



Products of the U.S.A.

Monthly Report

Trade Servicing

July 2023



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

(i) Executive Summary

Inflation continues to be a source of concern across the ASEAN region. However, in some markets such as the Philippines, inflation abated. The next area of concern is the continued rising food costs, especially in Malaysia and Singapore.

Since the pandemic, Malaysia has developed towards a cashless society with contactless payments rising. In Indonesia, Thailand & Malaysia, there are new food innovations in fishery production, vending service, and low-sugar products. Lastly, as climate change affects agricultural production, many countries are looking at various ways to combat it including social reforms to free up more resources, and biotech.

(ii) Market Intelligence Update

Burma:

ASEAN foreign ministers convened to address Myanmar's deepening conflict, urging regional unity despite doubts about the bloc's ability to implement a two-year-old peace process. The gathering took place in Jakarta, with Myanmar's military rulers facing criticism for their refusal to halt violence and initiate inclusive dialogue. Amid ongoing turmoil since the military seized power, Indonesia's Foreign Minister emphasized the importance of the "five-point consensus" as the key diplomatic route to achieve peace in Myanmar, where approximately 1.5 million people have been displaced. The meetings also touched on the ASEAN-China code of conduct on the South China Sea, preceding larger diplomatic summits. ([Reuters](#), 12 July 2023)

Farmers in Myanmar's Dala Township, located in Yangon, are actively engaged in rice planting for this year's monsoon harvest. The country produces around 14 million tons of milled rice annually, with most of the production consumed domestically. A surplus of 2 to 2.5 million tons is exported to various regions including Asia, Europe, and Africa. ([XinhuaNet](#), 14 July 2023)

Indonesia:

Indonesian agritech startup eFishery has achieved unicorn status with a valuation of \$1.4 billion after raising \$200 million. The company provides aquaculture technology solutions for fish and shrimp farmers.

The CEO, Gibran Huzaifah, plans to use the funding to expand in Indonesia and India before considering an IPO in the US or Indonesia within the next two years. ([Bloomberg](#), 7 July 2023)

The Ministry of Tourism and Creative Economy successfully organized the 2023 Crossborder Skouw Festival, promoting unity and economic growth at the border between Indonesia and Papua New Guinea (PNG). The event was held at the National Crossborder Post (PLBN) RI-PNG in Skouw, Jayapura City. The festival significantly boosted the economy, benefiting local Micro, Small, and Medium-sized Enterprises (MSMEs) and highlighting the creative economy sector's importance. Indonesia and PNG share a 472-mile-long border. The relationship has been rocky due to a PNG separatist movement based in Indonesia. ([Yahoo Finance](#), 10 July 2023, [Reuters](#), 5 July 2023)

Indonesia is allocating Rp8 trillion (US\$533 million) to address potential food shortages stemming from the anticipated El Nino phenomenon, set to peak in August-September 2023. Trade Minister Zulkifli Hasan announced the budget, stating that the government aims to distribute assistance between October and December to stabilize food prices and counter potential drought-related scarcity. While the prices of essential food items remain steady, concerns exist about potential shortages, prompting this proactive measure. The government plans to support corn prices if chicken costs rise due to corn's role as poultry feed. Deputy Speaker Lestari Moerdijat emphasized the need for anticipatory policies to ensure food security, health, and economic stability. Additionally, the government extended the rice assistance program to 21.3 million families to manage purchasing power and control food inflation during this period. ([Antara News](#), 27 July 2023)

Malaysia:

The Malaysian Rating Corporation (MARC) highlights concerns about the sharp weakening of the Malaysian ringgit, which has reached an unprecedented low based on its Real Effective Exchange Rate (REER), thus, posing economic vulnerabilities for Malaysia. While a weaker ringgit can boost exports, it also drives imported inflation, impacting businesses and consumers. ([New Straits Times](#), 4 July 2023)

Cash usage in Malaysia is declining as seven out of ten consumers actively use contactless card payments, according to Visa Inc. The 2022 Visa Consumer Payment Attitudes study reveals that over 90% of Malaysians are familiar with contactless payment systems, with almost 70% using them, a significant rise from the previous year's 56%. Contactless payments are most common in supermarkets (53%), retail stores (46%), and restaurants (44%). Malaysia has become a highly developed contactless payments market in the Asia Pacific region, with eight in ten Visa transactions being contactless. The study suggests that Malaysia could become a cashless society by 2030, driven by increased adoption of contactless cards, QR payments, and online methods. ([The Star](#), 5 July 2023)

