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GAIN Report

Global Agricultural Information Network

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Organic Foods

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Retail Foods

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Report Highlights:

Singapore's organic foods market is a niche with a moderate consumer base comprising mainly expatriates, affluent Singaporeans and millennials more willing to pay premium prices for healthy choices. The total estimated retail value of organics is US\$10 – 15 million in CY 2015. Singapore's retail food sector total sales were US\$6 billion in CY2015. Growth of this sector is estimated at 5 percent for CY 2017 as consumers are deterred by the high unit prices, ranging 100 – 400 percent higher compared to conventional/regular foods. The United States was Singapore's fourth largest supplier of foods in 2015. Best prospects for U.S. organic products include packaged foods, rice, pasta and noodles and produce.

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SECTION I: MARKET OVERVIEW

Definition of Organics in Singapore

- According to Singapore's Agri-Food and Veterinary Authority (AVA; equivalent to USDA), there is no set definition of organics. Thus, there is no separate set of import conditions for organic food products specified in the Food Laws.
- However, AVA has stringent labeling requirements; specifically on health claims on labels (refer to section on market access).
- AVA allows entry of organic foods certified by international certified bodies.

The definition of organic food and drink refers to products made according to organic standards. Organic foods, as defined generally in the Singapore context, are foods that are grown naturally without the use of synthetic fertilizers, pesticides and insecticides and are not modified or processed using synthetic products and additives.

Market Overview

In Singapore, organic foods are mostly imported from Australia, the European Union (EU), Japan, Malaysia, New Zealand, Thailand, United Kingdom and the United States. Most organic products are certified to another country's organic standard such as the EU, United States, Japan, Australia and bear the logo/seal of that country and the international certifying bodies' logos such as Bio Inspecta, EU Organic Farming, Eco Cert, USDA etc. (Refer to Table 6 on page 12 on International Certifying Organizations.)

Singapore is one of the wealthiest markets in Southeast Asia with a population of 5.6 million, and is a key location for expatriate families to reside in East Asia. Singapore is a highly developed market economy as well as a highly-urbanized island. Strategically located in the middle of key trade flows from Asia, Australia, Europe, the Middle East and the United States, it is one of the world's most open economies and is highly dependent on international trade.

It imports almost 90% of its food requirements with virtually no local agricultural production. There are no import tariffs or excise taxes for all food and beverages (except for alcoholic beverages and tobacco products), but a Goods and Services Tax (GST) of 7 percent is levied for all goods and services at the point of distribution. It is ranked as the world's number one in terms of ease of doing business.

Trends

- According to the Euromonitor report, organic packaged foods recorded an annual growth of 4% with sales totaling US\$9 million in 2015 while organic beverages recorded an annual growth of 3% valued at US\$140,845 in 2015. Organic foods are marketed as healthy, environmentally friendly and most importantly, and of premium quality.

- The growth is attributed to the fact that there is an increase in consumer awareness driving demand because of the wider availability and distribution in supermarkets, hypermarkets and increase in the number of specialty organic stores.

Consumers are scrutinizing labels more closely, looking for products that do not contain genetically modified ingredients.

- E-commerce's role, i.e., with more organic stores offering internet shopping and free delivery for a minimum purchase (usually US\$50, but varies) or a flat fee of US\$7, for busy consumers who shop online.
- Health and wellness as the key priority which influence consumer purchase decisions is driving increased preference for products made with fresh, natural and organic ingredients as consumers are concerned with their inner well-being. Organics are perceived as more nutritious, healthy and more nutritious since the products do not contain artificial pesticides and chemicals.
- Rising disposable incomes is another factor that drives increased demand for organics. However, growth in the organic foods sector is still limited as consumers are deterred by the high unit price.
- Expatriates and millennials (aged 21 – 34) are more willing to pay premium prices for healthier choices.

SECTION II: MARKET SECTOR OPPORTUNITIES AND THREATS

1. Organic Food Retail Channels

The Singapore's retail food sector is highly developed and competitive; total sales were US\$6 billion in 2015. Total organic food retail sales comprised 10–15% of total retail sales or an estimated value of between US\$ 10–15 million. (Point to note: import data are not broken down as “organic” as they are lumped together with the regular/conventional foods.)

