



# **The ASEAN Regional Market for Alcoholic Drinks:**

## ***A Senior Management Briefing***

Prepared for:

**Regional Agri-Food Trade Commissioner – Southeast Asia  
High Commission of Canada, Singapore**

and

**Department of International Trade, Canada**

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*This briefing contains market information collected by Stanton, Emms & Sia, some of which may be considered commercially confidential. The Government of Canada assumes no liability for the accuracy and reliability of the market information and intelligence provided herein.*

## **1. Introduction**

This senior management briefing has been prepared by Stanton, Emms & Sia for the Regional Agri-Food Trade Commissioner – Southeast Asia, based at the High Commission of Canada, Singapore, and the Department of International Trade, Canada. It covers the ASEAN markets in very broad terms and has a more detailed focus on the markets in Malaysia, Philippines, Singapore, Thailand and Vietnam.

Its goals are to provide Canadian exporters of alcoholic drinks, in particular table wines, ice wines, beers, and specialty products, such as ice ciders (ice apple wine), whiskey, vodka and liqueurs, with an overview update on the state of the market and market developments for their products. For exporters that have not entered the ASEAN market, it is designed to provide an introductory overview to the markets, the opportunities, the barriers to entry, and likely best prospects.

In view of its scope, it should not be construed as a detailed market study. Canadian exporters that develop an interest in exporting to ASEAN as a result of the information contained in this briefing are advised to conduct their own more detailed in-market due diligence on the apparent market opportunities before starting active trading with the region and its component markets.

For further assistance and advice on how to follow up on the information in this briefing, Canadian exporters can contact the Trade Commissioners at the High Commissions of Canada in Kuala Lumpur and Singapore and the Canadian Embassies in Manila, Bangkok and Hanoi. Contact details can be found on the following webpage:

<http://www.ats.agr.gc.ca/ase/4739-eng.htm>

The reader should note that all of the data used in this briefing is official trade data. Trade sources in the region comment that this data may not be wholly accurate because the region has high import duties and excise duties that have stimulated “grey trading” activities, i.e. smuggling and under-declaration of trade, that have a long history in the ASEAN region.

## **2. Overview of ASEAN’s market for alcoholic drinks**

### **2.1 The size of ASEAN market versus Japan, The People’s Republic of China and India**

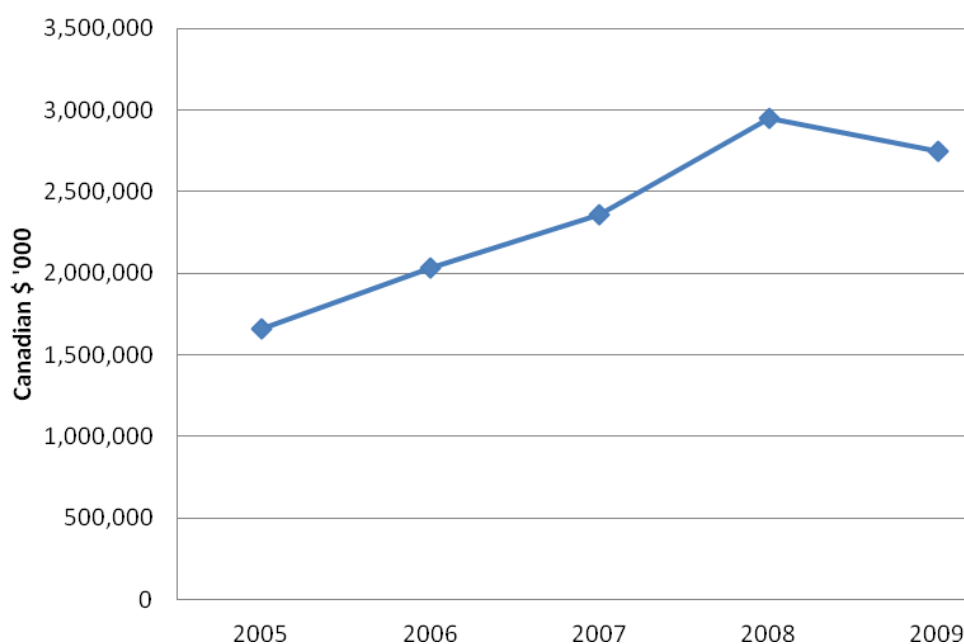
Imports of alcoholic drinks to Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam were valued at Ca\$ 2.75 billion (CIF value) in 2009.

This is a large market, when compared to those existing in Japan, The People’s Republic of China and India, which were valued at Ca\$ 2.05 billion, Ca\$ 1.19 billion and Ca\$ 82 million, respectively, in the same year.

## 2.2 Recent trends in the development of the market

The market is dynamic and has grown to Ca\$ 2.75 billion in 2009, up from Ca\$ 1.66 billion in 2005. This growth equates to an average of about 13% per annum in value growth over this 5 year period. The region's imports reached a historic peak in 2008 when they were valued at Ca\$ 2.95 billion.

**Imports of Alcoholic Drinks to ASEAN's Key Markets – 2005 to 2009**



Source: Trade Data issued by National Governments

These trends took place at a time when most of the countries in the region were experiencing rapid economic growth in the period before the onset of the Developed World economic crisis in the USA, EU and Japan in 2009 (see table below).

<b>ASEAN Economic Performance – 2005 to 2009</b>					
<b>Country</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Indonesia	5.7%	5.5%	6.3%	6.1%	4.5%
Malaysia	5.3%	5.8%	6.2%	4.6%	(1.7%)
Philippines	5.0%	5.3%	7.1%	3.8%	1.1%
Singapore	7.3%	8.4%	7.8%	1.1%	(1.3%)
Thailand	4.6%	5.2%	4.9%	2.6%	(2.2%)
Vietnam	8.4%	8.2%	8.5%	6.2%	5.3%

Source: National governments and the Asian Development Bank

The decline in imports in 2009 arose mainly because of a temporary drop in business and consumer confidence and demand for indulgent products in the latter part of 2008 and first half of 2009. This was caused by the Developed World economic crisis and its short term spinoffs into ASEAN. This trend is typical of that which happens every time there is an economic downturn or slowdown in the region.

At the time, many consumers in Malaysia, Singapore and Thailand (also suffering from internal political problems) feared for their jobs and also worried that they could see similar financial problems to those that occurred during the Asian Economic Crisis of 1997/1998, and its aftermath.

Trade sources comment that Vietnam's demand remained quite stable, and there was no decline in import values. This situation occurred because its economy was not as badly impacted upon by the downturn in the Developed World.

### **2.3 Economic growth and demand for alcoholic drinks in ASEAN**

Economic growth is a very important factor in ASEAN's market for alcoholic drinks because it underpins all of the factors that drive this market, including:

- higher discretionary incomes, including end of year bonuses, which are often used for indulgent spending;
- business confidence, which underpins the amount of entertaining and gift giving that takes place; and,
- consumer confidence, which underpins the amount of indulgent spending and use of restaurants and bars, plus the gift giving that also involves branded alcoholic drinks.

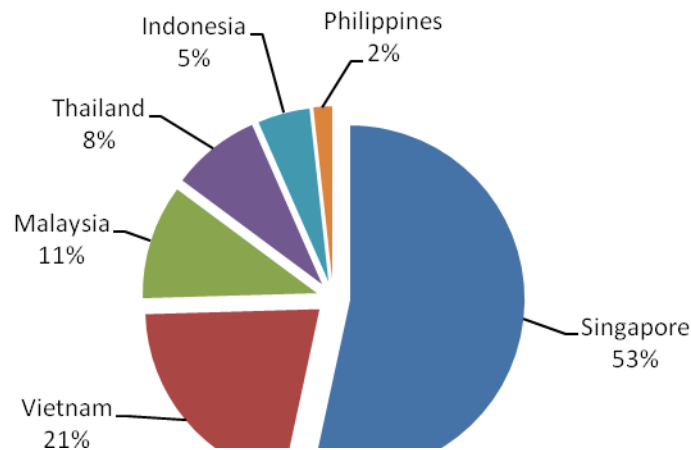
Southeast Asians generally like "to party" (entertain, dine out and indulge) and to give gifts when "things are going well" on the economic front. This has impacts across all income groups and, while women are not big drinkers, their consumption of some products, e.g. wine and beer, has also risen over the past 10 to 15 years.

