



Products of the U.S.A.

Monthly Report

Trade Servicing

August 2023



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

(i) Executive Summary

The suspension of India's non-basmati rice exports on the back of bad weather has significant implications for Southeast Asia, where rice carries political and economic weight. The rice prices are already hitting consumers in the pocket amongst weather and exportation concerns.

Indonesia, a major importer of Indian rice, is expected to see some price increase but has significant domestic production and stockpiles to mitigate market shocks. The Philippines, the largest rice importer in the region, imports primarily from Vietnam, minimising its direct exposure to Indian rice.

Thailand and Vietnam, India's rivals in the rice export market, are poised to capitalise on the reduced Indian supply and potentially increase their market share. Myanmar plans to boost rice exports due to Indian restrictions and higher regional prices, targeting wealthier nations and facing challenges due to ASEAN's political instability.

Malaysia seeks transparency in palm oil regulations and maintains optimism in the consumer sector despite export slowdown. Singapore's strong dollar benefits importers but doesn't significantly lower consumer prices.

(ii) Market Intelligence Update

Burma:

Myanmar is poised for a surge in rice exports as Indian export restrictions and rising prices in Thailand and Vietnam prompt buyers to seek alternative sources. This shift is expected to help Myanmar recover from a 56% decline in rice shipments during the first four months of the fiscal year and bring it closer to its annual export revenue target. While Myanmar initially focused on selling higher-grade rice, the recent ban on a significant portion of Indian rice exports has created opportunities. However, Myanmar's export policy is geared towards conserving domestic supplies and targeting wealthier countries for higher-quality rice sales. In the past two fiscal years, Myanmar earned over \$800 million from rice exports, ranking as the world's sixth-largest exporter. Key buyers include China, the Philippines, and Belgium. ([Bangkok Post](#), 16 August 2023)

Political instability in several Association of Southeast Asian Nations' (ASEAN) member states, particularly Myanmar, Thailand, Cambodia, Vietnam, and Laos, is complicating the ASEAN efforts to address the Myanmar crisis. The military junta in Myanmar benefits from the undemocratic environment in neighbouring countries, making it resistant to ASEAN's diplomatic initiatives. While Indonesia, Malaysia, Singapore, and the Philippines maintain a hardline stance against the junta, political turmoil in Thailand, a new leader in Cambodia, leadership changes in Vietnam, and resignations in Laos hinder ASEAN's unity in dealing with Myanmar's humanitarian crisis. Indonesia, as the ASEAN chair, faces challenges in making meaningful progress in resolving the crisis. ([The Jakarta Post](#), 27 August 2023)

Myanmar earned \$214.42 million from fishery product exports in the first four months of fiscal year 2023-2024, but this figure declined compared to the previous year. In the same period of the previous fiscal year, the earnings were \$239.821 million. Overall, Myanmar's total exports in this period were worth over \$5.93 billion, down by \$640 million year-on-year, contributing to a total trade value of over \$12.58 billion, which was down by over \$388.77 million compared to the previous year. Most of Myanmar's trade with foreign countries was conducted through the sea route, while border trade took place with China, Thailand, Bangladesh, and India. Myanmar primarily exports agricultural products, animal products, marine products, minerals, forest products, manufacturing goods, and imports capital goods, intermediate goods, and consumer goods. ([The Star](#), 30 August 2023)

Indonesia:

Amid global recession concerns, Indonesia's economy has displayed resilience, recording a 5.17% year-on-year growth in the second quarter of 2023. Despite being slightly lower than the previous year, this growth stands out in Southeast Asia. Quarter-on-quarter, the economy grew by 3.86%. Indonesia outperformed developed nations in terms of economic growth in the second quarter. This growth is attributed to factors like increased household consumption, government spending, and a robust manufacturing sector. Challenges include a sluggish global economy and the need for more equitable development. Indonesia's growth could support its journey toward becoming a developed nation. ([Anatara News](#), 12 August 2023)