Organic food retail sales in Singapore are spilt between three major chain supermarket retailers and independent organic specialty stores:

- Cold Storage Supermarket, namely in the five premier Market Place stores, the five Gourmet Grocer Specialty stores as well as select Cold Storage stores which caters to the middle to upper income group), please refer to the following link on Singapore's Retail Foods Sector for detailed information on the retail supermarket chain stores:
http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Singapore_Singapore_12-15-2016.pdf
- NTUC FairPrice – 16 “Finest” stores and select “Xtra” hypermarkets.
- Sheng Siong Supermarket – organic foods can only be found in select stores and a small range of organic products.

These are popular specialty organic stores:

- Mahota Commune, the latest multi-concept wellness store aimed at promoting health and wellness which started operations in mid-2016. It occupies a total of 20,000 sq. ft. space, stocks organic produce and health food, with a restaurant and cafe using organic ingredients, and a traditional Chinese medicine (TCM) clinic. The market also boasts a wine section, with wines imported from Australia, France and Italy, as well as wines from Mahota's vineyard in Penglai in China's Shandong province.
 - Mahota Commune owns an organic farm in Shanghai which practices sustainable agriculture with trading firms in Australia and Japan. The Mahota Market imports seasonal produce from the Mahota Farm in Shanghai twice a week.
 - Point to note: There continues to be some suspicion over possible pesticide residues in Chinese products.

Supernature (single store), website: <http://www.supernature.com.sg>

SuperNature imports directly from the United States, United Kingdom, New Zealand, Hong Kong, Italy and Thailand for their comprehensive range of fresh and organic foods as well as natural foods, supplements, natural remedies, personal care and household products. Online shopping is available and offers free delivery for minimum order of US\$50 and above,



Organic produce section at a high-end supermarket in Singapore (l). Juice and drinks at a high-end organic products store

(Source: FAS Singapore)

Brown Rice Paradise (single store), website: <http://www.mybrp.com.sg>

- The range of products include gluten-free/wheat-free/dairy-free products; low sugar and low sodium products, healthy snacks, biscuits and beverages; organic baby food and baby care products; personal care products; household products and vitamins and supplements. Online shopping is not available.

- The Organic Grocer (single store), website: <http://www.theorganicgrocer.com>
The store offers fresh organic produce, dry goods, dairy products, imported meat and seafood, all-natural household necessities and Good quality and reasonably priced veggie boxes (assorted produce) in small, medium and large sizes is the main highlight of the store. They also do customized veggie boxes upon request. Online shopping is available and offers free delivery for orders above US\$105; or US\$10 \$150; a charge of \$15 applies for smaller orders.
- Four Seasons (2 stores), website: <http://www.fourseasonsorganic.sg/> The store has a good range of dry goods like in most organic specialty shop, and stocks a good range of baby food, the main highlight of Four Seasons shops. It offers a small section of fresh produce, fresh herbs, vegetables and fruits. Skin and hair care products, health supplements and cleaning products are also available. Online shopping is available.
- Zenxin Organic Online Delivery only, website: <http://www.organicdelivery.sg/>
The farm is located in Malaysia called Zenxin Organic Park, Plot 47A & 47B, Batu 9, Jalan Batu Pahat, 86000 Kluang, Johor., Telephone: +60 (7) 7595196, 019-7738985. There is a restaurant, farm, and flower nursery. Online store offers organic fruits, vegetables from their farm in Malaysia, fruits, snacks, grains and organic wines.
- Sunnychoice Natural Food Store (single store)
The store offers a good mix Western and Asian organic products, stocks the basic necessities for a healthy lifestyle with a good range fresh fruits and vegetables, dried foods, baby products, health supplements, beauty products and toiletries. Co-located within the store is a small and cozy healthy food café. Online shopping is not available, but offers free delivery for a minimum purchase of US\$105.

There are a few other smaller independent specialty organic stores offering retail mainly dried organic food products in Singapore.



Organic chicken broths and assorted soups (l) Organic flours from Australia and United States



Organic vegetables (l)

and organic spreads and rolled oats.
(Source: FAS Singapore)

2. Opportunities and Challenges

Table 1: Opportunities and Challenges:

Opportunity	Challenges
High disposable incomes and highly educated population.	High cost of entry into major supermarket chains, i.e., high slotting fees.
Increasing preference and awareness of organic products, but lower priced products.	Lower prices of competing products from other countries. The stronger greenback is deterring local importers from sourcing from the United States.
Wider distribution channels of distribution, as in specialty supermarket stores with organic foods sections and independent organic food stores.	Except for the two major retail chain supermarkets, the organic specialty stores are highly fragmented, thus proving a challenge for U.S. exporters.
Large numbers of resident expatriate population familiar with organic food.	High promotional and advertising costs for introducing new products.

