



*Products of the U.S.A.*

**Monthly Report**

**Trade Servicing**

**May 2023**



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

**(i) Executive Summary**

The ASEAN region, including countries like Myanmar, Indonesia, Malaysia, and the Philippines, is prone to natural disasters such as cyclones and heat waves. These events result in loss of life, damage to infrastructure, and disruptions to food production and supply. The region faces various food security challenges, including high levels of food insecurity, rising food prices, water scarcity, and the need to reduce food waste. Conflict, displacement, limited humanitarian access, and climate change exacerbate these challenges. The response of governments to natural disasters and food crises often has political and social implications. The region is also embracing technology and innovation to address food security challenges and enhance agricultural practices. This includes the use of technology in farming, such as machinery and efficient irrigation methods, as well as the development of alternative food sources, like the production of food ingredients from air and microbes.

**(ii) Market Intelligence Update**

**Burma:**

The Food and Agriculture Organization (FAO) warns that up to 15 million people in Myanmar could face severe food insecurity in the next six months. The country is one of 18 hunger hotspots where acute food insecurity is expected to worsen from June to November 2023. Ongoing conflict, displacement, limited humanitarian access, and high food prices contribute to the crisis. The intensification of armed conflict, economic uncertainty, and the impact of Cyclone Mocha further exacerbate the situation. In 2022, 15.2 million people, or 28% of the population in the country were acutely food insecure, and 2.2 million children and women required nutrition assistance. ([Burma News International](#), 30 May 2023)

The United Nations (UN) has issued a warning stating that cyclone-hit areas in Burma are not receiving sufficient aid, which could lead to a major food crisis if farmers cannot plant crops. Cyclone Mocha struck Rakhine state and nearby regions, causing significant damage and loss of life. Approximately 700,000 homes have been damaged, and the agricultural and fisheries sectors have been severely affected. The Rohingya minority, who have been living in displacement camps since 2017, are among the hardest hit. The UN is also concerned about the spread of diseases due to contaminated waterways. While the military government has provided some aid, more assistance is needed. Access to affected communities is crucial, and relief efforts must go beyond providing immediate assistance. The destruction of roads and bridges

and the loss of seed stocks pose a high risk of famine. Urgent action is required to prevent a major food crisis and alleviate the suffering of the affected population. ([Fox News](#), 2 June 2023)

### **Indonesia:**

Rising temperatures in Indonesia pose a threat to food security and agriculture due to the direct impact on water supply and the risk of drought, according to the Center for Indonesian Policy Studies (CIPS). The agricultural sector, which consumes about 70 percent of freshwater, is both a cause and a victim of water scarcity. Failure to adapt to climate change could increase water demand in agriculture by up to 40 percent, potentially affecting two-thirds of the global population. Effective water management and innovative agricultural practices, such as preserving water resources, implementing efficient irrigation methods, and utilizing drought-resistant seeds, are essential to address water scarcity and maintain sustainable agriculture. ([Antara News](#), 1 May 2023)

Indonesia's annual inflation rate in April was 4.33%, lower than the previous month and below expectations, according to government data. The central bank aims for inflation to be within the range of 2% to 4%. Factors contributing to April's inflation included higher transportation fares and fuel prices during the Islamic holy month of Ramadan, although the increase was less significant than in previous years. Economists predict that the central bank will maintain rates for the remainder of the year, but caution about the potential impact of dry weather on food supply. ([Reuters](#), 2 May 2023)

Leftover food can provide nutrition for children, but it is often wasted in Indonesia, according to the National Population and Family Planning Agency (BKKBN). This is concerning as the country also faces a high stunting rate. Indonesia ranks third globally in food waste production. Factors contributing to food waste include discarding unprocessed ingredients during sorting and transportation. The tendency to waste cooked food, including leftovers from restaurants, exacerbates the problem. Food waste contributes to the high stunting rate, recorded at 21.6% in 2022. The BKKBN encourages the establishment of food banks to prevent waste and ensure children receive adequate nutrition. ([Antara News](#), 7 May 2023)

The Indonesian Agriculture Minister is optimistic that Indonesia will become a world food barn by 2045 through the use of existing natural resources and technology. The Ministry of Agriculture has implemented policies that have increased national rice production. The government has assigned the West Sumatra provincial government to conduct a pilot project on soybean cultivation, with plans for expansion across all provinces. The minister believes that with collective efforts, Indonesia can achieve its goal of becoming a world food barn by 2045 and reduce dependency on imported food. ([Antara News](#), 30 May 2023)

### **Malaysia:**

Durian enthusiasts can anticipate a promising year ahead as a Malaysian durian seller predicts a plentiful harvest in 2023 with lower prices. Despite suffering significant losses from a recent storm, sellers remain optimistic about the upcoming season. Successful pest management has resulted in improved quantity and quality of durians this year. Prices are expected to decrease by 5% to 10%. The durian season has commenced, and distribution to traders will begin soon, peaking in June and July. ([The Straits Times](#), 6 May 2023)