The region has specific times to celebrate, which have expanded to include non-traditional celebrations such as Christmas and the Calendar New Year, which were not celebrated in a big way in Malaysia, Singapore, Thailand and Vietnam in the past. In addition to this factor, some alcoholic drinks, e.g. cognac or single malt whiskies, and brands (mainly controlled by the multinationals), are also status symbols for some Southeast Asian men and their families. Trade sources comment that expensive premium / specialty beers have also achieved this type of status amongst the younger consumers in some markets.

## 2.4 The structure of the region's market

ASEAN's market for imported alcoholic drinks has an unusual structure in terms of the characteristics of the target markets. The top 3 importers are Singapore, the region's second smallest state; Vietnam, one of the region's least developed countries; and Malaysia, a Muslim majority country. Imports to these 3 markets comprise about 85% of the region's imports (see chart below).

**Imports of Alcoholic Drinks to ASEAN – Ca\$ 2.75 Billion in 2009**



Source: Trade Data issued by National Governments

The structure of the ASEAN market for alcoholic drinks is underpinned by a number of factors, which include Singapore (with a very small population) being a major re-export base for foreign products, and Vietnam (the poorest nation) having a major alcoholic drinking culture.

On the positive side for exports to the region are:

- the business strategies of multinational drinks businesses that have regional offices in Singapore, and the Singapore government's policies that facilitate international trade in manufactured products, i.e. re-exports;
- the longstanding traditions of alcoholic drinking in all of the region's countries, including amongst the non-Muslims in Muslim majority countries, namely Malaysia and Indonesia;
- the dynamic consumer markets underpinned by solid economic growth trends, as in Vietnam; and,

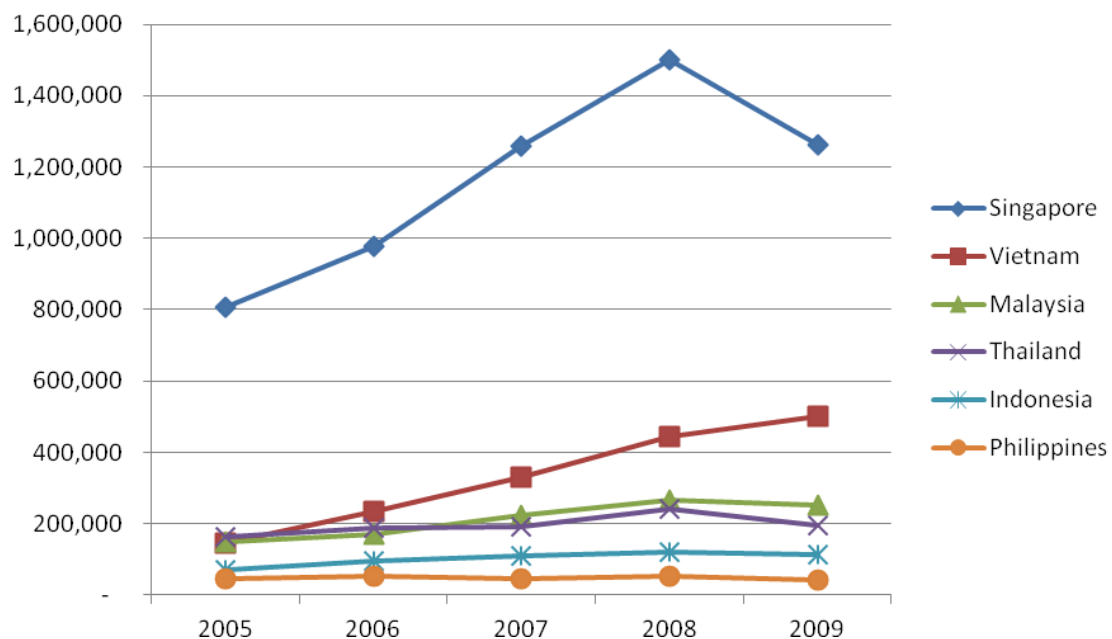
- the sizeable and well established middle and upper income groups in Malaysia, Singapore and Thailand;

On the negative side for exports to the region are:

- the strong to very local alcoholic drinks industries, especially in the Philippines and Thailand. These industries include multinational owned breweries;
- the protectionist import regulatory environments in countries such as Thailand and Vietnam; and,
- the high level taxation of alcoholic drinks in most countries, especially in the Muslim majority countries.

The table below highlights the trends in the value of imports to each ASEAN member state market, and the big decline in imports to Singapore. This decline was brought on by the collapse in international business confidence in the immediate aftermath of the onset of the Developed World economic crisis.

**Trends in Imports of Alcoholic Drinks to ASEAN – 2005 to 2009 (US\$ Data)**



Source: Trade Data issued by National Governments

In view of the scope set for this study, the following sections of this report only cover the markets in Malaysia, Philippines, Singapore, Thailand and Vietnam.

Although not covered in the following sections, Indonesia should not be discounted as a target market. Senior management with Pernod Ricard, the world's co-leader in the wines and spirits market, advised that their group's sales in Indonesia saw organic growth of more than 30% in 2010. This situation arises because of the positive impact of economic growth on Indonesia's small population of non-Muslims (10 to 15 million persons) who are generally very active in business across the archipelago.

## **2.5 The region's distribution channels for alcoholic drinks**

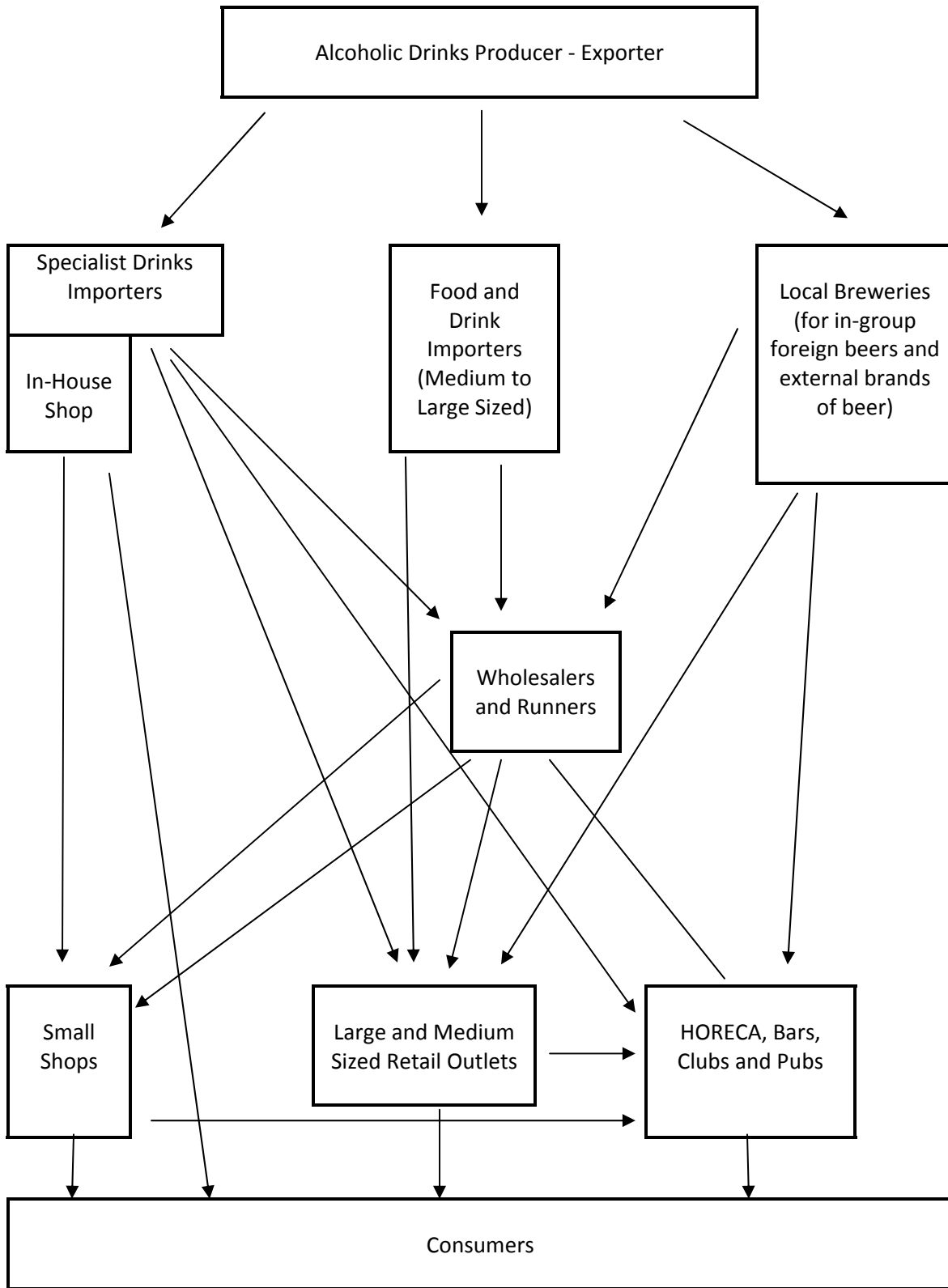
ASEAN's distribution channels are highly fragmented and complex. Some key points to note are as follows:

- the most complex channel is in Vietnam where the retail sector is mainly dominated by small shops and there are very few supermarkets. The Philippines retail channel is also highly fragmented, although there are key points of sale in major supermarket and convenience store chains, which currently do not exist in Vietnam;
- the retail channels for alcoholic drinks in Malaysia, Singapore and Thailand are now quite concentrated, with high percentages of retail sales passing through the big chains of supermarkets, hypermarkets and convenience chains that operate in these countries. These channels are very important for products that target mass urban area markets, i.e. the middle income consumers; and,
- the HORECA (hotel, restaurant, catering) and pubs, clubs (membership and entertainment types) and bars segment of the market is very highly fragmented with very few large businesses involved in the running of such operations.

These licensed drinking outlet channels are extremely important for a range of different imported products, ranging from "pouring" spirits and house wines to unique specialty beers, and premium and super-premium branded products. These outlets are generally subjected to very high advertising and promotional activities in all forms. Locally brewed, and ASEAN-content beers, are generally "king" in these outlets, when it comes to mainstream consumption of alcoholic drinks.

It should also be noted that the region's distribution channel also includes two key re-export bases, one in Singapore, and the other just outside ASEAN's borders in Hong Kong SAR. In addition to this, Thailand also acts a minor re-export centre for Myanmar (Burma) and the Indo-China countries.

### Distribution Channels for Alcoholic Drinks in ASEAN





### 3. The markets for imported beer

#### 3.1 Local supplies of beer

ASEAN is a major producer of beer, which dominates the local markets with high market shares and broad based product portfolios.

Carlsberg, Heineken/Asia Pacific Breweries and San Miguel Corporation (Philippine headquartered) have large operations in the region and have very high profile brands due to their very strong marketing and distribution strategies and activities. There are also other local breweries with strong market shares in Thailand, Vietnam and the Philippines. These businesses are also involved in exporting their beer to other ASEAN and Asia Pacific countries.

#### 3.2 Imports of beer, the market sizes and trends

Imports of beer to the countries covered this report amounted to 156,730 tonnes valued at C\$ 197.7 million in 2009, up from 105,041 tonnes valued at C\$ 109.6 million in 2005 (see table below).

Imports of Beer – 2005 to 2009					
Country	2005	2006	2007	2008	2009
	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes
Malaysia:					
• Landed	11,519	8,896	14,959	27,058	27,199
• % change	-	(22.8%)	68.1%	80.9%	0.5%
Philippines					
• Landed	476	492	1,167	546	624
• % change	-	3.3%	137.2%	(53.2%)	14.3%
Singapore					
• Landed	78,379	71,151	85,300	89,187	82,223
• % change	-	(9.2%)	19.9%	4.6%	(7.8%)
Thailand					
• Landed	9,909	25,478	24,459	23,083	10,191
• % change	-	157.1%	(4.0%)	(5.6%)	(55.9%)
Vietnam					
• Landed	4,758	7,117	6,616	22,922	36,493
• % change	-	33.1%	(7.0%)	246.5%	59.2%
Total	105,041	113,134	132,501	162,796	156,730
% Change	-	7.7%	17.1%	22.9%	(3.7%)

Source: National governments' official trade statistics

The largest markets are Singapore (includes products for re-export), Vietnam and Malaysia. Imports are generally lower in Thailand and the Philippines because of very strong competition from key locally produced brands, including local brands and foreign (only relevant in Thailand) brands.

### 3.3 Competition in the imported beer market

The ASEAN Free Trade Area and strategic investments in the region's brewery industry has now created a situation where markets for imported beer across the whole region are now dominated by ASEAN region made beer. The key players in this trade are Asia Pacific Breweries (Heineken linked), Carlsberg, San Miguel Corporation (Philippines operations) and some of the Thailand and Indonesian based breweries (see table below).

Imported Beer and Its Origins in 2009					
	Malaysia	Philippines	Singapore	Thailand	Vietnam
Value in C\$ '000	36,830	300	116,568	9,481	34,534
Tonnes	27,199	624	82,223	10,191	36,493
	<b>Leading Supply Countries % Share (Based on Tonnes)</b>				
Leader	ASEAN (46%)	ASEAN (42%)	ASEAN (48%)	ASEAN (45%)	ASEAN (54%)
2 <sup>nd</sup>	China (18%)	USA (24%)	China (10%)	China (31%)	Netherlands (29%)
3 <sup>rd</sup>	Mexico (7%)	Netherlands (10%)	Germany (9%)	Germany (7%)	USA (8%)
4 <sup>th</sup>	Netherlands (6%)	China (8%)	Belgium (8%)	Netherlands (5%)	Germany (5%)
5 <sup>th</sup>	Germany (4%)	Australia (4%)	Netherlands (7%)	Mexico (4%)	Belgium (1%)
Source: National governments (Vietnam is 2009 provisional data)					

The other key players in the region include China (mainly the Tsingtao brand, which has strong traditional demand from the large numbers of ethnic Chinese in the local populations of region), various breweries in the Netherlands (exported Heineken is very important, but private label "mass" type products are also prevalent across the region) and Germany (fragmented in terms of brands).

The higher profile niche beers are imported from Mexico (mainly Corona), Belgium (usually the main specialty beers in a market) and some British and Irish beers, mainly in Singapore and Thailand.

Exporters based in the Netherlands and Germany are exporting a wide range of products, ranging from "mass market" beers to high end specialty products.

### 3.3 Canadian trade in beer with ASEAN

ASEAN is only importing very small quantities of beer from Canada. Imports are also erratic from year to year, and have shrunk in size over the past 5 years. Imports amount to less than 50 tonnes (delivered weight) in 2009, down from 179 tonnes in 2005 (see table below).

Imports of Beer from Canada – 2005 to 2009					
Country	2005 Tonnes	2006 Tonnes	2007 Tonnes	2008 Tonnes	2009 Tonnes
Malaysia	5	3	-	-	8
Philippines	2	9	-	-	-
Singapore	172	52	56	30	39
Thailand	-	-	-	1	N
Vietnam	-	1	-	3	NA
Total	179	65	56	34	47
N: Negligible quantities imported. NA: Trade data not yet published. Source: National governments' official trade statistics					

There is firm information on why Canada has such a low market share. The situation could arise because Canadian beers are not competitive. Additionally, it could exist because Canadian exporters have no committed focus on developing a market for their products in the ASEAN region.

Canadian beers, where they exist, are marketed in high end supermarkets and in some bars and clubs that require a range of imported specialty beers. Canadian specialty beers are recognised by some in the drinks trade as high quality products that are of *"interest to consumers seeking something other than a standard beer"*. While this is the case, there is quite high competition in this segment from niche beers from Belgium, Germany, Australia, Mexico, the USA and Japan (important in the food service sector).

Some of the local brewery operations, e.g. Asia Pacific Breweries (Singapore), San Miguel Corporation (Philippines) and some Thai breweries, also compete in this niche with their own higher end specialty beer brands.

## 4. The markets for imported wines

### 4.1 Local supplies of grape-based wines

The only countries producing grape-based wine in ASEAN are Thailand and Vietnam, although the production is very small and mainly focused on supplying their local markets.

While there is some information from trade sources in Thailand that local wines do have strong demand, local wines do not have any “market-shaping” power in Thailand or Vietnam.