3. Road Map to the Singapore Market

- **Packaging and design.** The organic foods in Singapore are still largely branded as premium products rather than as standard or economy. The higher retail price, (about 100% to 400% higher than regular products) as packaging design remains indicative of its premium positioning. Improving on the packaging and design would help to achieve mass appeal among domestic consumers to achieve consumer awareness.
- **Marketing Communication.** Extra attention has to be paid to the marketing and visual design of organic products to differentiate products from the regular mass market products and to set their brands apart from other competing organic foods, transparency and clarity of the benefits is key to win the hearts of the consumers.
- **Consumer Education.** In order to expand/widen consumer base, efforts could be placed on the benefits from consuming organic products; highlighting premium quality; and the rigors of USDA organic standards which do not allow use of genetic engineering/GMOs.

**Table 2: Sales of Organic Packaged Food by Category: Percentage Growth
CY 2010 – 2015**

Category	2014/15	2010-15 *CAGR	2010/15 Total
Organic Baby Food	4.8	8.2	48.6
Organic Breakfast Cereals	3.5	3.7	19.7
Organic Confectionery	4.1	3.5	18.5
Organic Frozen Meat, Seafood, Fruit and Vegetables	0.7	2.0	10.1
Organic Oils and Fats	4.5	5.5	30.4
Organic Rice, Pasta and Noodles	4.4	5.2	28.6
Organic Packaged Food	4.4	5.2	29.0

(Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources)

*CAGR = Compound Annual Growth Rate

SECTION III: SALES VALUE AND PRICES

1. Sales Value

Table 3: Sales of Organic Packaged Foods by Category: Value CY 2010 – CY 2015

USD '000	2010	2011	2012	2013	2014	2015
Organic Baby Food	504.1	549.1	639.7	676.4	714.7	749.0
Organic Breakfast Cereals	429.1	447.6	464.3	480.5	496.4	513.7
Organic Confectionery	174.3	180.2	184.8	191.3	198.4	206.5
Organic Frozen Meat, Seafood, Fruit and Vegetables	106.4	108.5	111.1	113.2	116.4	117.2
Organic Oils and Fats	112.9	119.8	125.8	133.3	140.9	147.2
Organic Rice, Pasta and Noodles	4,947.4	5,179.6	5,442.4	5,722.5	6,089.6	6,360.3
Organic Packaged Food	6,274.3	6,582.7	6,968.2	7,317.2	7,756.5	8,094.1

(Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources)

The following are best prospects for the U.S. exporters who wish to export to the Singapore market:

1. Organic Packaged Foods
2. Organic Rice, Pasta and Noodles
3. Organic Fresh Produce
4. Organic Breakfast Cereals
5. Organic Confectionery/snack foods
6. Organic Dairy (milk, yoghurt)
7. Organic Seafood
8. Organic Baby Food

Point to note: The organic foods market in Singapore is niche with expatriates and affluent consumers. Although there is growing awareness of organic packaged food, consumption remains relatively limited in Singapore, mainly due to its niche consumer base, and its sensitivity in the premium prices. Also, there is a group of consumers concerned with the level of genetically engineered crops grown in the United States and possible effects on organic production.

Table 4: Brand Shares of Organic Packaged Food: % Value CY 2012- CY2015

% retail value (retail sales price)	Company (National Brand Owner)	2012	2013	2014	2015
Naturel (Lam Soon Group – Private label)	Lam Soon (S) Pte Ltd	51.9	52.1	52.6	52.4
Harvest (Pt Momenta Agrikultura)	Ban Choon Marketing Pte Ltd	22.5	22.2	21.7	21.5
Healthy Times Cereal	Healthy Times Inc	4.7	4.8	4.9	4.9
Nature's Path	Nature's Path Foods Inc	4.3	4.3	4.3	4.3
Heinz (Kraft Heinz Co)	Heinz Singapore Pte Ltd	-	-	-	3.1
Amy's	Amy's Kitchen Inc	1.6	1.5	1.5	1.4
YummyEarth	YummyEarth, Inc.	1.4	1.3	1.3	1.3
Envirokidz	Nature's Path Foods Inc	1.3	1.3	1.3	1.3
San Remo	San Remo Macaroni Co Pty Ltd	1.2	1.1	1.1	1.1
FairPrice (Private Label)	NTUC FairPrice Co-operative Pte Ltd	0.7	0.7	0.7	0.7
Heinz (Heinz Co, HJ)	Heinz Singapore Pte Ltd	3.2	3.2	3.2	-
Others	Others	7.2	7.3	7.5	7.9
Total	Total	100.0	100.0	100.0	100.0

(Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources)

Table 5: Prices – Cost Comparison of Regular and Organic Foods Table

Regular		Organic		Increase
Item	US\$	Item	US\$	(%)
Potatoes – 2.2 lbs.	\$1.65	Organic 4 Life Potato – 1.1 lb.	\$4.54	175%
Carrots – 2.2 lbs. 	\$1.33	Organic 4 Life Carrots - 1.1 lb.	\$3.59	170%
Givvo Old Ginger – 0.9 lb.	\$0.80	Organic Ginger-0.9 lb (200g)	\$4.22	428%
Givvo Red Onions – 1.1lb.	\$2.76	Organic 4 Life Brown Onion – 1.1 lb.	\$4.72	71%
Givvo Whole Garlic – 0.44 lb.	\$1.10	Organic Garlic –0.5. lb.	\$2.09	90%
Govvo Iceberg Lettuce 1 per pack 	\$0.99	Earthbound Organic Baby Romaine Lettuce- 0.31 lb.	\$4.61	366%
YUVVO Sweet Corn 2 per pack	\$0.78	Airflown Organic Sweet Corn – 2 per pack	\$5.63	622%
Givvo Local Tomatoes - 1.1 lb.	\$0.74	Airflwon Organic Round Tomatoes – 1.1 lb.	\$5.64	662%
Navel Oranges- 4 per pack 	\$4.92	Airflown Organic Orange – 2.2 lb.	\$7.76	58%
Mexican Airflown Avocados – 3 per pack	\$4.22	Earthbound Organic Avocado – 3 pre pack	\$7.05	67%
Gala Apples – 2.2 lb.	\$3.08	N/A	N/A	N/A
Strawberries – 0.6 lb. 	\$2.58	N/A	N/A	N/A
Rolled Oats – 1.12 lb.	\$3.79	Hobie Organic Rolled Oats – 1.1 lb.	\$5.32	40%
N/A	N/A	Organic Apple Snack- 0.04 lb.	\$4.00	N/A
Farmhouse Fresh Milk – 1 L	\$2.34	Holland Organics Fresh Milk Whole Fat – 1 L	\$4.94	111%
Laughing Cow Cheese Spread 16 pcs – 0.56 lb.	\$4.93	Organic Valley Muenster Sliced – 0.37 lb.	\$7.06	52%

(Source: <https://redmart.com> and www.fairprice.com.sg (March 24, 2017))

SECTION IV: REGULATIONS

The Singapore regulatory body, Agri-Food and Veterinary Authority of Singapore (AVA, equivalent to USDA), does not have a separate set of import conditions for organic food products.

All Singapore importers of food products (regardless whether organic or not) are required to:

- Obtain a license or register with AVA.
- They are to declare for an import permit for every consignment prior to the arrival of the consignment.
- All food products imported into Singapore for sale are required to comply with the food standards and labelling requirements laid down in the Food Regulations. The Sale of Food Act and Food Regulations are available at <http://www.ava.gov.sg/legislation/>
- In addition, under Regulation 9B(5) of the Food Regulations, traders who sell food products **bearing claims such as “organic” or “organically produced” or similar claims must be able to show proof that the food product has indeed been organically produced.** Proof comes in the form of a valid organic certificate for the food product issued by the duly constituted certifying body for organic food certification, which adopts the Codex Guidelines for the Production, Processing, Labelling and Marketing of Organically Produced Foods (CAC/GL 32-1999), established by the Codex Alimentarius Commission <http://www.fao.org/fao-who-codexalimentarius/standards/list-of-standards/en/> or similar standards for organically produced food. The document is to be submitted to the AVA, only upon request.

Certification Organizations

In Singapore, organic foods are mostly imported from Australia, the European Union (EU), Japan, Malaysia, New Zealand, Japan, Thailand, United Kingdom, and the United States. Most organic products are certified by to an international standard by accredited certifying bodies. The following table presents all the international standards from which Singapore allows certification.

Table 6: International Organic Certification Bodies

International Organic Certification	Country
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	Australia
	Australia
	Canada
	European Union
	France
	Germany
	Japan
	Switzerland
	Thailand
	United States

(Source: <http://www.ioas.org>)

SECTION V: KEY CONTACTS AND FURTHER INFORMATION

U.S. Department of Agriculture (USDA)

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* FAS is USDA's export promotion and trade arm for U.S. agricultural products representing USDA overseas.

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