

CAN-SEA Agri-Food Update

A quarterly newsletter presented by Canada's agri-food team in South East Asia

This newsletter is available in English & French at the Agri-food Trade Service Website : www.ats.gc.ca



JUNE-SEPTEMBER 2006



AGRI-FOOD NEWS FROM SOUTHEAST ASIA

On behalf of our team of Canadian Agri-Food Trade Commissioners in SE Asia, I am very pleased to introduce this quarterly newsletter highlighting the work of our Team to promote opportunities for a diverse range of Canadian agri-food products. We are committed to finding opportunities for Canadian agri-food businesses in the 8 markets we serve. If you are an export-ready client of Canada's Trade Commissioner Service, please contact any of us for further information on how we can assist you in your export plans for SE Asia.

We look forward to working with you in this dynamic region of the world!

Bruce Howard
Regional Agri-Food Trade Commissioner, SE Asia,
and Team Leader

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UPCOMING TRADE EVENTS IN SOUTH EAST ASIA

NOVEMBER

Malaysia Agriculture, Horticulture and Agrotourism Show 2006 (MAHA 2006) – Nov 21-26

DECEMBER

Vietstock, HCMC Dec 6-8

ASEAN Business and Investment Summit, Waterfront Lahug Hotel, Cebu City Dec 7-10

MARCH

9th International Hotel, Catering Equipment, Food and Drink Exhibition Jakarta Mar 28 – 31

WHAT THE TEAM IS WORKING ON - REGIONAL

Canadian Wheat Board Seminar – HCMC Oct 25, Bangkok October 27. "Viet Nam New Crop Seminar on Canadian Wheat Quality and Availability"

Singapore, Indonesia and Malaysia are partnering with the **Canadian Soybean Export Association (CSEA)** in presenting a series of technical seminars in Asia. Dates : Singapore (Nov 14), Jakarta (Nov 15), Kuala Lumpur (Nov 16).

ASEAN Regional Agri-food Team Planning Session, Makati City Nov 29-Dec 1, 2006.

Food Ingredients Technical Seminars will be held in Manila (Philippines) and Jakarta & Surabaya (Indonesia) March 21-23.

WHAT THE TEAM IS WORKING ON – INDIVIDUAL POST

Singapore is planning a new event called "**Chefs' Table**", working with a local importer to bring in Canadian ingredients and a cooking academy to whip up appetising dishes for top local chefs. After the event, a local importer is expected to import ingredients based on the chefs' recommendations.

Canadian Wines, Beef and Seafood Promotion in Hanoi, in Dec.

Philippine BSE/Meat Inspection/Systems Audit Mission to Canada (AAFC, CFIA and Post initiative) in October.

10th APEC/ATCWG/RDEAB Workshop on Ag Biotechnology, Manila Diamond Hotel, Manila, Metro Manila (with CFIA and Post participation) Nov 5-12, 2006 Philippines.

Re-launch of President's Choice and No Name private labels with Metro Gaisano Supermarkets at Metro Market Market, Bonifacio Global City, Metro Manila (Nov 10, 2006) and Metro Ayala, Cebu City (Nov 14, 2006); and Launching of 350 Canadian products under the "Our Compliments" private label (1.5-2 months promotion).

2-week **Canadian Agri-food Promotion** with the Marco Polo Plaza Hotel, Cebu City Nov 14, 2006.

3-week to 1-month **Canadian Agrifood Promotion** with the Marco Polo Hotel, Davao City, coinciding with entire Embassy's Canada Days in Davao series of activities Nov 16, 2006

Quality
is in our **nature**

RECENT AGRI-FOOD ACTIVITIES

A **Halal Seminar** was held in Brunei on August 8-9, in conjunction with International Halal Products Expo 2006. Three Canadian speakers were invited – Mr Falal Alizzi (ZABIHA Halal), Dr Mohammed Ashraf (Islamic Society of North America) and Mr Pervez Nasim (Canadian Islamic Trust Foundation).

In mid August, Post in Brunei participated in the **Domestic Science Exhibition** organised in conjunction with the Sultan's birthday. At this event, the spouses of the diplomatic corps organised a booth and invited participation from various foreign missions. Post took the opportunity to showcase Canadian Wild Rice and Maple Syrup. There was lots of public interest, including that of Queen and Princesses, in the wild rice. As a follow-up, Post is seeking Canadian suppliers to work the Brunei market.