#### 4.2 Imports of grape-based wine, the market sizes and trends

Imports of wine to the countries covered this report amounted to 57,612 tonnes valued at C\$ 458 million in 2009, up from 42,862 tonnes valued at C\$ 434 million in 2005 (see table below).

Imports of Grape-Based Wine – 2005 to 2009					
Country	2005	2006	2007	2008	2009
	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes
Malaysia					
• Landed	6,239	5,745	6,634	8,124	6,718
• % change	-	(7.9%)	15.5%	22.5%	(17.3%)
Philippines					
• Landed	9,629	10,122	11,629	14,015	13,683
• % change	-	5.1%	14.9%	20.5%	(2.4%)
Singapore					
• Landed	16,437	19,568	23,515	24,155	20,525
• % change	-	19.0%	20.2%	2.7%	(15.0%)
Thailand					
• Landed	4,704	7,344	10,479	9,475	7,834
• % change	-	56.1%	42.7%	(9.6%)	(17.3%)
Vietnam					
• Landed	5,853	5,939	8,087	7,414	8,852
• % change	-	1.5%	36.2%	(8.3%)	19.4%
Total	42,862	48,718	60,344	63,183	57,612
% change	-	13.7%	23.9%	4.7%	(8.8%)

Source: National governments’ official trade statistics (Vietnam’s 2009 data is provisional)

Lower business and consumer confidence due to concerns about the nature of the impact of the Developed World Economic Crisis on the region in the first half of 2009 resulted in lower imports of wine in that year. Prior to this, the region’s market had generally been in a growth phase, apart from the negative impact of:

- some new taxes and regulations on alcoholic drinks in Malaysia and Thailand. These new taxes were introduced as part of efforts to discourage the drinking of alcoholic drinks (in Malaysia), deal with some public order and negative tourism image issues (in Thailand), and also to raise funds for the governments.; and,
- additionally, the developing political turmoil in Bangkok that also undermined demand in Thailand, where wine consumption has major links to the foreign tourist trade.

Wine imports to the ASEAN countries have been in a long term growth trend since France started aggressively developing its market in the 1980s. Australia and the USA joined the French in market development activities in the early 1990s, and, since then, all wine producing countries have become involved in the market. South American wine exporters were the last major entrants over the past 10 years, and they are now building strong presences and niche markets in the region.

All of this market development activity by countries, regions with countries, brand-owners and winery companies has led to a highly fragmented situation in all markets when it comes to market shares and products and labels/brands that are available to consumers (see table below).

<b>Imported Wine and Its Origins in 2009</b>					
	<b>Malaysia</b>	<b>Philippines</b>	<b>Singapore</b>	<b>Thailand</b>	<b>Vietnam</b>
Value in C\$ '000	53,865	19,132	315,639	37,316	32,061
Tonnes	6,718	13,683	20,525	7,834	8,852
	<b>Leading Supply Countries % Share (Based on Tonnes)</b>				
Leader	Australia (38%)	USA (35%)	France (40%)	Italy (25%)	France (38%)
2 <sup>nd</sup>	Singapore re-exports (17%)	Spain (16%)	Australia (27%)	Australia (22%)	Chile (21%)
3 <sup>rd</sup>	France (12%)	Australia (10%)	Chile (8%)	France (20%)	Australia (8%)
4 <sup>th</sup>	Chile (8%)	Chile (8%)	USA (6%)	Chile (12%)	USA (6%)
5 <sup>th</sup>	Spain (7%)	France (8%)	Italy (5%)	USA (7%)	South Africa (4%)
Source: National governments (Vietnam is 2009 provisional data)					

It should be noted that:

- French multinationals are using Singapore as an Asian region re-export base for its premium and super premium wines, which is the key reason why it has a large apparent share of the market. The on-the-ground reality is that Australia is the market leader in the Singapore market at the level of volumes consumed.
- French wine has strong demand in Vietnam because of demand for “*all things French*” from the Vietnamese due past links with France, and also because of quite high profile marketing and distribution of French wines in the key urban areas;
- Italian wine has a strong presence in Thailand because it has a sizeable expatriate Italian population, many Italian restaurants and is also a major tourist destination for Italian tourists. Italian wines also have strong and loyal distributors in Thailand. Trade sources comment that this situation exists because of a long history of commercial links between the two countries, and also because Italian tourists have quite a high level of preference for Thailand as a tourism destination in Asia;
- U.S. and Spanish wine are leaders in the Philippines because of the very strong links arising from colonial links to food culture and demand, and to well established importing businesses that have a high level loyalty to products from the USA or Spain; Wine is generally a part of U.S. food and drink promotions across the ASEAN region, so its activities are not solely limited to the Philippines;
- Chile has carved out a sizeable market for itself on the back of its products being high quality value-for-money wines that are widely available, especially in mid range supermarkets, and licensed HORECA operations, bars, pubs and clubs, e.g. a house or “pouring wine”. The Chilean government and its wine and some food exporters have been quite aggressive in some parts of the region involved in running wine tasting and related Chile promotions in some Singapore, Bangkok and Manila restaurants, hotels and wine clubs over the past 3 years.

#### **4.3 Canadian trade in wine with ASEAN**

Imports of Canadian wine to ASEAN are small, and are now significantly smaller at around 52 tonnes (delivered weight) in 2009, down from a high point of 362 tonnes in 2005. The trend in imports has also been variable (see table below).

<b>Imports of Wine from Canada – 2005 to 2009</b>					
<b>Country</b>	<b>2005</b> Tonnes	<b>2006</b> Tonnes	<b>2007</b> Tonnes	<b>2008</b> Tonnes	<b>2009</b> Tonnes
Malaysia	2	3	9	8	12
Philippines	-	-	-	-	4
Singapore	327	23	36	26	33
Thailand	33	1	1	2	3
Vietnam	NA	NA	1	2	NYA
<b>Total</b>	<b>362</b>	<b>27</b>	<b>47</b>	<b>38</b>	<b>52</b>
N: Negligible quantities imported. NA: Trade data not published in these years. NYA: Trade data not yet published. Source: National governments' official trade statistics					

Trade sources (and market observations) confirm that Canada operates in a niche, mainly the ice wine niche, where it has been the only competitor at the level of the uniqueness of its concept, “mystique” premium branding, bottle / packaging design and target market.

These USPs (unique selling points) have facilitated its competitive positioning versus potential competitors in the form of dessert wines and Autumn / late harvest wines from France, Australia and Chile, which generally do not have the same marketing thrust that is used to position and market Canadian ice wines to its target audience.

## **5. The markets for spirits**

### **5.1 Local production and bottling operations**

ASEAN has producers of spirits operating in a number of countries, with the largest industries reported by trade sources to be in the Philippines and Thailand.

While most products being manufactured are traditional products, e.g. rice-based drinks, a range of international products is produced in the Philippines. Vietnam is also producing some products that are traded around the region, e.g. vodka. Rebottling of imported bulk spirits, e.g. UK origin whisky, is also taking place in some ASEAN countries, e.g. Singapore and the Philippines.

## 5.2 The markets for imported whiskey

### 5.2.1 The market sizes and trends

Imports of whiskey (whisky) to the countries covered by this report amounted to 70,247 tonnes valued at C\$ 673 million in 2009, up from 64,557 tonnes valued at C\$ 383 million in 2005 (see table below).

Imports of Whiskey – 2005 to 2009					
Country	2005	2006	2007	2008	2009
	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes
Malaysia					
• Landed	4,547	5,417	6,571	8,511	7,297
• % change	-	19.1%	21.3%	29.5%	(14.3%)
Philippines					
• Landed	3,967	5,525	3,528	3,508	3,428
• % change	-	39.3%	(36.15)	(0.6%)	(2.2%)
Singapore					
• Landed	30,605	15,804	31,148	34,626	29,897
• % change	-	(48.4%)	97.1%	11.2%	(13.7%)
Thailand					
• Landed	23,297	34,226	30,101	32,653	26,654
• % change	-	46.9%	(12.1%)	8.5%	(18.4%)
Vietnam					
• Landed	2,141	901	1,094	1,870	2,971
• % change	-	(57.9%)	21.4%	70.9%	58.9%
Total	64,557	61,873	72,442	81,168	70,247
% change	-	4.2%	17.1%	12.1%	(13.5%)

Source: National governments' official trade statistics

The major fluctuations in imports to Singapore and Thailand in the period from 2005 to 2007 appear to be related. They probably arise from a form of policy change by some UK based whisky brand-owners. In 2006, Singapore's exports of whisky declined, whilst direct imports by some of its key re-export targets across Asia, including Thailand, increased in that year. Singapore's re-exports to Thailand in 2006 declined by around 33% when compared to re-exports in 2005.



