

Burgeoning export & trade opportunities for U.S. agricultural and Dairy products in Singapore

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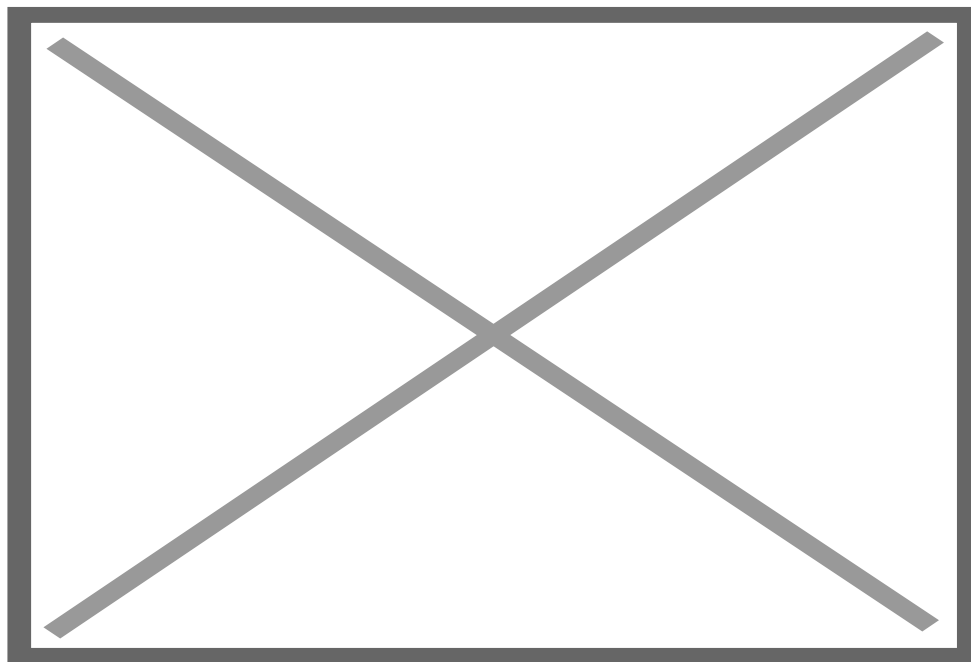


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Macroeconomic Perspective

Singapore is a high-income country with a per capita gross domestic product (GDP) of \$91,100 in 2022 and a population of about 5.7 million. Despite strong economic performance in 2021, Singapore's economic growth slowed in 2022 to real GDP growth of 3.6 % (it was 8.9 % in 2021), while the average growth rate for the Asia-Pacific region was 4 %, according to the International Monetary Fund (IMF). The slowdown is expected to continue, with the average annual rate of real growth for 2022-2027 forecasted at 2.1 %, according to Euromonitor. In 2023, the IMF expects the annual inflation rate based on average consumer prices to drop to 5.8 % from 6.1 % in 2022. Due to its importance as a regional hub, many multinational companies have their Asia-Pacific headquarters in Singapore, including processed food companies and commodity traders.

Consumption Trends and Market Drivers



Singapore is very dependent on imports for food due to its small geographical size, which constrains agricultural activities. In 2022, according to Euromonitor, food and non-alcoholic beverages saw some of the largest price increases compared to other product categories due to inflationary pressures. Euromonitor research found that consumers flocked to convenient, modern supermarkets and hypermarkets during the pandemic and in the face of inflationary pressures, as these outlets offered cheaper private-label brands and lower prices due to close relationships with suppliers. Singapore is a tech-savvy and innovative market. According to Euromonitor, as of 2022, 94 % of the population uses the internet, and 42 % use it to buy and sell goods and services, with 59 % of businesses placing and receiving orders online and grocery e-commerce sales growing nearly 30 % between 2017 and 2022. Key buyers of agricultural products include food and beverage companies, pet food and animal feed companies, and the textile and leather industries. Products with double-digit year-over-year growth in 2021 included meat and dairy products and textile and leather products, according to Euromonitor. Despite having a diverse array of trading partners, Singapore's food imports can be adversely affected by those partners' production and trade policies. For example, in 2022, Malaysia banned chicken exports due to domestic supply issues, and bad weather affected Malaysia's vegetable crop yields, which in turn spiked food prices in Singapore.

Trade Policy

Singapore has 27 FTAs, including regional agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. The U.S.-Singapore FTA has been in place since 2004. Singapore is an active member of the Asia-Pacific Economic Cooperation and Codex Alimentarius fora, as well as the Association of Southeast Asian Nations. In 2022, according to Euromonitor, Singapore ranked first out of 184 countries on the Index of Economic Freedom (IEF) and stood first as part of the IEF Trade Freedom Pillar, highlighting its favorable trade environment, free-market principles, and low- and non-tariff barriers. Singapore has a national strategy to promote food security, develop new agricultural technologies, and support the agri-food sector via its Agri-Food Cluster Transformation Fund. Singapore has robust intellectual property regulations and is a member of the World Trade Organization.

Prospects for U.S. Agricultural Exports

Dairy Products

U.S. dairy product exports to Singapore in 2022 grew 17 % and reached an all-time value record of \$116 million, consisting of milk albumin and whey protein, dry milk powder, lactose, cheese, and other products. Singapore imported a total of \$1.3 billion worth of dairy products in 2022 from all sources, with the top five suppliers being New Zealand, the European Union, Australia, the United States, and Thailand. According to Trade Data Monitor, the United States's market share grew to 9 % in 2022, up from just less than 7 % 5 years ago, when Singapore's total dairy product imports were just more than \$1 billion. According to Euromonitor, upscale supermarket brands market a large range of international cheeses and yogurts, and private labels are capitalizing on demand for essentials like butter. The total consumption value of dairy products in 2021 was more than \$3.5 billion. The dairy product import market is competitive, with only one company, Malaysia Dairy Industries, carving out a 10 % share. There is competition from plant-based alternatives, but Euromonitor anticipates rising demand for products like butter and condensed/evaporated milk through foodservice channels.

U.S. agricultural exports are well positioned in Singapore. Consumer-oriented products are likely to see continued demand growth as tourism continues to ramp up and affluent consumers frequent foodservice and grocery outlets. Singapore consumers and businesses also continue to utilize e-commerce channels.