The Indonesian food and beverage industry is contemplating price hikes for various products to offset the rising cost of refined sugar, according to the Indonesian Food and Beverage Producers Association (Gapmmi). Products like syrups, sodas, and cookies could be affected. Global refined sugar prices have increased by over 26% compared to the same period last year. While immediate sugar supplies remain stable due to annual contracts, manufacturers may consider raising prices by an average of 3 to 4 percent. However, a full offset of increased sugar costs could be impractical due to consumer price sensitivity. ([The Jakarta Post](#), 16 August 2023)

Dog meat sellers in Indonesia, particularly in regions like North Sulawesi and Jakarta, are facing uncertainty and potential bans on the sale of dog meat due to crackdowns by local authorities and growing concerns about animal cruelty and public health risks. While some restaurant owners argue that dog meat is a traditional delicacy and a source of income, animal welfare advocates and officials are pushing for nationwide bans due to the cruelty of the trade and the risk of diseases like rabies. However, not everyone involved in the trade opposes a ban, as some believe it should be applied consistently across the country. ([Al Jazeera](#), 24 August 2023)

Malaysia:

The Malaysian palm oil industry is urging the European Union (EU) to provide more transparency regarding the criteria it will use to define "high-risk" countries under the Deforestation Regulation. The EU Deforestation Regulation (EUDR), which was approved in late 2022, poses challenges for palm oil-producing countries like Malaysia. Many such countries are concerned about being classified as "high-risk" deforestation markets, which could lead to complex and costly guidelines. Malaysia is highlighting its efforts in sustainability and forest conservation, arguing that the EUDR's treatment of the country does not reflect its progress. They are calling for greater transparency in defining "high-risk" countries under the EUDR. ([FoodNavigator-Asia](#), 1 August 2023)

MIDF Research maintains a positive outlook on Malaysia's consumer sector, especially in retail trade, for the rest of the year. The Statistics Department reported a 10% year-on-year growth for food and beverage (F&B) and tobacco stores, along with 8.4% growth for non-specialized stores. This growth is attributed to strong demand for staple-related products and the return of out-of-home consumption as borders reopen. Retailers like Aeon Co (M) Bhd and Padini Holdings Bhd are expected to benefit. Anticipated tourism arrivals could also boost sales for stores like Family Mart and Fraser & Neave Holdings Bhd (F&N). Additionally, a strengthening ringgit and normalization of global commodity prices are factors contributing to this positive outlook. ([The Star](#), 8 August 2023)

Malaysia has suspended the import of live cattle and buffalo from Australia due to concerns over lumpy skin disease (LSD), following Indonesia's similar move. Australia's chief vet, Mark Schipp, emphasized that LSD has never been detected in Australia. Australian authorities are conducting tests to reassure both Indonesia and Malaysia that their cattle are free of LSD, as an outbreak could lead to significant trade disruptions and economic losses for Australia. Despite these import suspensions, Australian livestock products continue to be traded internationally, and the detection of LSD in cattle of Australian-origin post-arrival in Indonesia does not affect Australia's animal health status. ([ABC News](#), 10 August 2023)

Malaysia's second-quarter GDP growth hit its lowest level in nearly two years, largely due to a decline in exports and the global economic slowdown. The central bank has warned that full-year growth is likely to fall at the lower end of its previous forecast range. Despite these challenges, economists expect the central bank to keep policy rates unchanged, given the uncertainties posed by weak global demand and a slowdown in Malaysia's main trading partner, China. Malaysia, a major exporter of palm oil and liquefied natural gas, also faces potential disruptions in commodity production due to factors like El Nino and prolonged plant maintenance. While some improvements in tourism and domestic projects are expected, overall economic uncertainty persists. ([Channel News Asia](#), 18 August 2023)

Philippines:

The Philippines currently has a sufficient supply of onions to last until the end of the year, with stable prices expected. The Bureau of Plant Industry (BPI) confirmed that as of July 14, the country had 93,950 metric tons of red onions in stock, which will be adequate until December 23, and 3,900 metric tons of yellow onions, sufficient until August 9. To ensure a consistent supply, the Philippines is importing a two-month buffer stock of approximately 8,000 metric tons of yellow onions. Concerns were raised about the

majority of imported onions coming from China, but it was explained that China was the nearest country to meet supply deadlines for earlier imports. ([Business World](#), 9 August 2023)

Rising rice prices in the Philippines, both for imported and locally produced rice, have raised concerns about food inflation. Prices have increased by 4% to 14% this month, driven by surging global and domestic farmgate prices. This has pushed local rice inflation to 4.2% in July, the highest since 2019, placing pressure on the Philippines, a major rice importer, to rapidly increase its stockpile. The country is also facing the potential impact of dry weather due to the El Niño phenomenon on its harvests. To address supply risks and lower prices, the government is seeking better terms for additional rice imports and exploring collaborations with countries like Vietnam and India. ([Channel News Asia](#), 11 August, 2023)

The retail industry in Cebu is showing signs of a faster recovery with numerous store openings, driven by increased investment interest and a thriving tourism sector. "The Cebu Report" by real estate consultancy, Santos Knight Frank reveals that 75 retail stores are in the works for the first half of 2023, with a strong focus on food and beverage businesses. Notably, around 50,000 sqm of retail space is expected in Cebu's South Road Properties (SRP) alone. The report also highlights improvements in Cebu's office market, with decreasing vacancy rates and rising lease rates. Additionally, the return-to-office policies are sustaining the momentum in Cebu's leasing market, with a preference for developments with live-work-play components. The affordable residential market is experiencing high absorption rates, and the hotel industry is poised for growth with 2,500 new rooms in the pipeline. Active infrastructure developments are expected to support the tourism sector's expansion in Cebu. ([The Freeman](#), 14 August 2023)

FairPrice Group, Singapore's largest grocery retailer, is set to introduce its popular potato chips, nuts, and other food items into the Philippines market in the fourth quarter of this year. These snacks will be available at leading supermarkets in Metro Manila. Attendees of Singaporium 2023 will have the first opportunity to taste these products, including FairPrice's award-winning Truffle Potato Chips and a range of roasted nuts, at the FairPrice booth. FairPrice's potato chips come in seven flavours, including Truffle, Sour Cream, Black Pepper, Hot & Spicy, Cheese, and BBQ. The Truffle Chips received the Retail Product of the Year award at the 2023 Retail Asia Awards. The nuts offered by FairPrice, such as Almonds, Cashews, and Pistachios, are sourced globally and are cholesterol-free. The company aims to provide high-quality and delicious snacks to the discerning Filipino market. ([INQUIRER.net](#), 23 August 2023)

Singapore:

The strengthening of the Singapore dollar has resulted in nearly 15% cost savings for importers when purchasing goods from overseas. However, these savings are not being passed on to consumers due to rising transport and labor costs that continue to impact businesses' profitability. Specialty stores, such as Japanese supermarket Iroha International, have benefited from the stronger currency, allowing them to offer certain products at lower prices compared to local supermarkets. Despite some price reductions, many consumers still perceive goods as not significantly cheaper. Rising operating costs, labor expenses, and other factors remain challenges for businesses. Authorities expect a moderation in inflation in Singapore for the second half of the year, providing some optimism for businesses. ([Channel News Asia](#), 3 August 2023)

Singapore-based tech firm Ai Palette has developed a tool called FoodGPT, utilising generative AI and natural language processing to enhance data-backed innovations and increase the success rate of product launches in the food and beverage industry. The tool has been trained on a vast dataset comprising billions

of consumer data points from 24 countries and 16 languages, allowing it to provide precise responses to user queries, crucial in a sector driven by local preferences. FoodGPT can tackle complex business questions in real-time, making it a valuable resource for F&B companies. The tool has already been adopted by several F&B firms, offering potential for substantial returns on investment by streamlining the product development process. ([FoodNavigator-Asia](#), 7 August 2023)