ASEAN's markets for whiskey were in a growth trend until the onset of the Developed World economic crisis. When the crisis hit, there was a collapse in business and consumer confidence in ASEAN for about 6 months, followed then by a return to "business as usual" in the latter part of 2009. This led to lower imports to all countries, except Vietnam, in 2009. Vietnam did not suffer major negative impacts from the crisis, because its economy continued to grow at a rate of 5.3% in 2009.

Imported Whiskey and Its Origins in 2009					
	Malaysia	Philippines	Singapore	Thailand	Vietnam
Value in C\$ '000	90,269	9,652	377,230	137,810	58,141
Tonnes	7,297	3,428	29,897	26,564	2,971
	<b>Leading Supply Countries % Share (Based on Tonnes)</b>				
Leader	UK (65%)	Netherlands (80%)	UK (95%)	UK (85%)	Singapore (46%)
2 <sup>nd</sup>	Singapore re-exports (24%)	Singapore (12%)	USA (4%)	Philippines re-exports (12%)	USA (20%)
3 <sup>rd</sup>	Netherlands (3%)	Spain (4%)	India (1%)	USA (1%)	Malaysia re-exports (13%)
4 <sup>th</sup>	France (3%)	France (1%)	-	-	UK (12%)
5 <sup>th</sup>	Ireland (2%)	Ireland (1%)	-	-	Netherlands (3%)
Source: National governments (Vietnam is 2009 provisional data)					

ASEAN's main supply bases for whiskey are:

- the UK, which supplies a wide range of Scottish whiskies on a direct basis;
- Singapore as an Asia Pacific region distribution hub, mainly for key brands of Scottish whiskies;
- the Philippines, which is a repacking and re-export base for standard grade whiskies; and,
- the Netherlands, which is a key transshipment point for some UK whiskies out of Europe, especially specialty brands.

North American, Irish (Eire origin) and Japanese whiskies are also exported to the region on a direct basis.

## 5.2.2 Canadian trade in whiskey with ASEAN

ASEAN imports of Canadian whiskey are very small and erratic, relative to the size of total imports (see table below).

Imports of Whiskey from Canada – 2005 to 2009					
Country	2005 Tonnes	2006 Tonnes	2007 Tonnes	2008 Tonnes	2009 Tonnes
Malaysia	N	-	1	1	N
Philippines	-	-	-	-	-
Singapore	44	37	28	36	54
Thailand	43	176	7	14	14
Vietnam	-	NA	-	-	NYA
<b>Total</b>	<b>87</b>	<b>213</b>	<b>36</b>	<b>51</b>	<b>68</b>
Note: The reason for the fluctuation in Thailand's imports of whiskey from Canada between 2005 and 2007 highlighted above are not readily available. N: Negligible quantities imported. NA: Trade data not published in these years. NYA: Trade data not yet published. Source: National governments' official trade statistics					

Canadian whiskey is a niche product, with some level of importance in some market segments. Trade sources comment that it is quite common to find at least one bottle of the product in the higher end bars that exist across the region, because it has the status of being *“one of the ‘must have’ products on bar shelves”*. It is also available in some of the high end retail outlets and specialty licensed retailers that carry whiskeys across the region. It is also a ‘must have’ product in duty free stores, where business travelers and tourists tend to buy unique gifts for their friends, relatives and business associates.

## 5.3 The markets for imported vodka

### 5.3.1 The market sizes and trends

Imports of vodka to the countries covered by this report amounted to 7,441 tonnes valued at C\$ 36 million in 2009, up from 5,609 tonnes valued at C\$ 16 million in 2005 (see table below). This is a small niche market within a very large spirits market that is dominated by whiskey and brandy/cognac (not in the scope of this study).

Imports of Vodka – 2005 to 2009					
Country	2005	2006	2007	2008	2009
	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes
Malaysia	328	437	622	575	636
Philippines	1,040	770	1,068	1,135	1,329
Singapore	2,616	1,589	1,911	2,512	2,552
Thailand	1,085	1,226	1,231	1,662	1,488
Vietnam	540	463	874	1,360	1,436
Total	5,609	4,485	5,706	7,244	7,441

Source: National governments' official trade statistics

All markets, except Thailand, saw growth in imports over the 5 year period to 2009. While Thailand saw a decline arising from its political and economic problems, the imports in the rest of the region were being pushed by very aggressive marketing by vodka brand-owners at both B2B (business-to-business) and B2C (business-to-consumer) levels, in what is described as *“quite an immature spirits niche market segment”*.

Imported Vodka and Its Origins in 2009					
	Malaysia	Philippines	Singapore	Thailand	Vietnam
Value in C\$ '000	3,333	1,343	20,184	5,770	5,286
Tonnes	636	1,329	2,552	1,488	1,436
	<b>Leading Supply Countries % Share (Based on Tonnes)</b>				
Leader	France (27%)	New Zealand (46%)	Sweden (27%)	Philippines (41%)	Russia (38%)
2 <sup>nd</sup>	UK (15%)	Australia (37%)	UK (18%)	Sweden (18%)	Philippines (14%)
3 <sup>rd</sup>	Singapore re-exports (13%)	Singapore re-exports (9%)	Poland (12%)	Vietnam (9%)	Ukraine (11%)
4 <sup>th</sup>	Netherlands (12%)	Vietnam (4%)	Russia (12%)	France (7%)	Singapore re-exports (8%)
5 <sup>th</sup>	Philippines (11%)	South Korea (2%)	Philippines (11%)	Finland (5%)	Malaysia (7%)

Source: National governments (Vietnam is 2009 provisional data)

The biggest players in this market are the multinational spirits businesses and other international brand-owners that are marketing branded vodkas with origins in Sweden, Russia, the UK, and Poland. The market also includes niche brands, e.g. from Finland.

### 5.3.2 Canadian trade in vodka with ASEAN

ASEAN's imports of vodka from Canada are very small, when compared to total imports (see table below).

Imports of Vodka from Canada – 2005 to 2009					
Country	2005 Tonnes	2006 Tonnes	2007 Tonnes	2008 Tonnes	2009 Tonnes
Malaysia	-	-	-	-	-
Philippines	-	-	-	-	-
Singapore	1	19	N	1	N
Thailand	-	13	1	2	-
Vietnam	NA	NA	-	-	NYA
Total	1	32	1	3	N
N: Negligible quantities imported. NA: Trade data not published in these years. NYA: Trade data not yet published. Source: National governments' official trade statistics					

No Canadian brands of vodka were noted in market observations, indicating (along with the above data) that its exporters have no focus on developing a market in the ASEAN countries.

## 6. The markets for alcoholic cider, including ice cider

### 6.1 The market sizes and trends

ASEAN has a very small niche market for alcoholic cider, with the largest markets being in Singapore and Thailand. Imports to the countries covered this report amounted to 546 tonnes valued at C\$ 1.08 million in 2009. Imports in 2005 were similar at 535 tonnes valued at C\$ 1.09 million (see table below).

<b>Imports of Alcoholic Cider – 2005 to 2009</b>					
<b>Country</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes
Malaysia	67	23	13	34	25
Philippines	1	18	1	5	1
Singapore	360	301	233	320	385
Thailand	61	166	54	87	135
Vietnam	46	11	9	-	-
<b>Total</b>	<b>535</b>	<b>519</b>	<b>310</b>	<b>446</b>	<b>546</b>

Source: National governments' official trade statistics

Imports have been rather erratic, except for an upwards trend in Singapore and, to an extent, Thailand, where major importers have been trying to expand the market on the back of imports from the UK (Bulmers and Strongbow), Ireland (Magners) and, in Singapore, Australia (e Thirty Three), which is the market leader in the market. The Savanna brand from South Africa has also been aggressively expanding its presence in the region (see table below). Carlsberg has also entered this activity with Somersby brand, and DFI, the Asian multinational retailer, also has cider in its in-house branded drinks portfolio.

