



Products of the U.S.A.

Monthly Report

Trade Servicing

June 2023



Products of the U.S.A.

MONTHLY TRADE SERVICING REPORT
June 2023
Submitted by Lieu Marketing Associates Pte Ltd

(i) Executive Summary

El Nino, a weather phenomenon causing the warming of water surface temperatures in the Pacific Ocean, is expected to develop in the coming months, bringing hot and dry conditions to Asia. The impact of El Nino may harm wheat, palm oil, and rice production in countries such as Thailand, Indonesia, and Malaysia. Dry weather is also expected to affect summer crop planting and potentially weaken South East Asia's monsoon season. Lower production in South East Asia could lead to concerns about food inflation and have ripple effects in global food markets.

During our regular discussions with the trade, one specialty food retailer in Singapore shared that retail sales over the last two months have decreased by 40%. This was echoed by an importer in Indonesia. Both shared that foodservice sales have been growing well and are playing a larger part in their business. The trade in the Philippines also shared that the food sector has continued its strong growth, likely due to more people dining out and also the restart of tourism. In contrast to Singapore and Indonesia, one large retailer shared that they have been adding new stores since the start of 2023, adding four more to their existing 8.

(ii) Market Intelligence Update

Burma:

Myanmar further extended its Covid-19 preventive measures until June 30, including all existing restrictions, except for those that will be gradually eased. The extension applied to all orders, announcements, and directives issued by relevant government organizations and ministries to curb the spread of the pandemic. Myanmar recorded 92 new Covid-19 cases on the last day of May 2023, and it brought the total number of confirmed cases to 638,818, with a death toll of 19,494 and 617,774 recoveries as of 31 May 2023. ([The Star](#), 31 May 2023)

The Arakan Army (AA) is providing humanitarian aid to cyclone-affected Muslim villages in Rakhine State, Myanmar. They are distributing food and assisting with home repairs in various townships. The Cyclone Mocha Emergency Rescue and Rehabilitation Committee for Arakan (Cyclone Mocha ERRCA) is leading the relief operations to provide immediate food, healthcare, and shelter assistance. The AA has received donations to support the cyclone-affected people and has been involved in repairing homes in several

villages. However, there are reports that assistance efforts from the Military Council, AA, and other organizations have not yet reached all affected areas. ([Burma News International](#), 13 June 2023)

The World Bank has stated that the Myanmar economy is being hindered by power cuts and the junta's restrictions on businesses and foreign exchange. The country has been in turmoil since the military coup in 2021, leading to widespread fighting and displacement. While there are some signs of stabilization in the economy, with lower food and fuel inflation and increased manufacturing output, Myanmar's GDP is still about 10 percent lower than in 2019. The World Bank warned that the economy would be permanently affected by the fallout from the coup. Businesses face difficulties accessing foreign exchange, inputs, and trading licenses, and power cuts also impact economic activity. The World Bank predicted three percent growth for the year ending September 30, compared to 6.8 percent in 2019 before the pandemic. ([Yahoo Life](#), 28 June 2023)

A few of the importers that bring in USA products shared that they are facing a lot of difficulties from the local government when importing. Demand for US products remains strong. (LMA)

Indonesia:

JumpStart Coffee, an Indonesian company, has successfully raised undisclosed funds in a Series B fundraising round to expand its smart vending machine network nationwide and internationally by 2025. Led by Cool Japan Fun and Living Lab Ventures, the investment will allow JumpStart Coffee to explore new vending machine models, enhance vending technology, and grow its workforce. JumpStart Coffee offers a self-serve smart coffee vending machine with 20 hot and iced coffee options, utilizing artificial intelligence software to monitor sales and inventory. Currently operating over 2,000 machines in Jakarta, Bandung, and Surabaya, the brand plans to expand to other major cities in Indonesia. In a related development, Flash Coffee, a Singapore-based tech-enabled coffee company, recently concluded its own Series B financing round, raising \$50 million led by White Star Capital. ([Inside Retail](#), 30 May 2023)

