.4 million in 2015. Heineken's Asia Pacific revenue in 2015 was \$ 2.6 billion.</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>	<p>Direct, import</p>

<p>Yeo Hiap Seng (YHS) Pte Ltd</p> <p>A leading player in the manufacturing, sales, distribution and export of beverages, sauces and canned/preserved food, and provider of vending services in Singapore.</p> <p>YHS produces non-alcoholic beverages under its Yeo's brands and also act as a major distributor/manufacturer under licenses of global 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>It also produces culinary sauces and pastes, condiments, canned/preserved ready meals, instant noodles/vermicelli, and spreads/other kinds of preserved/canned foods.</p>	<p>YHS Ltd accounted for 8% share of off trade value sales of soft drinks in 2015, placing it in fifth position.</p> <p>The off-trade value for soft drinks market in Singapore was \$ 452.5 million in 2015. Revenue was \$ 310 million in 2015.</p>	<p>Retail, HRI</p> <p>YHS operates food and beverage 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>Singapore.</p> <p>Also Malaysia and China – which are operated with the support of subsidiary companies.</p> <p>Fire delayed the planned November 2016 opening of YHS's \$ 7 million beverage factory in Cambodia.</p>	<p>Direct, import</p>
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<p>Khong Guan Biscuit Factory (S) Pte Ltd</p> <p>Under the Khong Guan brand name, it manufactures a wide assortment of cookies / biscuits products, including crackers, cream sandwiches, wafer, etc. In 1974 signed an agreement with Arnotts, an Australian biscuit manufacturer, allowing access to Arnotts' recipes, production methods and processes.</p> <p>Khong Guan Flour Milling Limited trades in wheat flour in Singapore and Malaysia, also other commodities such as cocoa beans and corn grits. It engages in wholesale of wheat flour, general goods, biscuits & consumer goods.</p>	<p>Revenue was \$343 million in 2015.</p>	<p>Retail.</p> <p>Export products to the U.S., China, Australia, Japan, Europe, Canada, Hong Kong and the Middle East.</p>	<p>Singapore, Malaysia, Indonesia, Thailand and China.</p>	<p>Direct, import</p>
<p>Tai Hua Food Industries Pte Ltd</p> <p>A leading manufacturer and distributor of traditional, Chinese flavored soy sauces, table condiments, and braising sauce, targeted for the convenience cooking market.</p> <p>For overseas markets, it offers ready to cook sauces (e.g. teriyaki, sweet & sour and lemon) and oyster/stir fried noodle sauce.</p>	<p>N/A</p>	<p>Retail, Wholesale products used by households, other food companies and catering businesses.</p> <p>Export to the U.S., Europe and Middle East, e.g., with its products certified to have non-detectable levels of 3 MCPD (potential carcinogen), the company is able to enter the European and Middle East markets.</p>	<p>Singapore.</p> <p>The company also supplies its raw sauce to other food sauce producers as well as co-packing products for other leading food producers and suppliers.</p>	<p>Direct, Import</p>

		The company's trading arm imports products from overseas markets for distribution and sale in local markets.		
<p>Chun Cheng Fishery</p> <p>One of Singapore's leading processor and exporters of fish and seafood including yellow fish tuna, mackerel and swordfish.</p> <p>The company's line of business includes the wholesale distribution of fresh, cured, or frozen fish and seafood.</p>	N/A	<p>Retail, HRI</p> <p>Export to U.S., Japan, Korea, Europe and also several countries in Asia.</p>	<p>Singapore.</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>	Direct, import
<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>The company also owns the Lippo Chiuchow restaurant in Hong Kong and Li Xuan in Shanghai.</p> <p>APGL has a its own house brands for bakery, oils, fats, chilled processed food, frozen processed food and ready meals.</p> <p>Notable brands include Sunshine and Top-One fresh bread and bakery products, Sunshine frozen pizza, Sunshine Flour, SCS butter</p>	Revenue was \$303.2 million in 2015.	<p>Mainly retail.</p> <p>AGPL also exports and has offices in regional markets such as Malaysia, Indonesia, Hong Kong, China, and Brunei</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 Food Processing Sdn Bhd in Malaysia.</p>	Direct, import