Singapore's food services industry is thriving, with restaurants experiencing significant sales growth, contributing significantly to the country's economy. Despite the challenges posed by the pandemic, the sector is expected to generate substantial revenue in 2023. Key trends include a growing demand for eco-friendly products, increased interest in convenient meal options, and digital transformation. Robots and operational technology, such as kiosks and automation systems, are becoming commonplace in kitchens and restaurants. Additionally, there's a strong focus on eco-friendly packaging and waste reduction. The government is actively supporting digitalization efforts in the industry, offering programs and grants to help businesses adapt to the evolving landscape. ([e27](#), 14 August 2023)

Thailand:

Thailand has launched a fully digitized express customs processing service overseen by the Thai Food and Drug Administration (FDA). This system is designed to accelerate food and beverage import operations at checkpoints in line with Thailand's Thailand 4.0 strategy. It allows for swift inspection and clearance of imports using just a single ID card from the person-in-charge, reducing administrative time, paperwork, and environmental impact. Thailand, a major player in global food and beverage trade, has faced congestion issues at customs checkpoints, which this digital system aims to address. This initiative is part of Thailand's broader digitalisation strategy and modernisation of public services. ([FoodNavigator-Asia](#), 1 August 2023)

Thailand's second-quarter GDP growth has sharply decelerated to 1.8 percent year-on-year due to weak global demand and other challenges, well below the expected 3.1 percent. Factors include a 5.7 percent drop in exports, a 3.3 percent fall in manufacturing output, and a 4.3 percent decline in government spending. The government has downgraded its 2023 GDP growth forecast to between 2.5 and 3.0 percent, signaling a more cautious outlook. The central bank is less likely to raise rates further given the economic uncertainties and lower-than-expected growth. Ongoing political uncertainty adds to the challenges, potentially impacting investor confidence during the transition to a new government. While Thailand has relied on tourism and private consumption, exports and overall economic expansion remain uncertain due to weak global demand. ([Channel News Asia](#), 21 August 2023)

With a global spike in rice prices, Thailand is expected to take advantage of the demand and improve the lives of its farmers. Instead, the area under cultivation in Thailand has decreased 145% when compared to the same period in 2022. Chronic farmer debts, climate change, and lack of innovation over the long term are to be blamed. ([Reuters](#), August 18, 2023)

Vietnam:

Vietnam's vegetable and fruit exports have soared by nearly 56% year-on-year, reaching a record value of \$3.5 billion in the first eight months of the year, largely driven by increased demand from China. Other regional countries, grappling with natural disasters like droughts and floods, have also upped their imports of Vietnamese produce. Durian is a standout export, accounting for 30% of the total export value, and its

prices are anticipated to rise in September due to supply constraints in Southeast Asian nations. Vinafruit expects durian exports to reach \$1.5 billion this year. Furthermore, there's potential for expanded coconut exports to China and the U.S., with the latter recently permitting imports of husked nuts from Vietnam. ([Retail News Asia](#), 28 August 2023)

The prices of rice exported from Vietnam remain the highest in the world, with 5% broken rice priced at \$638 per tonne and 25% broken rice at \$623 per tonne, as reported by the Vietnam Food Association. In comparison, Thailand's 5% broken rice is sold at \$628 per tonne, while Pakistan's is priced at \$598 per tonne. This high rice pricing is attributed to increased prices in key rice-exporting nations following India's imposition of export restrictions. The Vietnamese Ministry of Industry and Trade has announced a list of 210 eligible businesses for rice exports, with Vietnam having exported 4.83 million tonnes of rice in the first seven months of the year and planning to export around 2.67 million tonnes in the remaining five months. ([Retail News Asia](#), 28 August 2023)