Indonesia is bracing for a severe dry season due to the El Nino weather pattern, which poses a threat to harvests and increases the risk of forest fires, according to the head of the country's weather agency. The drought caused by El Nino is expected to significantly reduce rainfall on the main islands of Indonesia, impacting agriculture, and irrigation, and potentially leading to harvest failures and forest fires. The government is urging stakeholders to take precautions and prepare for the risks, including the use of weather modification technology. Indonesia previously experienced devastating forest fires in 2019, resulting in substantial economic losses. The hot and dry weather associated with El Nino is also affecting food producers in Asia, particularly palm oil and rice production in Indonesia, Malaysia, and Thailand. ([Reuters](#), 6 June 2023)

The Indonesian Embassy in Phnom Penh organized a Sharing & Networking event to promote the export of regional flagship products to Cambodia. The event aimed to highlight business opportunities and challenges in Cambodia and encourage Indonesian products, such as packaged food and beverages, home care products, pharmaceuticals, and batik, to enter the Cambodian market. Members of the Regional Representative Council (DPD) of Indonesia had the opportunity to network with Indonesian and Cambodian entrepreneurs from the Indonesian Chamber of Commerce (IndoCham) and Indonesia-Cambodia Business Club (ICBC). The event is part of a series of bilateral visit activities aimed at enhancing cooperation between Indonesia and Cambodia. ([Ministry of Foreign Affairs of the Republic of Indonesia](#), 12 June 2023)

The global nickel market is expected to face a larger surplus in 2023 as Indonesian smelters increase production for the electric vehicle (EV) battery and stainless-steel industries. Nickel prices reached record highs in 2022 but began to outstrip demand as Chinese-backed smelters in Indonesia ramped up output, while stainless steel demand slowed. The surplus is predicted to continue until 2028, with EV battery demand driving future growth. Despite lower prices, nickel-based batteries are expected to dominate the market due to their higher energy density. However, the adoption of high-pressure acid leaching (HPAL) technology for nickel processing has raised environmental concerns in Indonesia. ([Nikkei Asia](#), 12 June 2023)

Malaysia:

The origin and recognition of Bak Kut Teh, a popular meat broth dish in Singapore and Malaysia, has sparked a debate among Malaysian lawmakers in parliament. Lawmakers called for the recognition of Bak Kut Teh as a national heritage food, disagreeing with a documentary that suggested it originated in Singapore. The Malaysian government highlighted its efforts to raise awareness of local delicacies and distinguish them from dishes of other regions. The discussion also raised questions about inclusivity due to the pork-based nature of the dish as Malaysia is a Muslim country. The Ministry of Tourism, Arts, and Culture has applied to UNESCO to recognize other Malaysian dishes as representatives of the country's breakfast culture. ([Yahoo News](#), 7 June 2023)

Malaysia will lift the ban on chicken exports from July 1, allowing farmers to earn revenue from the export market and improve cash flow in the country. Poultry producers will be able to export live chicken, dressed chicken, and chicken parts, while imports of chicken will be permitted from recognized source countries. The government also announced the continuation of subsidies and price controls for chicken and eggs to ensure the sustainability of the industry and protect the welfare of the public. Poultry producers have faced challenges in recent years due to increased feed costs caused by the Covid-19 pandemic and the Russia-Ukraine conflict. ([The Straits Times](#), 9 June 2023)

Malaysian snack manufacturer Miaow Miaow is prioritizing taste over health claims in the snacking category as it focuses on marketing campaigns to raise brand awareness in its key regional export markets. The company, known for its crackers and recently launched chocolate cookies, believes taste remains the most important factor for snacks. It has invested in snack pellets processing capabilities to enhance taste and texture and has launched the "Miaow Miaow Flame" series featuring popular spicy flavors. Miaow Miaow aims to increase brand awareness through marketing activities and partnerships with overseas partners. While managing its local distribution, the brand exports to nearly 40 countries, with the UAE and China as its biggest markets. Miaow Miaow plans to target Southeast Asia for its brand activation efforts. ([FoodNavigator-Asia](#), 12 June 2023)