<p>and cheese, Buttercup diary spread and magazine, and Gourmet delicatessen and pizzas.</p> <p>The company also distributes global brands such as Heinz, Kraft, Pringles, Post, Anlene, McCormick, etc. It also markets and distributes wines and spirits; brands in its portfolio include Robert Mondavi, Kim Crawford, Nederburg, Cono Sur, Mudhouse, Tatachilla, Taylors and Banfi .</p>				
<p>KH Roberts Group (KHRG)</p> <p>KHRG manufactures food coloring and flavoring. Food flavors for beverage, dairy products, tropical fruit, berry fruit, citrus fruit, tea and floral, vegetable and spice, and savory products. Food coloring products include powder and cream. Brands include: KH Roberts Food Flavors, Plaimar Naturals, SenShade Food Colors, and Faunaroma Feed Flavors.</p> <p>It was established under a joint venture between Australian Flavor and Fragrance and the Ong Boon Seng Group (established in the 1930's and 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 - a local investment -group that focuses in value-added food</p>	<p>Revenue was \$ 230.0 million in 2015.</p>	<p>The products are sold mainly to F&B and pharmaceutical manufacturers that help them to produce consumer products such as beverages, baked goods, confectioneries and savories.</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>

ingredients and specialty materials businesses.				
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D. SECTOR TRENDS



Processed health products, the U.S. brand Stonyfield, all certified organic by USDA

(Source: FAS Singapore)

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

- According to Euromonitor, health and wellness trends continued and posted strong growth in 2015. This was mainly due to more government campaigns for healthy eating and reducing calorie intake. Also, Singapore consumers have become more educated about the importance of nutrients, etc. thanks to easy access of information on the internet. Manufacturers have also moved toward a few initiatives in tandem with this trend, such as clear labeling, expanding product portfolios, reformulation of product ingredients, and closer collaboration with government/retailers to boost healthy and wellness products.
- More consumers are expected to demand natural and “less processed” food and drink which encourage more companies to remove artificial products from their end products. Asian consumers including Singaporeans are increasingly concerned about the origin and contents of the products they purchase.
- There would be more consumers willing to buy more expensive products such as organic food at least periodically. However, this increase in spending would be more notable in higher income groups who are willing to buy more expensive food/beverage for health reasons.
- Due to the 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 calories. Also, as household sizes have gradually declined over the years, consumers prefer to purchase smaller pack size.
- 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.
- There has been a higher level of awareness on food safety among consumers in general.
- In 2016, sustainability evolves from “being good for the bottom line” to being a necessary new product development consideration for the common good. While there is a growing awareness of

sustainability, generally the end customer is not willing to pay more for sustainable products. Consumers are generally price-sensitive especially as the region's economic growth is expected to slow down. Thus producers have to find ways to produce high quality products at affordable prices.

- There is a growing demand for processed food products / ready –to-eat meals due to Singaporeans' increasingly faster paced lifestyles. As packaged foods gain popularity, new expectations drive suppliers of 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 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 rice is still an important staple for most Singaporeans; however, noodles and increasingly bread, pasta, milk and cereals are gaining in popularity too.
- Following the WHO study in 2015 that said processed meat – especially red meat – can contribute to some types of cancer and a local study in 2016 that said over consumption of pork can create kidney problems, a decline in chilled processed red meat has been observed over the course of 2015 and 2016. The WHO report particularly identified ham, sausages and bacon as being the unhealthiest forms of processed meat. In Singapore, processed meat products are usually sold chilled rather than frozen so chilled processed meat suffered the greatest negative impact on retail value sales in 2016. To pump up sales, manufacturers and retailers offered discounts and other promotions.
- With the rapid product innovation and blurring of product categories as manufacturers mix and match ingredients and concepts, most packaged / processed food players venture 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 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.
- E-shopping has gained popularity in recent years. According to the Institute of Grocery Distribution (IGD), in making a projection on the continued expansion of online grocery services to support growth of modern convenience and supermarket retailing, retailers are tapping into the potential of smartphone users who buy their groceries online.
- The phenomenon known as “eat and tweet” has flooded social media feeds with food photos. The sharing of food photos online has led to the creation of apps like Burpple, Food Spotting and SnapDish that are especially dedicated to the logging and sharing of food.
- Superfood products posted high growth in 2015, thanks to their high levels of vitamins, antioxidants, and fibers that appealed to the health-conscious consumers. Juice products such as coconut water, pomegranates and yuzu; and packaged food containing berries, oat and nuts have gained popularity. Manufacturers responded by launching new brands/super fruit variants, such as yuzu flavored tea and yuzu flavored yoghurt.

