

Press Release – 14 September 2006

Subject: New report on future opportunities for Singapore food businesses in the UK market

Stanton, Emms & Sia is currently finalising a study into future opportunities for Singapore food and drink businesses in the UK's market for imported food and drink products, currently worth more than S\$ 63 billion on a landed cost basis.

The UK has one of the EU's most dynamic markets for imported food, drinks and agrifoods, which is underpinned by the UK's status as one of Europe's best performing economies. Over the past 5 years, the value of the market has grown at an average rate of about 15% per annum. This rate of growth is far higher than UK economic growth or population growth, which have hovered at between 1% and 4% per annum over this period.

The reasons for the significant growth in imports are highly complex and include the closure of UK food processing businesses, the shifting of supply sources to lower cost locations, a buoyant economy, an increasing population, more inquisitive consumers, new retailer business strategies, lower trade barriers and a number of other matters.

The situation has been very positive for all well-organised businesses that have targeted the UK market with their products since 1991, amongst them Asia Pacific Breweries, with its high profile Tiger Beer brand. The UK reported that its imports of beer from Singapore rose to S\$ 23 million in 2005, up from just S\$ 7 million in 2001.

Today, the UK also has one of the most developed markets for ethnic foods in Western Europe. It is a market that is continuing to change as a result of pressures that exist in both supply and demand bases. The UK's retail market for cooking sauces was valued at more than S\$ 1.3 billion and the instant noodle market at about S\$ 850 million in 2005.

Although the UK is subject to EU trade barriers of various types, East Asia's share of this market reached S\$ 2.3 billion in 2005, up at an average of close to 17% per annum since 2001. The rate is higher if one takes out the negative impact of Avian flu on the meat and poultry imports and some other food scares arising in some of China's exports.

Of specific relevance to Singapore food businesses, there have been big increases in the import of beverages, processed seafood, processed cereal products, sauces and seasonings, and confectionery since 2001. In some cases, Singapore businesses have noted the new trends and have taken their opportunities. In others, they have not. Some opportunities appear to have been completely ignored as a result of poor market intelligence flows back to Singapore.

With the EU regulatory barriers coming down, and likely continue to fall under circumstances where the WTO's Doha Round is successful, opportunities to access the UK market should continue to improve in future.

Most of the regulatory conditions that will remain, for example HACCP and labelling requirements, should not have a significant impact on businesses that operate in a quality manufacturing and regulatory environment such as Singapore. Having stated this, other forms of entry barriers now exist, or are developing in the supply chain. These barriers will increasingly only be overcome through a more innovative strategic business and marketing approach than has been taken by most Singapore food businesses in the past.

Many Singapore products in the UK are traded, rather than marketed, into the market at present. For this reason, the Singapore industry and its component businesses will need to re-strategise to take into account the range of drivers and barriers that will exist in the UK market and its supply chain over the next 5 to 10 years.

New innovative business and marketing strategies will need to be developed if Singapore and its food businesses are to realise their dreams of establishing new and more valuable markets for their products in the world's more affluent markets. Doing so will also assist in expanding their business activities across the other EU markets for imported food and drinks as these markets develop and expand in future.

The study, which explores future business and marketing strategies and market and business opportunities for Singapore and its food businesses, will be released in late September 2006.

Stanton, Emms & Sia is an international business and marketing research consultancy that specialises in servicing clients in the food, drink and agrifood markets of East Asia. The firm is based in Singapore and has been operating since 1991. It advised Australia on the development of its successful AIRPORK brand in the Singapore pork market when that market moved into a supply crisis after the Nipah virus outbreak in the late 1990s.

~

Contact details:

Mr Anthony L. Emms
Managing Partner
Stanton, Emms & Sia
391A Orchard Road, #12-01
Ngee Ann City Tower A
Singapore 238873

Tel: (+65) 6334 7030

Fax: (+65) 6223 2010

E-mail: emmsia@pacific.net.sg

Website URL: <http://stantonemmsandsia.foodandbeverage.biz>