Hot and dry weather in Sabah, Malaysia's largest palm oil-producing state, is causing water stress and reducing yields. The upcoming weak to moderate El Nino is expected to worsen the impact, leading to a 10% to 15% decline in 2023 yields. The weight of harvested palm fruit has already decreased by 10% to 30% due to hot weather since February. Sabah accounts for 27% of Malaysia's oil palm planted area, and production in the country has been stagnant despite growing demand. The weather conditions also increase the risk of pest outbreaks and hinder nutrient absorption. In addition to these challenges, there is a long-standing shortage of workers for harvesting, although labor availability has started to improve. ([Today](#), 15 June 2023)

Philippines:

Malaysian coffee chain OldTown White Coffee has opened its first store in the Philippines, making it the company's fourth international market. The company, which also produces packaged instant coffee products, was acquired by JDE Peet's in 2017. The Filipino branded coffee shop market is expected to exceed 2,000 outlets by 2025, attracting various international chains like Café Kitsuné and Paik's Coffee. ([World Coffee Portal](#), 1 June 2023)

The World Bank has raised its growth forecast for the Philippine economy in 2023 to 6%, citing strong domestic consumption despite inflation and global challenges. The upgraded projection aligns with the government's target. However, downside risks include global inflation, financing conditions, geopolitical tensions, El Nino, and supply chain bottlenecks. The World Bank emphasizes the importance of sustaining social protection, implementing liberalization reforms, and addressing food security challenges. The Philippine economy grew by 6.4% in the first quarter of 2023, albeit slower than the previous year due to reduced consumption amid high inflation. ([GMA Network](#), 7 June 2023)

McDonald's Philippines is set to create approximately 20,000 new jobs as part of its expansion plans. The company will increase its current workforce of nearly 60,000 employees to support the opening of more stores. In 2022, the company hired over 17,000 new employees for its nationwide stores. It was also recognized as one of the country's best employers in "The Philippines' Best Employers for 2023" list. ([Inquirer.net](#), 14 June 2023)

The Philippines has implemented a ban on trans fat in prepackaged processed food products to address health risks. Trans fat consumption increases the risk of coronary heart disease and other diseases. Foods like margarine, coffee creamer, and baked goods are typically high in trans fat. A nationwide literacy campaign will educate consumers about reading food labels and the dangers of trans fats. Noncompliance may result in penalties and the suspension or cancellation of product registration for the food manufacturers. ([Rappler](#), 19 June 2023)

The Department of Social Welfare and Development (DSWD) in the Philippines will launch a food stamp program in July to assist one million food-poor Filipino families. The program will begin with a pilot phase for 3,000 families, fully funded by the Asian Development Bank. Beneficiaries can participate for up to four years in the program, with evaluators assessing progress through household visits. President Ferdinand Marcos Jr. has approved the program, which will also support pregnant and lactating women. ([CNN](#), 19 June 2023)

Singapore:

The higher prices of local produce in Singapore are posing a challenge to achieving the government's "30 by 30" goal of producing 30 percent of the nation's nutritional needs locally by 2030. Consumers interviewed express reluctance to buy locally due to the significant price difference caused by high production costs, including manpower, electricity, land leases, and overheads. Experts suggest increasing public education and providing more financial assistance to farmers to address the price conundrum and boost local production. Efforts to market local produce as fresher, of higher quality, and value for money are underway, but more support and awareness are needed to achieve food security targets. ([Today](#), 9 June 2023)

Durian lovers in Singapore are delighted as an abundance of durians in Malaysia has led to a surplus and subsequently lowered prices in Singapore. Premium varieties like Musang King were being sold for as low

as S\$3 (\$2.24) per kilogram, which is significantly cheaper than usual. This surplus is a result of Malaysian farmers diversifying into durian cultivation over the past few years, contributing to the plentiful harvest. Typically, durians are Malaysia's major export to Singapore, with the country supplying over 85 percent of the durians consumed in Singapore. ([Fresh Plaza](#), 26 June 2023)