(Source: Euromonitor, IGD, FIA, Mintel, website and media)

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 2011 to 2016:

Products	2011	2012	2013	2014	2015	2016
Alcoholic Drinks	506.0	551.3	584.7	614.4	599.4	621.0
Baked Goods	268.9	281.3	292.7	305.3	294.8	303.7
Health & Wellness Beverages	317.5	333.0	342.3	350.9	330.5	331.3
Health & Wellness Packaged Food	549.1	591.1	616.5	637.2	609.0	608.2
Processed Fruit & Vegetable	18.6	19.1	19.4	19.6	18.3	18.2
Processed Meat & Seafood	145.2	148.7	151.1	153.0	144.1	145.6
Confectionery	206.7	217.8	227.6	235.6	227.9	235.0
Dairy	327.4	347.0	360.3	371.5	359.2	368.1
Ice Cream/Frozen Desserts	80.2	85.1	90.4	94.5	91.9	95.1
Noodles, Rice and Pasta	322.7	331.6	337.2	337.7	314.2	312.7
Edible Oils	56.4	58.1	59.7	61.2		
Ready Meals	34.6	35.7	36.4	37.1	34.7	34.6
Sauces, Dressings And Condiments	73.1	75.5	77.2	78.4	74.0	75.1
Sweet Biscuits, Snack Bars and Fruit Snacks	124.5	132.4	138.7	143.0	137.0	139.6
Soup	11.9	12.3	12.5	12.6	11.8	11.8
Spreads	35.8	37.4	38.7	39.9	38.3	39.0
Savory Snacks	129.4	138.1	146.4	154.3	148.9	152.9
Soft Drinks	445.0	463.6	476.66	485.8	452.5	451.6

SECTION III. COMPETITION

Singapore's food processing sector is already highly competitive: there are more than 750 industry players in the small local processed food sector, including food manufacturers; 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 eating traditional foods 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 the world over are 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). Founded on December 31, 2005, the AEC attempts to integrate the 10 regional countries as a single market production and base.

Product Category	Major Supply Sources (2015 figures)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Prepared / preserved meats (including pork) Net Imports: 45,150 ton \$190,903,005	<ol style="list-style-type: none"> 1. Thailand – 37.01% 2. U.S.A. – 13.2% 3. China – 12.46% 4. Malaysia – 11.18% 	<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. Australia was ranked no 5 in 2015 as one of the major supply sources.</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 in Singapore and is also distributed to Malaysia and Brunei.</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 mainly in stand-alone retail stores.</p> <p>Despite pork’s popularity in Singapore, the country has a relatively small number of suppliers for prepared / preserved pork products.</p>
Prepared / preserved poultry Net Imports: 20,798 ton	<ol style="list-style-type: none"> 1. Thailand – 74.38% 2. Malaysia - 11.82% 3. U.S.A. – 	<p>The key supplier countries offer competitive pricing and geographic proximity – especially ASEAN countries (Thailand and Malaysia).</p>	<p>Singapore has a relatively small number of suppliers in prepared / preserved poultry products.</p>

\$92,706,980	6.93% 4. China – 4.63%		
Prepared /preserved fish and seafood Net Imports: 51,932 ton \$ 328,130,728	1. China – 26.89% 2. Malaysia – 12.80% 3. Vietnam – 11.71% 4. Thailand – 9.43% 16. U.S.A. – 0.68%	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’ support in the development of farms to increase seafood supply as part of the country’s food security policies.
Processed/Prepared Dairy Products Net Imports: 259,285ton \$ 719,746,466	1. Australia– 31.23% 2. Malaysia – 22.91% 3. Thailand – 10.86% 4. Switzerland – 9.10% 5. U.S.A. – 3.05%	Australia has geographic proximity. There has been a greater demand for health and wellness products and beverages in recent years.	Local dairy companies are strong competitors and have brand / name familiarity with the domestic consumers. Their products are generally cheaper
Processed fruits total Net Imports: N/A \$123,981,648	1. Indonesia – 29.71% 2. Thailand – 18.45% 3. U.S.A. – 11.05% 4. China – 10.81%	The regional countries offer competitive pricing and also have geographic proximity. The U.S. is quite a dominant player in this sector and as an extension of its dominance in the fresh fruit market. Generally, U.S. fruit products are dominant because of their competitiveness on quality, profitability and supply capacity; but they are considered as quite pricey.	Singapore has limited processed fruit products manufactured locally.
Processed vegetables and pulses total Net Imports: 100,645 ton \$158,413,542	1. China – 34.48% 2. U.S.A. – 23.95% 3. Thailand – 5.36% 4. Malaysia – 5.02%	China offers competitive pricing and also has geographic proximity. Its top products are mainly mushroom products – using ingredients quite prevalent in Chinese dishes. The U.S. is the leading supplier of processed potatoes, sweet corn and dried onion.	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.