Malaysia is expecting a prolonged heatwave until August, and the government is closely monitoring the situation to ensure food supplies are not affected. As a net food importer, Malaysia is prepared to increase its emergency response if necessary. The blistering heatwave across Asia aligns with climate scientists' predictions of 2023 being the hottest year on record. The reduced rainfall, up to 40% in some areas, poses a risk to palm oil production, a significant commodity for Malaysia. Additionally, the possibility of an El Nino weather event further threatens food commodity prices, including palm oil, sugar, rice, and coffee. ([The Business Times](#), 13 May 2023)

Pepsi is collaborating with East Malaysian artists to celebrate the Pesta Kaamatan and Gawai festivals, which are significant events for various ethnic groups in Sabah and Sarawak. Limited-edition Pepsi bottles featuring unique designs that showcase the culture and heritage of the region will be available during the festive period. The bottle labels will depict traditional headgear, musical instruments, and tribal patterns, capturing the essence of the Harvest Festival celebration. Pepsi is committed to supporting local talents and promoting diversity. The company will also sponsor cultural events and beauty pageants in East Malaysia to encourage the younger generation to embrace their traditions. ([Malaysiakini](#), 23 May 2023)

### **Philippines:**

Philippine inflation eased in April, leading to a case for pausing interest rate hikes. The consumer price index rose 6.6% year-on-year, the slowest increase since August, thanks to lower food prices. Month-on-month inflation remained unchanged for a second consecutive month. The central bank (BSP) suggested that the pace of price increases would return to the target range by the end of 2023, allowing the BSP flexibility in monetary policy. The BSP has raised interest rates by 425 basis points since May last year to tackle inflation. Core inflation, excluding volatile items, slightly decreased to 7.9%. The BSP may consider ending its tightening cycle if inflation continues to slow. However, risks to inflation remain, including the threat of El Nino and the African Swine Flu. ([Reuters](#), 6 May 2023)

The Supreme Court of the Philippines has banned genetically modified (GM) rice and eggplant products from the market, following a writ in favor of farmers and scientists who opposed their commercialization. The court recognized the merits of the case and has given respondents 10 days to respond before proceeding with a hearing. The petitioners are preparing for the hearing, and there is a need for dialogue with local government units to protect consumer health through organic agriculture and biodiversity policies. ([Slow Food](#), 22 May 2023)

The Philippine Atmospheric, Geophysical, and Astronomical Services Administration (PAGASA) predicts that 10 to 15 tropical cyclones may affect the Philippines from June to October 2023. Some cyclones may make landfall in Luzon and Visayas, while others could enhance the southwest monsoon in the western part of the country. Despite the potential development of El Nino, rainfall is not expected to decrease. Strong storms and heavy rains are possible in the third quarter of 2023, gradually tapering off towards the end of the year and the first quarter of 2024. PAGASA also warns of heavy rainfall in specific areas, which may cause flooding and landslides. ([The Philippine Star](#), 3 June 2023)

### **Singapore:**

Editor's notes: More cases of illegal import of food in Singapore; this is possibly due to increase food ingredient costs for food service businesses.

Two food importers and their directors were fined \$22,000 in total for illegally importing food from Malaysia. Honesty Fruit and Vegetables Wholesaler was fined \$5,000 for importing 267 kg of fresh produce and 319 kg of processed food, while Fresh Choice Avenue was fined \$7,000 for importing 337 kg of fresh produce and 273 kg of processed food. The offenses were discovered during checks at Woodlands Checkpoint by the Singapore Food Agency (SFA) and the Immigration and Checkpoints Authority (ICA). Importing fruits and vegetables without a valid permit poses food safety risks and can result in fines of up to \$10,000 or imprisonment of up to three years. ([The Straits Times](#), 10 May 2023)

The Singapore Food Agency (SFA) seized nearly 7 tons of illegally imported food, including silkworms and crickets, during raids conducted in May. The food, imported from Thailand and Myanmar without a valid license, included processed and raw meat as well as insect products. SFA found the illegal items in a vehicle and at nine food retail establishments. SFA emphasizes the importance of meeting import requirements and sourcing food from accredited and compliant countries. Operating unlicensed food establishments and storing meat and seafood in unlicensed facilities also pose risks. Offenders can face fines and imprisonment. SFA is conducting further investigations. ([Channel News Asia](#), 17 May 2023)

A recent report by the Singapore Food Agency (SFA) indicates that Singapore has maintained low levels of foodborne illness cases in 2022. Singapore, heavily reliant on imports, has implemented a risk-based approach to food safety aligned with international standards. Data-driven inspections have helped identify high-risk sites and detect non-compliance issues earlier. The number of food samples tested has increased, and SFA has taken enforcement action against non-compliant importers. The report includes examples of fines and penalties imposed on importers involved in illegal activities. Additionally, SFA has seized illegally imported food and identified retail establishments selling illegal products. Overall, SFA's efforts aim to ensure food safety and protect consumers in Singapore. ([Food Safety News](#), 23 May 2023)

