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Monthly Report

Trade Servicing

May 2022

(i) Executive Summary

ASEAN's travel and tourism segments are starting to recover from the pandemic. The majority of the countries no longer require mandatory quarantine or tests from incoming visitors. This has given hope to the sector as visitor rates increased. However, airlines have not restored much of the capacity cut during the pandemic and this has resulted in higher prices and more crowded planes. Part of the reason is caution and also the time needed to bring planes out of storage and recruit new crews.

The main news in the region is shortages caused by the global supply chain issues and the Ukraine war. Malaysia is facing a shortage of chicken, the Philippines, sugar, and flour, and Indonesia is short of cooking oil. Many of the producer countries are protecting their supply through export restrictions. Import-dependent Singapore, faced with export bans or threats of bans, continues to bring in new sources of import and also new measures to grow its food. Overall, the region is experiencing high inflation due to increases in food and energy prices.

(ii) Market Intelligence Update

Burma:

A total of 45 civil servants from Myanmar's Ministry of Commerce and Ministry of Agriculture joined a 21-day online training course organized by China's Ministry of Commerce, China National Research Institute of Food and Fermentation Industries Co, Ltd. The training would help promote agricultural cooperation between the two countries. China and Myanmar are committed to the joint building of the Belt and Road Initiative and the China-Myanmar Economic Corridor. ([The Star](#), May 19, 2022)

Indonesia:

President Joko Widodo said that as the average price of cooking oil domestically starts to decline, Indonesia's palm oil export ban will be lifted on May 23. The national supply reached 211,000 tonnes after the April 28 export ban compared to 64,500 tonnes in March before the ban. Indonesia needs about 194,000 tonnes of bulk cooking oil every month. The government will continue to monitor the situation to ensure that prices are affordable for the people. ([Channel News Asia](#), May 19, 2022)

Indonesia has removed test requirements for fully vaccinated overseas travelers with improving the pandemic situation locally. Masks outdoors are now optional, and masks are only required in crowded outdoor areas, indoor activities, and on public transport. Neighboring countries such as Singapore and Malaysia have ended most of their restrictions. The remaining curbs such as capacity limits and opening hours will be evaluated after May 23. ([Bloomberg](#), May 17, 2022)

Report Linker has published a report on Halal Food and Beverage Market Size, Share and Trends Analysis Report 2022 – 2030. Global Halal food and beverage is forecasted to reach US 1,063.11 billion by 2030 due to the increasing Muslim population and increasing spending on food and beverages. In October 2019, Indonesia made halal certification mandatory for halal food products and established the halal products certification agency. These agencies have been successful in

building consumer trust and have helped push halal product categories to higher levels. Walmart and Costco are boosting halal product visibility and attracting a larger consumer base. Some other report highlights include anticipation of faster growth of online channels across Middle East countries, and brands from Europe launching halal-certified food and beverage in the region. ([Yahoo Finance](#), May 18, 2022)

Indonesia's alternative protein start-up, Green Rebel, plans to launch whole-cut plant-based meat to Singapore supermarkets in quarter three this year. It is also developing a business-to-consumer e-commerce platform to boost retail sales. Singapore is the first country outside of Indonesia to launch and its partners include a modern Chinese restaurant, Empress and casual café Privé, Love Handle at Ann Siang, speakeasy eatery Dragon Chamber, and modern steamboat restaurant Queen of Wok. The expansion was made possible through funding worth USD\$7million from investors like Unovis (who also backed Oatly and Beyond Meat), Better Bite Ventures, AgFunder, Teja Ventures, CJ Group, and entrepreneur Kane Lim. ([Food Navigator Asia](#), May 20, 2022)

Malaysia:

The world's second-largest palm oil producer has ruled out banning cooking oil export since it has sufficient suppliers to meet demand. The country exports more than half of its palm oil production and is aiming to fill the gap due to Ukraine-Russia Conflict and Indonesia's export ban. The country is optimistic to increase its oil production to 23 million in 2022 as labor shortages ease and foreign workers are allowed back, and smallholders boost productivity to capitalize on high prices. ([The Straits Times](#), May 25, 2022)

Malaysia announced that it will stop exporting chicken to ensure sufficient supply in its domestic market from June 1. Malaysian customers have complained of rising chicken prices due to supply shortages and some retailers have resorted to rationing sales. Aside from halting exports of chicken, Malaysia is in the process of simplifying subsidy claims for chicken producers, abolishing approvals for importing whole and cut chicken to address shortage issues and increase supply. Singapore imports about 34% of its chicken from Malaysia, all of which are live chickens that are slaughtered and chilled locally. The country also imports 52% of its eggs supply from Malaysia and 30% is supplied locally. ([Channel News Asia](#), May 24, 2022)

The 16th edition of Food and Hotel Malaysia (FHM) had a successful four-day run at Kuala Lumpur Convention Centre from March 29 to April 1, 2022, featuring more than 260 brands. The event delivered a welcoming return of face-to-face business meetings for top suppliers and buyers in the food and hospitality industry since the pandemic stalled all MICE events for two years. More than 12,600 unique trade visitors attended the event and whilst the majority were locals, there were some overseas buyers from Singapore, Thailand, Brunei, and Indonesia, as well as from China, Australia, the USA, and other countries. ([Yahoo Finance](#), May 24, 2022)