		The local retail value sale of processed/frozen vegetable has slowed down recently due to rising maturity in this category and competition from fresh vegetables – the preferred and perceived healthier option for many Singapore consumers.	
Chocolate and confectionary total Net Imports: 68,831 ton \$ 397,287,688	<ol style="list-style-type: none"> 1. Malaysia – 26.31% 2. U.S.A. – 8.72% 3. Italy – 8.48% 4. Netherlands – 7.00% 	<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>Singapore’s chocolate market is saturated and well developed by international brands. Italy’s Ferrero SpA maintained its leadership in 2015 with a 23% retail value share due to its strong brand portfolio. Premium chocolate brand Lindt has a strong position in the chocolate retail market.</p>	While Singapore produces chocolate products, however it is not a major player in the retail market.
Snack Foods total Net Imports: 116,497 ton \$ 403,757,215	<ol style="list-style-type: none"> 1. Malaysia – 37.32% 2. U.S.A. - 10.62% 3. Indonesia – 9.84% 4. China 8.89 % 	<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>	Most snacks – even under Singapore owned brands – are usually produced in Malaysia.

		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>Non-alcoholic beverages total</p> <p>Net Imports: N/A \$ 484,097,833</p>	<ol style="list-style-type: none"> 1. Malaysia – 43.17% 2. Indonesia – 9.34% 3. U.S.A. – 7.77% 4. Thailand – 5.57% 	<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 2015 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</p> <p>Net Imports: N/A \$ 2,094,705,656</p>	<ol style="list-style-type: none"> 1. France – 51.38% 2. U.K. – 25.09% 3. China – 3.17% 4. U.S.A. – 2.79% 	<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 products in 2015 were whisky, wine and beer.</p> <p>The sector is expected to record moderate volume growth due to its maturity and poor economic outlook for 2016 and beyond. Some trading down may be expected.</p>	<p>Asia Pacific Breweries maintained its leading position in 2015 with a core portfolio of beer products and diversified brands such as Heineken, Tiger and Anchor. The company also offers a broad range from mid-price to premium products. APB continued to launch marketing campaigns and collaborations. There is a growing trend of alcoholic drink manufacturers working together with foodservice outlets – e.g. Tiger launched an exclusive collaboration with local dessert start-up, Cake Spade.</p> <p>In 2015, the Liquor Control Act passed a new regulation that disallows consumption of liquor in all public places from 22.30hrs to 07.00hrs every day.</p> <p>Singapore does not produce</p>

			wines and spirits.
<p>Table condiments, sauces and condiments</p> <p>Net Imports: N/A \$122,361,362</p>	<ol style="list-style-type: none"> 1. Malaysia – 32.97% 2. Japan – 13.79% 3. China – 12.49% 4. U.S.A. – 11.20% 	<p>For the key suppliers in the sauces and condiments group, the top products include sauces mixed condiments, soy sauce, vinegar, and mustard flour and prepared mustard.</p> <p>Heinz Singapore Pte Ltd and Nestlé, both of which compete in several categories, were again leading brands in 2015. 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 2015 were sauces mixed condiments, vinegar/substitute vinegar, mustard flour/prepared mustard and soy sauce.</p>	<p>The local sauces and condiment sector is fairly fragmented.</p> <p>Woh Hup Food Industry Pte Ltd led the sauces, dressings and condiments in 2015 with a retail value share of 9%. The company led cooking sauces with a retail value share of 29% and had a strong presence in liquid stocks and fonds (ranked first with 25% retail value sales) and oyster sauces (ranked second with 27%).</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>



SECTION IV. BEST PRODUCT PROSPECTS

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

U.S. breakfast cereal brand displayed prominently at
(Source: FAS Singapore)



**Kellogg's
supermarkets**

Product Category	Market Size in ton, (Volume) (2015)	Imports (2015)	% Change 2015/ 2014	Key constraints over market development	Market attractiveness for U.S.A.
Breakfast Cereals & Other Breakfast Products, Pasta & Processed Cereals	11,777 ton	\$46,578,041	+2.46%	The market is dominated by several established brands including European brand Nestle, and also U.S. brands Kellogg's and Post.	An attractive market for long term development due to changing eating habits as the younger generation is consuming more cereals/breakfast products. Also, fairly high expat demand for cereal/breakfast products.
Juices, Non-Alcoholic Beverages	42,461,836 liter	\$ 73,138,813	-7.82%	Lower priced fruit and vegetable juices from regional countries (Indonesia, Malaysia and Thailand), China and Brazil.	U.S.'s reputation as a supplier of quality fresh fruit and vegetable juices. U.S. products also have high brand recognition