Finnish start-up Solar Foods has introduced Solein, a breakthrough food ingredient made from air, water, electricity, and microbes. Solein, a yellow powder resembling turmeric, can be used to make various food products including bread and pasta and has a protein content of 65-70% and fat content of 5-8%. It is produced through a microbial fermentation process similar to beer brewing, using nitrogen and carbon dioxide as nutrients. The technology is gaining attention for its potential to produce edible calories without relying on farmland. Solar Foods is partnering with food companies and restaurants to incorporate Solein into dishes and plans to raise more funds for a larger-scale commercial factory. However, widespread availability is not expected until at least 2024, and regulatory approvals are slow, with Singapore being the only approved jurisdiction for Solein. ([The Straits Times](#), 26 May 2023)

### **Thailand:**

Thailand, a leading exporter of halal food, aims to further expand its market presence. The country's halal food exports were valued at nearly US\$6 billion in 2021/2022, and Thailand aims for a 3% increase in 2023. Rice, sugar, canned seafood, processed fruits and vegetables, non-alcoholic beverages, and organic and functional foods are among the top halal food exports. To enhance consumer confidence, Thailand's Central Islamic Council and the Halal Standard Institute promote international halal standards and certification. Over 160,000 products, 33,000 brands, and 14,000 companies have received halal certification in Thailand. With the global halal market expected to reach US\$3 trillion by 2026, Thailand's halal industry is poised for a promising future, extending beyond food to sectors like cosmetics, fashion, pharmaceuticals, and tourism. ([Cision](#), 8 May 2023)

Thailand's food exports are projected to reach a record high of 1.5 trillion baht (\$44.31 billion) this year, with a 2.1% increase, according to an industry group. The growth is attributed to recovering global demand and the reopening of China. Food shipments in the first quarter increased by 10% year-on-year to 346 billion baht. However, there may be a decline in the second quarter due to a high base last year, followed by a rebound in the year's second half. Factors such as increased demand for food products in post-COVID recovering economies and concerns about food security contribute to the rise. The strength of the baht and higher power costs remain concerns for food exporters. The Thai Chamber of Commerce calls for measures to ensure the competitiveness of the baht. ([Reuters](#), 10 May 2023)

The Tourism Authority of Thailand (TAT) organized the 'Bangkok International Food Festival 2023' to promote Thailand as a world-class gastronomy tourism destination. The event, scheduled from 26-30 May, aimed to showcase the country's culinary experiences and boost local tourism. The festival featured creative cooking demonstrations, Chef's Table menus by renowned chefs, workshops on advanced culinary innovation, and street food from different regions of Thailand. The event had various zones, including an International Food Zone, a MICHELIN Guide Zone, a Featured Zone, a Street Food Zone, and a Café Zone. The festival is intended to inspire both Thai and foreign tourists to explore Thailand through culinary tours and contribute to the local economy. ([Pattaya Mail](#), 25 May 2023)

#### **Vietnam:**

The Ministry of Finance in Vietnam is proposing to implement a sugar tax to address obesity and generate revenue. While the proposal has faced opposition in the past, the ministry remains. The tax would categorize high-sugar content soft drinks alongside alcohol and tobacco products, with the aim of reducing their consumption and mitigating their adverse health impacts. The World Health Organization supports such initiatives, and neighbouring countries in Southeast Asia have already passed similar laws. Foreign beverage manufacturers operating in Vietnam should be prepared to adapt to potential changes and consider healthier, low-sugar options to cater to shifting consumer preferences and market trends. ([Vietnam Briefing](#), 16 May 2023)

Vietnamese cities are implementing energy-saving measures, such as reducing public lighting, due to a heatwave and the risk of electricity shortages. Vietnam's state utility has warned of increased electricity consumption and decreased hydropower production caused by unusually high temperatures. The Ministry of Industry and Trade has called for energy conservation to ensure a stable electricity supply. Measures include adjusting street lighting schedules, reducing outdoor lighting in buildings, and encouraging responsible use of air conditioning and electronics. The heatwave in Asia is described as one of the most intense, with record-breaking temperatures and concerns about drought conditions and disruptions to education. ([The Guardian](#), 26 May 2023)

Agro-forestry-aquatic exports from Vietnam dropped by 11.1% year on year. The total value for the current year stands at \$20.26B. The Ministry of Agriculture and Rural Development (MARD) reported that only export to Asia grew, by 2.3 %, while the biggest markets all decreased. These included the Americas by 34.6 %, and Europe by 13.2%. Meanwhile, imports also decreased by 8.7 % to 13.15B. Major export products that grew in value were rice, fruits & vegetables, and meat & by-products. Products that decreased in export values were rubber, team, Tra fish and shrimp, and wood products. ([VN Express](#), May 30, 2023)