Malaysian consumers are expected to face significant increases in food prices, ranging from 5 to 20 percent, starting in August. The predicted rise is attributed to a weakened currency, reliance on imported ingredients, and a combination of factors including elevated transportation costs, global commodity price increases, and weather-related disruptions affecting food production and distribution. Additionally, the sugar market is expected to see substantial price increases due to high input costs, potentially impacting items like confectioneries and baked goods. However, government-controlled retail prices for certain sugar types will remain unchanged. ([Malay Mail](#), 9 July 2023)

In Malaysia, a government initiative enables lower-income households to generate income by selling food and drinks through vending machines in high-footfall areas. The government covers the monthly rental of

these machines, allowing participants to earn profits from their sales. The program has garnered significant interest, with over 10,000 people signing up and approximately 90% of the food being sold daily. Participants report increased income and time spent with their families. ([Channel News Asia](#), 16 July 2023)

Philippines:

The Philippines experienced a fifth consecutive month of slowing inflation in June 2023, driven by decreased price hikes in food, transportation, and utilities, according to the Philippine Statistics Authority (PSA). Inflation dropped from 6.1% in May to 5.4%, marking the lowest rate in 15 months. While this decline is in line with the central bank's projections, the year-to-date average remains above the government's target range. The National Economic and Development Authority (NEDA) is optimistic about further reducing inflation to 2% to 4% by year-end. The government remains committed to addressing inflation's causes and protecting vulnerable sectors. President Ferdinand "Bongbong" Marcos Jr. aims to lower inflation by boosting production. ([GMA News Online](#), 5 July 2023)

Philippine President Ferdinand Marcos has taken a significant step to boost food production by forgiving \$1.04 billion in land-related debt for over 610,000 farmers. Through the "New Agrarian Emancipation Act," he waived property-related debt owed by farmers who were granted land under a 1988 reform program but faced financial challenges. The move underscores the government's commitment to ensuring food security and supporting the agricultural sector. While the debt write-off addresses pressing issues in the farming community, it will cost the government 57.65 billion pesos (\$1.04 billion) and an additional 206 million pesos for compensating landowners. President Marcos highlighted the need to revitalize the agriculture sector, especially in response to previous shortages and rising food prices. ([Thai Public Broadcasting Service World](#), 8 July 2023)

The growth rate of the Philippine food and beverage sector is predicted to slow down to 6% this year following the conclusion of the "revenge spending" trend, as indicated by the United States Department of Agriculture (USDA). Last year's unexpectedly robust growth of 8% and sales reaching \$33 billion are set to taper. The USDA report anticipates increased retail sales in the sector due to sustained food and beverage spending driven by strong domestic demand. The revival of tourism and hotel activities is expected to contribute to food services growth, particularly in dining out and events. While in-person shopping is rebounding, food and beverage e-commerce is growing as a niche market, offering the potential for imported products. Slower growth is predicted for convenience stores, groceries, hypermarkets, and warehouse clubs due to reduced "revenge spending." The USDA emphasizes the Philippines as a significant opportunity for US processed food, with the country ranking seventh in US exports last year. ([Business World](#), 9 July 2023)

Singapore:

Singapore's economy narrowly avoided a recession in Q2 as it experienced a slight growth of 0.3% quarter-on-quarter, following a contraction in the previous quarter. This growth, driven by a rebound in services activity, helped the country escape a technical recession for now. Despite the recovery, some economists have lowered their growth forecasts for the year due to weakening global demand and China's slowdown affecting trade flows. While the central bank is expected to maintain its monetary policy in the upcoming

review, concerns persist about the possibility of a future downturn. Singapore's inflation, although elevated in the first half of the year, is expected to moderate in the second half. ([Reuters](#), 14 July 2023)

The Barramundi Group, Singapore's sole sea bass fish farm operator, has ceased commercial production of sea bass due to an outbreak of the deadly scale drop disease virus (SDDV). This virus has led to significant mortalities and financial losses, prompting the company to halt farming operations at its ocean-based sites. The virus affects Asian sea bass, also known as barramundi, causing scale loss and fin erosion, resulting in high fish mortality. Efforts to develop vaccines and therapeutics for SDDV are underway, with several institutions collaborating to combat the virus. While the virus poses a challenge to Singapore's seafood production goals, other marine species and crustaceans remain unaffected, and land-based farming practices are being employed to mitigate the virus's impact. ([The Straits Times](#), 31 July 2023)