Singapore's manufacturing output contracted for the eighth consecutive month in May, posing a higher risk of a technical recession for the country's economy. Factory output fell by 10.8% compared to the previous year, exceeding economists' forecast of a 7.3% decline. The slump was driven by a significant drop in electronics manufacturing, particularly in semiconductor production. Other manufacturing clusters also experienced a decline, except for transport engineering and biomedical manufacturing. ([The Straits Times](#), 26 June 2023)

Thailand:

Phuket is becoming a pioneering model for food waste disposal as the tourism industry recovers and aims to welcome 12 million tourists this year. The Thai Organic Consumer Association (TOCA) is collaborating with Phuket hotels to implement a food waste composting system aligned with the Bio-Circular-Green Economic Model. TOCA is working with the Phuket Hotels Association to encourage hotels to transform organic waste into compost using a food waste shredder, promoting sustainable practices and contributing to organic farming. ([Thai PBS World](#), 1 June 2023)

Thai beverage brand Cha Tra Mue, known for its distinctive tea flavors, is expanding its international presence with the opening of its first branch in Ho Chi Minh City, Vietnam. The company has been steadily expanding into foreign markets for about a decade and already has branches in several countries. ([The Nation](#), 12 June 2023)

Thailand's economy is expected to grow 3.9% in 2023, higher than the previous forecast, thanks to private consumption growth and a recovery in tourism, according to the World Bank. The country's tourism sector began to rebound in 2022 after pandemic-related travel restrictions were eased, and the return of tourists, especially from China, has strengthened the tourism outlook. However, weaker global growth and political uncertainty pose risks to near-term growth prospects. Thailand is currently in the process of forming a new government after the recent election, but doubts remain about the potential prime minister's level of support. ([Today](#), 28 June 2023)

Vietnam:

Vietnam has spent \$2.04 billion on importing animal feed and raw materials for the production of this commodity in the first five months of the year, representing a 2% decrease compared to the previous year. The top suppliers of animal feed and raw materials to Vietnam are Argentina, India, and the U.S., with imports from these countries increasing by varying percentages compared to the same period last year. The Ministry of Agriculture and Rural Development suggests that farmers utilize domestic raw materials, produce their animal feed, and seek local sources to reduce reliance on imports. The government also aims to tighten import controls, support importers in cost reduction, and facilitate the development of material zones for animal feed production. ([VnExpress](#), 5 June 2023)

Northern Vietnam is facing the devastating impacts of drought and heatwaves, causing rivers and reservoirs to run dry. The Thac Ba hydropower plant is experiencing its lowest water level in two decades, jeopardizing its functionality. The Chay river has significantly decreased in size, leaving locals struggling

economically. The heatwaves and drought, exacerbated by global warming, have affected fishing livelihoods, power supplies, and the manufacturing sector. Fishermen and farmers are particularly affected, with water shortages impacting their income and daily life. The extreme heat is making it unbearable to work outdoors as well. ([Alarabiya News](#), 16 June 2023)

The number of new businesses in Vietnam reached a record high in June, according to the Department for Business Registration Management. Despite facing challenges in production and business activities, 13,904 newly established enterprises were recorded, marking a 4.8% increase compared to the same period last year. Additionally, 7,098 businesses resumed operations, reflecting a substantial increase of 215%. However, the registered capital of new enterprises declined, with an average of VND9.3 billion per new enterprise, the lowest level since 2017. The real estate sector faced the most difficulties, experiencing a significant decrease in new businesses and registered capital. ([The Star](#), 29 June 2023)

(iii) Administrative Customs and Other Consideration Updates

(iv) WUSATA Activities, Generic Events & Next Steps

- **ATP Retail promotions in Malaysia in June & July, and Singapore in September 2023**
- **WUSATA Consumer Focused Buyers' Mission to OR & CA, July 2023**
- **WUSATA Consumer & Foodservice Outbound Mission to ASEAN, October 2023**
- **WUSATA Seafood Outbound Mission to ASEAN, October 2023**