				<p>In particular, Malaysia Dairy Industries continued to lead the juice sector in 2015 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>In 2015, the health and wellness trend continued in Singapore. Despite the 4.7% decrease in sales for the 2014/2015 period for U.S. non-alcoholic beverages, 100% juice posted a 6% growth in off-trade volume terms in 2015.</p> <p>However, with the continued health and wellness trend, producers can expect stiff competition from other healthy beverages such as ready to drink tea and bottled water. Manufacturers will have to try harder to engage health conscious consumers by promoting the health benefits of juice.</p>
Pet food	9,612 ton	\$34,796,718	+2.71%	<p>The market is dominated by Multinational companies - often dominating the retail shelf space at pet food channels.</p> <p>Leading brands</p>	<p>Attractive due to increased demand for pet food, especially premium and healthier products.</p> <p>The higher standard of living has</p>

				in Singapore include Mars Pet Food's Pedigree, Cesar and Royal Canin; and Nestlé's Purina; and Hill's Science Diet.	resulted in a shift towards premium imports and brands which boast high nutritional, value and advanced formulation.
Dairy products (processed, including cheese)	168,336 ton	\$719,746,466	-34.43%	<p>Competition and availability of products from mainly New Zealand, Australia, Thailand and France.</p> <p>Strong competition from local/local based companies that have home advantage as consumers are very familiar with the brands/products; and they are generally cheaper too: in 2015 F&N Foods led in milk products (27% value share); and Yakult lead in yoghurt/sour milk products (49% retail value share).</p> <p>Some product categories in the sector have reached/almost reached maturity stage;</p>	<p>While cheese is in the increasing maturity category, but the product's retail value growth is expected to remain robust as interest in cheese products continue to grow as one of the widely used ingredients in Western style dishes which Singaporeans enjoy. The growing expat community in the country also helps to drive the product's growth.</p> <p>Aside from the U.S.'s reputation as being a quality producer, the U.S. can also deliver a consistent supply versus the Oceania's seasonal dairy production.</p>

				thus new product-development is important; and given the health trend, companies may want to develop more fortified/functional and less fattening products.	
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Significant Quantities But Have Good Sales Potential

Product Category	Market Size in ton, (Volume) (2015)	Imports (2015)	% Change 2014/ 2015	Key constraints over market development	Market attractiveness for U.S.A.
Prepared/ Packaged Fish & Seafood	40,177 ton	\$ 328,130,728	0.40%	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- which is in tandem with the health and wellness trend.
Processed pork	7692 ton	\$39,923,495	-4.75%	Competition from China, Denmark and Netherlands. China had almost 50% market share in 2015. It was able to offer	U.S. processed pork is popular. Majority of the total population in Singapore is Chinese; and pork is a staple meat for this majority ethnic

				<p>products that are cheaper and also prepared in dishes/products that are familiar to Singapore consumers.</p> <p>Singapore imposes trichinae testing for fresh/chilled pork products from the U.S.; and also a tight permissible time frame – from the time of slaughter.</p>	group.
Processed snack foods total	85, 536 ton	\$ 403,757,215	+3.79%	<p>Competition from lower cost regional countries, including Malaysia, China, Indonesia and Thailand.</p>	<p>Strong demand and brand recognition for quality U.S. products.</p> <p>Also, availability of wide variety of flavors; and quality of U.S. products and packaging.</p> <p>With busier lifestyles and increasing incomes, Singapore consumers like to snack between regular mealtimes. They are also getting more interested in new brands, product types and flavors.</p>
Wine, d beer & wine group	Import: 30,805,141 liter	\$524,719,690	- 16.54	<p>Competitive market with a massive number of labels from</p>	<p>Broad and wide Market; still provide opportunities at</p>

	(export data: N/A)			France, Italy, Australia, Netherlands, etc. Due to its maturity, alcohol beverages are expected to record moderate volume growth. 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.	the right price point. The U.S.'s market share was only 3.35% in 2015 – compared to France's at 72.15%; thus there is still room for growth for U.S. products. E.g. growth could come from the young generation who experience drinking wine from an early age at social gatherings, and trends that popularize drinking such as champagne brunches, popular with female diners.
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SECTION V. POST CONTACT AND FURTHER INFORMATION

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*Represents U.S. Department of Agriculture (USDA)'s agricultural export trade promotion agency known as the Foreign Agricultural Service (FAS) in Singapore.

Other high-value product and market sector reports produced from this office: Retail Foods, Food Service – Hotel Restaurant Institutional, and Export Guide.

The above reports are also produced for other countries. Please refer to FAS homepage for the details: <https://www.fas.usda.gov>

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