<b>Imported Alcoholic Cider and Its Origins in 2009</b>					
	<b>Malaysia</b>	<b>Philippines</b>	<b>Singapore</b>	<b>Thailand</b>	<b>Vietnam</b>
Value in C\$ '000	51	5	877	143	-
Tonnes	25	1	385	135	-
	<b>Leading Supply Countries % Share (Based on Tonnes)</b>				
Leader	UK (76%)	Australia (67%)	Australia (43%)	UK (50%)	-
2 <sup>nd</sup>	South Africa (20%)	France (33%)	UK (32%)	Ireland (48%)	-
3 <sup>rd</sup>	-	-	Ireland (13%)	-	-
4 <sup>th</sup>	-	-	France (3%)	-	-
5 <sup>th</sup>	-	-	South Africa (3%)	-	-

Source: National governments (Vietnam is 2009 provisional data)

## 6.2 Canadian trade in alcoholic cider with ASEAN

ASEAN's imports of alcoholic cider from Canada are minuscule, and have been almost non-existent for all of the past 5 years (see table below).

<b>Imports of Alcoholic Cider from Canada – 2005 to 2009</b>					
<b>Country</b>	<b>2005</b> Tonnes	<b>2006</b> Tonnes	<b>2007</b> Tonnes	<b>2008</b> Tonnes	<b>2009</b> Tonnes
Malaysia	-	-	-	-	1
Philippines	-	-	-	-	-
Singapore	-	-	N	N	N
Thailand	-	-	-	-	-
Vietnam	-	-	-	-	NYA
<b>Total</b>	-	-	N	N	1
N: Negligible quantities imported. NA: Trade data not published in these years. NYA: Trade data not yet published. Source: National governments' official trade statistics					

## 7. A snap shot of the markets for liqueurs

Imports of liqueurs to ASEAN saw a variable trend over the 5 years ended in 2009. Imports in 2009 were generally lower at 13,479 tonnes valued at C\$ 216 million (see table below).

<b>Trends in Imports of Liqueurs – 2005 to 2009</b>					
<b>Country</b>	<b>2005</b> Tonnes	<b>2006</b> Tonnes	<b>2007</b> Tonnes	<b>2008</b> Tonnes	<b>2009</b> Tonnes
Malaysia	1,339	1,472	1,628	1,381	1,834
Philippines	571	973	347	539	42
Singapore	6,938	4,895	4,962	5,492	6,312
Thailand	4,534	6,018	2,268	6,654	2,426
Vietnam	2,507	2,917	4,969	2,772	2,865
<b>Total</b>	<b>15,889</b>	<b>16,275</b>	<b>14,174</b>	<b>16,838</b>	<b>13,479</b>
Source: Official trade data released by national governments					

The main reason for the decline in imports in 2009 was a major slump in demand from Thailand. This arose from a combination of weak consumer confidence due to political turmoil, and also the negative impacts of higher excise duties on alcoholic drinks, and new controls over their sale.

Apart from weaker demand in the Philippines, a very small target market due to negative localised competition scenarios, all other markets had a positive outlook in 2009. No specific information exists on the collapse in demand in the Philippines in this year, although it is thought that this probably arose from a retrenchment from expensive imports to locally produced alternatives at a time of economic downturn and weaker consumer confidence.

Trade sources comment that this situation existed because the highest income groups (the main target for liqueurs) across the region were not really impacted on by the onset of the Developed World economic crisis. Additionally, gift buying was also not negatively impacted in a major way, so duty free sales and purchases during the festive seasons, e.g. Lunar New Year, were quite solid.

The structure of imports reflects some key factors in the ASEAN liqueur markets:

- the demand for Asian products, which includes:
  - traditional Asian products, e.g. from China, which have demand amongst the ethnic Chinese populations all across the region;
  - Asian expatriate products, in particular products demanded by the Japanese and Korean populations; and,
  - Asian brands that are subject to aggressive marketing across the region, especially Japanese brands.
- the impact of non-Asian brands and products from France, the Netherlands, and well as products from Ireland and Mexico; and,
- the use of re-export bases to distribute low volume demand and niche products to the fragmented demand bases across the region, e.g. Hong Kong SAR and Singapore. Singapore is the re-export base for multinational and foreign brands, e.g. with their origins in Europe (e.g. Ireland, France, the UK, the Netherlands and Sweden), whereas Hong Kong is re-exporting Chinese traditional products to Southeast Asia.

Country	Tonnes Imported in 2009	Leading Players Based on Value of Imports				
		Market Leader	No 2	No 3	No 4	No 5
Malaysia	1,834 tonnes valued at C\$ 13.7 million.	France (23%)	China (19%)	Singapore re-exports (19%)	Japan (15%)	Netherlands (9%)
Philippines	42 tonnes valued at C\$ 127,000.	Singapore re-exports (64%)	Hong Kong re-exports (15%)	Taiwan (13%)	Japan (2%)	Italy (2%)
Singapore	6,312 tonnes valued at C\$ 70.8 million.	Ireland (35%)	China (18%)	France (10%)	Mexico (8%)	Hong Kong re-exports (6%)
Thailand	2,426 tonnes valued at C\$ 8.8 million.	China (12%)	Ireland (11%)	Mexico (10%)	Japan (9%)	Italy (8%)
Vietnam	2,865 tonnes valued at C\$ 123.2 million.	Hong Kong re-exports (79%)	Singapore re-exports (11%)	New Zealand (2%)	USA (1%)	Japan (1%)
Source: External trade statistics						

ASEAN's liqueur market includes whisky-based products (e.g. Drambuie), cream liqueurs (e.g. Bailey's Irish Cream), coffee liqueurs (e.g. Kahlúa), fruit liqueurs (e.g. Grand Marnier), herbal liqueurs (e.g. Benedictine DOM), nut-based products (e.g. Amaretto) and other products, e.g. Creme de Menthe, Southern Comfort, and anise flavoured products. There are also a number of Asian brands in the market, e.g. Choya Umeshu (liqueurs and lower strength wines) and Yomeishu from Japan.

Canada is not a major or, even, a proactive niche player in ASEAN's market for imported liqueurs. Imports from Canada very small and rather erratic (see table below).



<b>Imports of Liqueurs from Canada – 2005 to 2009</b>					
<b>Country</b>	<b>2005 Tonnes</b>	<b>2006 Tonnes</b>	<b>2007 Tonnes</b>	<b>2008 Tonnes</b>	<b>2009 Tonnes</b>
Malaysia	-	-	-	-	-
Philippines	-	-	-	-	-
Singapore	9	N	N	N	1
Thailand	33	1	1	1	-
Vietnam	-	-	2	-	NYA
<b>Total</b>	<b>42</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>1</b>
N: Negligible quantities imported. NA: Trade data not published in these years. NYA: Trade data not yet published. Source: National governments' official trade statistics					

This indicates that its exporters have no strategic focus on developing a market in the ASEAN countries. Based on the size of imports, trade sources comment that they are likely to be speculative or spot-basis imports or imports being made by small specialty importers with no distribution reach into the main channels, mainly high end entertainment clubs that serve cocktails.

## **8. The impact of ASEAN's regulatory environment on trade in imported alcoholic drinks**

### **8.1 Importer-distributors deal with the regulatory environment for their principals**

Trade sources comment that, while ASEAN's markets for alcoholic drinks are very heavily regulated on the national basis by its member states, this situation has never undermined development of these markets anywhere in the region.

The major importer-marketers-distributors of these products in ASEAN have always had to deal with bureaucracy, protectionism, high tariffs rates, high excise duties and controlled distribution channels and access to consumers. This situation exists in an environment where regulations change quite frequently, taxes tend to increase, rather than stay static, and there is generally high sensitivity towards the potential social consequences of excessive drinking in most of the ASEAN countries, especially those with sizeable Muslim populations.

The regulations do not have any significant impact on exporters because they are dealt with in the normal course of business by knowledgeable importers and distributors. Additionally, for niche players with an attractive product to consumers, and with a strong set of USPs (unique selling points), e.g. quality ice wine, specialty beers, quality whiskey, vodka, and liqueurs, there will be no major problems that will arise for the product, if:

- the exporter is committed to supporting their brand in the target market, and having a longer term view of market development (Note: This is extremely important.); and,
- the importer-distributor is knowledgeable and committed to the brand, and has a good channel strategy for the brand (Note: This is very important).