The Singapore Food Festival returns for the 30th edition in July. Celebrating the Singaporean love for local and foreign food, this year's event is the largest ever and featured over 100 food brands in four zones. ([TTR Weekly](#), 11 July 2023)

Thailand:

Thailand's annual headline inflation unexpectedly rose in June, but it was the slowest increase in 22 months. The consumer price index (CPI) grew by 0.23% compared to a year earlier, contradicting forecasts of a 0.1% decrease. This decrease was attributed to lower food and energy prices and a higher base from the previous year. The country's Ministry of Commerce has adjusted its full-year inflation projection to be between 1% and 2%, down from the earlier estimate of 1.7% to 2.7%. ([Reuters](#), 5 July 2023)

Starbucks Thailand has unveiled an ambitious plan to expand its presence in the country, aiming to open over 335 new outlets by 2030. The coffee chain currently operates 465 stores in Thailand and aims to reach 480 stores by the end of 2023. The expansion strategy includes a focus on drive-thru locations and eco-friendly initiatives, such as Starbucks Greener Stores. The company sees Thailand's strategic location, strong brand awareness, and popularity as tourist destinations as factors driving its growth. Starbucks Thailand also plans to increase the number of Community Stores and Starbucks Reserve locations as part of its expansion efforts. ([World Coffee Portal](#), 7 July 2023)

Thailand's Board of Investment (BOI) has revealed a 70% surge in investment applications for the first half of 2023, amounting to 364.4 billion baht (about US\$10.3 billion). This increase is largely attributed to a remarkable 141% rise in foreign direct investments (FDI), driven by global companies favoring Thailand as a manufacturing hub in industries like electronics, food processing, and electric vehicles (EVs). ([AsiaOne](#), 10 July 2023)

IncreBio, a Thai food biotech firm backed by 500 Global, is set to launch its Near Zero Sugar juice products in Singapore by the end of the year. The company aims to transform the juice market, a \$150 billion industry, by offering low-sugar alternatives using its proprietary technology. INCREDIBLE Juice, with 70% of natural sugar removed, is poised to become the market's lowest sugar and calorie juice, surpassing even plain milk. The debut in Singapore is influenced by the country's global role in food innovation and its promotion of healthier consumption habits through Nutri-grade labeling. The company has raised over \$2 million in funding and is planning a Series-A financing round to support further expansion. ([TechNode Global](#), 28 July 2023)

Vietnam:

Vietnam experienced accelerated economic growth of 4.14% in the second quarter, primarily driven by the services sector, even as exports dropped 14.2% due to weak global demand. The country, a significant manufacturing hub in the region, has taken measures to stimulate its economy, such as cutting policy rates and extending a value-added tax cut. Despite the improved growth, analysts warn of an impending slowdown, indicated by the sharp decline in imports, potentially affecting industrial production. Capital Economics has revised its GDP growth forecast for Vietnam from 5.0% to 4.5% for the year, expecting ongoing economic challenges due to an unfavorable global environment. ([Reuters](#), 29 June 2023)

Vietnam's coffee production is expected to decrease by 6% to 29.75 million bags in the 2022/23 marketing year due to factors like reduced cultivation area, higher labor and fertilizer costs, and robusta's off-cycle year. Production costs rose by 15%, driven by a significant increase in fertilizer costs. However, a rebound is anticipated for the 2023/24 crop, supported by favorable weather conditions, increased replanting with disease-resistant varieties, and higher rainfall. The country is also focusing on producing more certified coffees to enhance quality, yield, and sustainability, with a substantial portion of land in key provinces certified under systems like 4C, Fair Trade, and Rainforest Alliance. ([STiR](#), 5 July 2023)

Heineken, the world's second-largest brewer, has lowered its 2023 profit growth forecast due to an economic slowdown in Vietnam impacting its first-half earnings more than anticipated. The company, known for brands like Tiger and Sol, now expects operating profit before one-offs to grow between zero and a mid-single-digit percentage, compared to the earlier projection of mid- to high-single-digit growth. The economic slowdown in Asia, particularly in Vietnam, led to a 13.2% decline in beer volumes and even larger drops in premium beer sales. Despite higher prices, operating profit saw an 8.8% like-for-like decrease in the first half. Heineken anticipates a strong turnaround in profit in the second half of the year. ([Nikkei Asia](#), 31 July 2023)

(iii) Administrative Customs and Other Consideration Updates**(iv) WUSATA Activities, Generic Events & Next Steps**