Malaysia's foreign tourist arrivals remain low despite the reopening of its international borders since April 1. The industry is expecting the recovery to take at least a year in 2023 to revert to normalcy before pre-pandemic. With uncertainties from the Ukraine-Russia conflict, rising costs of travel, and

key source markets like China being closed, the bounce-back has been slow. Simpler standard operating procedures (SOPs), shortage of workers and increasing wages, and foreign worker application approvals are some of the other issues faced by the hotel industry. ([Malaymail](#), May 22, 2022)

Philippines:

Ferdinand Marcos Jr. has been declared the next President of the Philippines with the daughter of the current president as his Vice-President. President-elect Marco has declared his focus to be on energy price, jobs, infrastructure, and education. ([CNA](#), May 25, 2022)

San Miguel Food And Beverage, Inc (SMFB), one of the Philippines' largest food companies announced a 1% increase in OY income for Q1 2022. The company benefited from volume growth and pricing increase across the beerspiritsts and food businesses. In particular, the animal nutrition and flour segments saw strong double digits growth. ([RetailAsia](#), May 2022)

Mary Grace Café, makers of the popular Mary Grace Ensaymada, announced issues with getting ingredients for their popular pastry. This has caused a shortage of items in their stores. Although the café chain did not specify the ingredients that were short due to global supply chain issues, it is known that the war in Ukraine has disrupted flour supply. In addition, the Philippines has been gripped by a sugar shortage since Feb of 2022. These are key baking ingredients that are used by all bakery businesses. ([Rappler](#), May 27, 2022)

Singapore

The government expects the war in Ukraine to continue to drive prices and inflation up for 2022. Economic growth is expected to come in at between 3 to 5 percent absence of any further adverse development. This was a setback to the anticipated robust growth due to the lifting of pandemic restrictions on businesses and the regional resumption of travel. Nevertheless, retail growth is likely to continue as the country opens up. ([The Straits Time](#), April 29, 2022)

Singapore's new mandatory labeling of sugar-sweetened beverages is causing producers to innovate to avoid adverse consumer perceptions of their products. One such firm is Imperfect Drink, which upcycles ugly fruits and vegetables into juices. The firm has reformulated its recipes to focus on low-sugar items and also to launch new low-sugar products. This trend has extended to other major producers such as Yeo's and POKKA. ([Beverage Daily](#), May 9, 2022)

The return of self-service buffet lines is a sign of normalcy after the two years of pandemic measures. Some restaurants with self-service reported higher sales of 30 -35 percent since offering self-service lines. However, not all restaurants are following suit, with a number offering buffet dishes ordering via iPads instead. Restaurant owners and managers welcome the return to self-service as this will ease the manpower crunch facing the F&B industry. ([CNA](#), May 6, 2022)

Thailand:

Thailand's economy is expected to grow by 2.1% in the Q1 period of 2022. This modest growth was fueled by the easing of COVID-19 restrictions and robust exports. This was despite lower consumer spending due to inflation and tourist numbers coming in below protection. ([Reuters](#), May 13, 2022)

Thailand's More Meat is planning to create a clean label to cater to local demand for food with fewer additives. More Meat is a mushroom-based protein firm founded locally in Thailand. Their products are available at over 200 stores across Thailand, as well as foodservice and e-commerce platforms. The company is developing more ready-to-cook (RTC) products to address consumers seeking convenience. After Thailand, More Meat is looking to expand internationally with Singapore being the first overseas target market. ([Food Navigator Asia](#), May 18, 2022)

Meiji Japan is re-entering the Thailand formula milk market with the EZcube, a proprietary packaging for baby formulae. Meiji had previously exited the infant formula market in 2005 due to the Thai currency crisis. The company believes that this cube-type milk packing will address consumer issues such as measurement mistakes and powder formula milk spillage. ([Minime Insights](#), May 11, 2022)

Vietnam:

Vietnam faces a huge challenge to meet the 2022 growth target of 6-6.5% growth. Q1's growth was 5.03%, pushed on by the lifting of pandemic restrictions and reopening of manufacturing and other export-based businesses. Deputy PM Le Van Thanh cited the slow global recovery, the Ukraine conflict, and surge in oil prices as factors holding back Vietnam's growth. Vietnam also experienced higher consumer prices, led by increases in transport, food, and other costs. ([Reuters](#), May 23, 2022)

News report of a planned cartel by the Vietnam and Thai government to control rice export prices has been downplayed by the relevant trade associations. Although they were not consulted, the trade does not think that the two countries alone can affect world prices. Vietnam and Thailand account for about 26% of global rice exports, far behind the leader, India. One affected party of such a cartel will be the neighboring Philippines which sources most if it's rice imports from Vietnam and Thailand. ([Reuters](#), May 30, 2022)

There has been a 14% increase in aquaculture areas in Vietnam affected by diseases. Of these, the most impacted have been shrimp farms. According to the animal health department, this increase can be attributed to the shortage of imported feed, veterinary medicines, and, other inputs due to pandemic-related disruptions. ([Vietnam News](#), May 8, 2022)

(iii) Administrative Customs and Other Consideration Updates

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