In all ASEAN countries, importers are the entity that must deal with compliance with the local laws and regulations that impact on the import and distribution of alcoholic drinks in their country of operation. Operationally, dealing with all aspects of compliance will be done in close liaison with the exporter, so that the importer has full knowledge to facilitate his/her compliance with local requirements.

## **8.2 Update on the situation with import duties on alcoholic drinks**

Trade sources comment that while import duties are generally in place to protect locally made products, e.g. beers, spirits and, even, grape-based wines in some countries, they often do not have a massive impact on the ability to develop niche markets for quality imported products. It should be noted that, in some countries, this tariff protection is now afforded the products of close trading partners under operational free trade agreements that exist across the ASEAN region.

This situation exists because there is demand for unique and quality products in all ASEAN member states. The market characteristic can be developed through a focused marketing and distribution segmentation strategy that maximises on consumer demand traits for such products, e.g. indulgent personal treats, gifts for others, etc., and, importantly, the ability to pay more for them.

The tables below provide an overview of the import duties that are levied on imported alcoholic drinks by the ASEAN countries that are covered by this report.

<b>Malaysia Import Duties of Alcoholic Drinks</b>				
<b>Basis of Tariff</b>	<b>Beer</b>	<b>Cider</b>	<b>Wines</b>	<b>Spirits and Liqueurs</b>
<ul style="list-style-type: none"> <li>MFN applied (applicable to Canada)</li> </ul>	RM (Ringgit Malaysia **) 5 per litre.	RM 7 per litre.	RM 7 per litre.	RM 58 per litre for Whisky and RM 55 per litre for Vodka.
<ul style="list-style-type: none"> <li>ASEAN Free Trade Area (AFTA) *</li> </ul>	Alcoholic drinks are not within the scope of this FTA for reasons of religious sensitivities as Malaysia is a majority Muslim country.			
<ul style="list-style-type: none"> <li>ASEAN-China FTA</li> </ul>	Alcoholic drinks are not within the scope of this FTA for reasons of religious sensitivities as Malaysia is a majority Muslim country.			
<ul style="list-style-type: none"> <li>ASEAN-Australia-New Zealand FTA</li> </ul>	Alcoholic drinks are not within the scope of this FTA for reasons of religious sensitivities as Malaysia is a majority Muslim country.			
<p>*: For ASEAN content products under the definition of the ASEAN Free Trade Area treaties, protocols and guidelines.            **: Ringgit Malaysia is the local currency.            Source: Tariff schedules issued by National Governments</p>				

<b>Philippines Import Duties of Alcoholic Drinks</b>				
<b>Basis of Tariff</b>	<b>Beer</b>	<b>Cider</b>	<b>Wines</b>	<b>Spirits and Liqueurs</b>
<ul style="list-style-type: none"> <li>MFN applied (applicable to Canada)</li> </ul>	15%	5%	5% or 7%	10% or 15%
<ul style="list-style-type: none"> <li>ASEAN Free Trade Area (AFTA) *</li> </ul>	0%	0%	0%	0%
<ul style="list-style-type: none"> <li>ASEAN-China FTA</li> </ul>	0%	0%	0%	0%
<ul style="list-style-type: none"> <li>ASEAN-Australia-New Zealand FTA</li> </ul>	5% in 2011, reducing to 0% in 2013.	0%	3% in 2011, reducing to 0% in 2015.	3% or 5% in 2011, reducing to 0% in 2013.
<p>*: For ASEAN content products under the definition of the ASEAN Free Trade Area treaties, protocols and guidelines.            Source: Tariff schedules issued by National Governments</p>				

<b>Thailand Import Duties of Alcoholic Drinks</b>				
<b>Basis of Tariff</b>	<b>Beer</b>	<b>Cider</b>	<b>Wines</b>	<b>Spirits and Liqueurs</b>
• MFN applied (applicable to Canada)	60%	60%	54% or 60%	54% or 60%
• ASEAN Free Trade Area (AFTA) *	0%	0%	0%	0%
• ASEAN-China FTA	0%	0%	0%	0%
• ASEAN-Australia-New Zealand (AANZFTA)	7% in 2011, reducing to 0% in 2013 **.	30% in 2011, reducing phases to 0% in 2020 and thereafter **.	30% in 2011, reducing phases to 0% in 2020 and thereafter **.	7% in 2011, reducing to 0% in 2013 **.
• Thailand-Australia FTA (TAFTA)	0% now **	16% in 2011, reducing to 0% in 2015 and thereafter **.	16% in 2011, reducing to 0% in 2015 and thereafter **.	0% now **
• New Zealand-Thailand Closer Economic Partnership Agreement (NZTCEPA)	0% now **	16% in 2011, reducing to 0% in 2015 and thereafter **.	12% or 16% in 2011, reducing to 0% in 2015 and thereafter **.	0% now **
<p>*: For ASEAN content products.            **: There is a timing difference in Thailand commitments on tariff reduction under TAFTA and the later established AANZFTA. Officials in Australia comment that Australian exporters will use the earlier established TAFTA protocols to avoid the higher import duty that they might incur under the AANZFTA in the period after 2015. New Zealand also has a similar situation arising between Thailand's commitments to the AANZFTA and the earlier NZTCEPA.            Source: Tariff schedules issued by National Governments</p>				

<b>Vietnam Import Duties of Alcoholic Drinks</b>				
<b>Basis of Tariff</b>	<b>Beer</b>	<b>Cider</b>	<b>Wines</b>	<b>Spirits and Liqueurs</b>
<ul style="list-style-type: none"> <li>MFN applied, latest official information (applicable to Canada)</li> </ul>	59%	62%	62%	60%
<ul style="list-style-type: none"> <li>MFN bound (applicable to Canada)</li> </ul>	35% in 2012.	55% in 2012.	50% or 55% in 2012.	45% in 2013.
<ul style="list-style-type: none"> <li>ASEAN Free Trade Area (AFTA) *</li> </ul>	5% until 2013.	5% until 2013.	5% until 2013.	5% until 2013.
<ul style="list-style-type: none"> <li>ASEAN-China FTA</li> </ul>	15%	15%	15%	Excluded from this FTA.
<ul style="list-style-type: none"> <li>ASEAN-Australia-New Zealand FTA</li> </ul>	80% in 2011 and until 2021, then 40% from 2022 and thereafter **.	80% in 2011 and until 2021, then 40% from 2022 and thereafter **.	80% in 2011 and until 2021, then 20% or 40% from 2022 and thereafter **.	80% in 2011 and until 2021, then 40% from 2022 and thereafter **.
<p>*: For ASEAN content products, although Vietnam has some special privileges to delay early and full AFTA implementation, because the ASEAN treaties recognise it as a less developed ASEAN member state, similar to Cambodia, Laos and Myanmar (Burma).</p> <p>** : According to Australian officials, Australia's exporters of beer, wines and spirits will export under the MFN bound tariffs as they are implemented. The very high rates of duty listed in the AANZFTA commitments are for Vietnamese domestic communication rather than a true commitment to the FTA, consequently these commitments were not followed up by negotiators because Australia had much more important market access issues with which to deal.</p> <p>Source: Tariff schedules issued by National Governments</p>				

As can be seen from the above tables, in the ASEAN member states that do have alcoholic drinks in their FTA agreements, ASEAN-content products, Chinese products and Australia and New Zealand products do have preferential import duties. In contrast, Canada products suffer MFN tariffs that are applied at higher rates than the preferential FTA tariff rates.

Singapore's only levies import duties on beer and stout at a rate of \$16.00 per litre of alcohol, based on a formula that is established in legislation. This import duty does not apply to beer imported to Singapore from ASEAN, or any country where its FTA agreement eliminates this duty, e.g. Australia and New Zealand under the AANZFTA. While this is the case, its main taxation on all forms of alcoholic drinks, whether local or imported, is a high excise duty.

## 9. Singapore as a re-exporter of alcoholic drinks

Trade sources comment that Singapore is a significant re-export base for a range of alcoholic drinks being targeted at the broader Asian region, including Australia.

A review of its trade data indicates that it re-exported 79,219 tonnes of the products covered by this study, valued at C\$ 604.6 million, in 2009. This is higher than re-exports in 2005, which amounted to 63,386 tonnes valued at C\$ in 267.2 million in 2005 (see table below).

<b>Singapore's Re-Exports of Selected Alcoholic Drinks – 2005 to 2009</b>					
<b>Product</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes
Beer	27,747	31,929	36,999	40,656	34,635
Whisky	24,246	11,924	24,927	32,484	29,073
Wine	7,727	8,808	11,616	13,044	10,585
Liqueurs	1,437	1,213	1,357	1,627	3,262
Vodka	2,226	1,099	1,473	1,835	1,645
Cider	3	11	12	10	19
<b>Total</b>	<b>63,386</b>	<b>54,984</b>	<b>76,384</b>	<b>89,656</b>	<b>79,219</b>
Volume growth %	-	(13.3%)	38.9%	17.4%	(11.6%)
	C\$ '000	C\$ '000	C\$ '000	C\$ '000	C\$ '000
FOB values	267,216	372,474	533,073	690,343	604,595
C\$ value growth %	-	39.4%	43.1%	29.5%	(12.4%)
Source: Singapore external trade statistics					

Over the 5 years to 2009, there was a significantly higher growth in value (25% average annual growth) than in volumes (5% average annual growth). Trade sources believe that this trend resulted from increased activity by multinationals to boost the sales of their premium brands in the region, with a lower level focus being established on standard products in the re-export market.

Trade sources comment that the decline in re-exports in 2009 of about 12% in volume was a direct result of the collapse in business and consumer confidence in Singapore's target markets in the first half of 2009. They also comment that a strong bounce-back in the latter part of 2009 led on to sizeable growth in re-exports in 2010. The provisional trade data for 2010 confirms this information:

- beer re-export volumes increased by 17% to 40,642 tonnes in 2010, up from 34,635 tonnes in 2009;
- whisky re-export volumes increased by 23% to 35,685 tonnes in 2010, up from 29,073 tonnes in 2009; and,
- wine re-export volumes increased by 11% to 11,776 tonnes in 2010, up from 10,585 tonnes in 2009.

These growth rates are indicative of the bounce-back in demand that happened for alcoholic drinks across the East Asian region, except Japan, in 2010.

Singapore's re-exporters include businesses that range from smaller specialists to multinational drink company regional trading offices. These businesses have quite a wide distribution reach in the Asian and Oceania regions, as is demonstrated by the data in the table below.

Product	Tonnes Re-Exported	Major Countries Re-Exported To / % of Re-Exports
Beer	34,635	Philippines (43% share), Malaysia (38%), Australia (8%), Indonesia (6%), Vietnam (5%) and Sri Lanka (2%).
Whisky	29,073	Thailand (36% share), Malaysia (29%), Taiwan (11%), Vietnam (7%), Philippines (5%), Indonesia (5%), India (5%), China (4%), Australia (4%) and Hong Kong SAR (3%).
Wine, including sparkling wines.	10,585	For still wines: <ul style="list-style-type: none"> <li>• Malaysia (39%), Indonesia (17%), Thailand (9%), Hong Kong SAR (8%) and Vietnam (7%).</li> </ul> For sparkling wines: <ul style="list-style-type: none"> <li>• Japan (43% share), Australia (29%) and Hong Kong SAR (7%).</li> </ul>
Liqueurs	3,262	Australia (51% share ) and the ASEAN countries (33%).
Vodka	1,645	ASEAN countries (60% share), Australia (7%) and India (6%).
Cider	19	Malaysia (33% share), China (21%) and Maldives (12%).
Source: Singapore external trade statistics		

Trade sources comment that the exports of sparkling wines, highlighted above, principally involve French champagne. In addition to this, the bulk of whisky (mainly Scottish origin), vodka (various origins), and liqueurs (mainly Irish and French origin) being re-exported are multinational branded products, which range from standard products to super-premium brands.

In contrast, the beers and still wines being re-exported have a much larger range of brands and labels. While this is the case, some trade sources believe that the bulk of these re-exports involve:

- beers from Europe, especially canned products from the Netherlands (high share) and Germany. It is also possible that Chinese beers are involved in a sizeable proportion of this trade; and,
- new world wines, especially Australian (largest share), with lower end French wines and inexpensive quality Chilean wines also having sizeable shares of this trade.

In both cases, there are a sizeable number of brands and labels involved, especially in still wine re-exports.

## 10. Conclusion for Canadian exporters

The forecasts that exist for economic growth across the ASEAN region over the period to 2016 are generally very positive, when compared to the rest of the world outside the broader Asian region (see table below).

<b>ASEAN 4 Economic Growth Forecasts – 2010 to 2016</b>				
<b>Country</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013 to 2016</b>
	%	%	%	% Per Annum
Indonesia	6.0 to 6.2	6.0 to 6.5	5.8 to 6.2	Around 6
Malaysia	7.2	5.0 to 6.0	5.0 to 5.5	4.5 to 5.0
Philippines	6.2	Around 4.5	4.0 to 5.0	3.5 to 4.5
Singapore	14.5	4.0 to 6.0	3.0 to 6.0	None available **
Thailand	7.0 *	4.0 to 5.0	4.0 to 4.5	4.0
Vietnam	6.7	Around 7%	6.5 to 7.5	6.0 to 8.0
*: Note: Analysts comment that this is a rebound performance generated by exceptional one-off demand for Thai products from the Developed World countries. **: The future growth of Singapore's economy is heavily reliant on the global economic situation, which is highly complex at the moment. Source: ADB, World Bank, national governments and economic analysts				

Trade sources comment that these growth rates will continue to stimulate positive demand at various levels in the consumer market for indulgent products, whether through HORECA (hotel, restaurant and catering) channels; pubs, clubs and bars; or mainstream or specialty retail outlets. The market for high end branded consumer products, including alcoholic drinks, will therefore continue to be underpinned by strong demand.



This briefing was researched at a time of significant economic buoyancy and also high levels of business and consumer confidence. The “good times” are back in much of ASEAN, and this generally means a boom in the consumption of indulgent products, such as alcoholic drinks.

Trade sources advise that the markets covered by this senior management briefing should develop in the following manner over the next 5 years to 2016. These forecasts have been made based on the economic growth scenarios highlighted in table above.

- Malaysia:
  - beer: 2% to 5%, depending on future pricing scenarios in all channels;
  - cider: 5% to 10% from a very low base, but would depend on pricing and the amount of A&P activity to carve out a larger niche;
  - wine: 4% to 6%, depending on future retail pricing scenarios;
  - spirits and liqueurs: 2% to 4%, depending on future pricing scenarios in all channels; and,
- Philippines:
  - beer: 2% to 3% per annum;
  - cider: no forecast available, because the product is unknown in the market and has significant competition from alternative drinks;
  - wine: 8% to 12% per annum; and,
  - spirits and liqueurs: Around 2% per annum; and,
- Singapore:
  - beer: 2% to 4%, depending on economic circumstances and the performance of the tourism sector;
  - cider: 5% to 10% in the short to medium term, driven by heavy A&P spending;
  - wine: 3% to 6%, depending on economic circumstances and the performance of the tourism sector;
  - spirits and liqueurs: Flat growth to 3% for product categories where there is an A&P marketing push; and,
- Thailand:
  - beer: 5% to 7% per annum;
  - cider: No forecast is available from trade sources;
  - wine: 5% to 8% per annum; and,

- spirits and liqueurs: Is a market in decline due to changing demands for alcoholic drinks, although this trend may not have much of an impact on premium and unique spirits that have a high profile in the upper income group markets, e.g. clubs and bars; and,
- Vietnam:
  - beer: 10% to 12% per annum;
  - cider: no forecast available, because the product is unknown in the market and has significant competition from alternative drinks;
  - wine: 8% to 10% per annum; and,
  - spirits and liqueurs: Around 5% per annum.

In view of the scope set out in the introduction, this briefing should not be considered as a detailed market research report. Canadian exporters, producers and their industry associations that identify a potential opportunity in this briefing are advised to conduct more detailed due diligence and studies on their target market to confirm that the opportunity is appropriate for them, their products and their export business development and marketing goals.

Canadian businesses that require more information from in-market sources should contact the Trade Commissioners at the Canadian Embassies and High Commissions in Southeast Asia. The contact details for the Trade Commissioners can be found at the following website page:

<http://www.ats.agr.gc.ca/ase/4739-eng.htm>