On September 18, Singapore organised the **CPI Pork Seminar** and the event was well attended by key members of the Meat Traders Association (MTA), who saw Canadian pork as growing in popularity and positioned as a high-end pork product in the market. Senior representatives from the Agri-Food & Veterinary Authority (AVA) also graced the occasion, lending support to the event. AVA has been supporting the efforts of Canadian companies to increase their pork exports, as it is in Singapore's interest to diversify its supply sources. Martin Lavoie, CPI's Assistant Executive Director and member Jeffrey Clarke co-delivered a presentation highlighting the opportunities for Singapore to adopt Canadian pork products. Thereafter, a networking luncheon featuring Canadian pork was served to an appreciative audience. The CPI seminar also addressed the interest of some Singapore pork importers to be part of a pork mission of MTA members and AVA. Post plans to organise a buyers' trip for them to Canada during SIAL Montréal in 2007.

Canada continues to press hard and vigorously with the Indonesian government to **obtain access for Canadian beef and beef products**. At a September bilateral meeting with the Government of Indonesia, Canada learned that new Minister of Agriculture Decrees issued in August may help in the process, and Canada continues to push for the removal of the ban.

On June 20, following the announcement of Thailand opening borders to Canadian beef issued by Agriculture and Agri-food Canada, the Embassy had the Press Release translated into Thai and sent it to general and business media to raise awareness that **the ban on Canadian beef has been lifted**. The Embassy hired people who produce a monthly magazine called "Thailand Restaurant News" to create a one-page leaflet that includes information about the lifting of the ban on Canadian beef in Thailand.

This one-page English and Thai leaflet was included in 20,000 copies (8000 to members including hotels, restaurants, food suppliers, chef association etc. and the other 12,000 to book stores for sale) of their monthly magazine.

On July 25-26, Canada Pork International (CPI) Executive Director Jacques Pomerleau, facilitated by Thailand agri-food Trade Commissioner Surin Thanalerktul, met with Pork Kings, the largest of Thai pork abattoirs and two meat processing plants Vanguard Foods (Thailand) and Betagro Foods to find out more about the rules and practicalities of exporting pork to Thailand, and to determine an approach to gaining wider access for Canadian pork products.

On September 11, the **Canadian Food Exporters Association** (CFEA) in support of the Embassy organised a half-day Canadian Food Ingredients Seminar at the Four Seasons Hotel. This seminar and networking session featured presenters from Bartek Ingredients Inc. and FONA International Canada who spoke on malic acid (Bartek) and taste perceptions (FONA) to about 50 people from the Thailand food processing industry. Bartek, with 20% of the world market for the flavour blending ingredient malic acid, was able to explain the benefits of malic acid in food preparations.

On September 12, Bruce Howard - Counsellor and Trade Commissioner - Regional - ASEAN (Agriculture, Food and Agbiotech), Anderson Blanc and Surin Thanalerktul, Trade Commissioner at Post met with three officials from the Bureau of Disease Control and Veterinary Services at the Department of Livestock Development (DLD) to follow up on the pork export health certificate, **the visit of pork establishments by Thai officials to Canada** and the current anthrax situation in Canada.

September 13-15, the Canadian Food Exporters Association (CFEA) in support of the Embassy exhibited a Canadian booth at **the Food Ingredients Asia Trade Show in Bangkok** where Canadian exhibitors included Bartek Ingredients Inc. and FONA International Canada. Both companies expressed early satisfaction with the number and quality of leads they had obtained from the show.

Canadian officials visited Vietnam AAFC ADM Andrew Marsland & VP CFIA Krista Mountjoy visited Hanoi from July 16 – 18, 2006 to discuss a number of market access issues with the Vietnamese government.

Food and Hotel Vietnam Exhibition (FHV 2006) Presenting a diverse showcase of the latest food and drink products, equipment, technologies and supplies, FHV 2006 answered the sourcing needs of 7,240 buyers over three days from 27 – 29 September 2006. Into its 3rd edition this year, FHV 2006 featured over 180 exhibiting companies from 20 countries and eight country/regional group pavilions. There was total 7,240 visitors to the exhibition.

Vietnamese malting barley mission to Canada A Vietnamese mission of companies in the beer industry went to Canada from June 23 - July 3, 2006 to attend training on Canadian malt & malting barley. The training was successfully conducted by the Canadian International Grain Institute (CIGI) & Canada Malting Barley Technical Centre (CMBTC). It was aimed at raising the Canadian malting & brewing industry profile and included these topics : barley varieties; barley grading, selection and quality control; Canadian grain marketing and its transportation system and run-off demonstration.

Canadian Barley succeeds in Vietnam Parrish & Heimbecker (<http://www.parheim.mb.ca>), a Canadian grain dealer, has successfully signed several million dollar contracts with a Vietnamese malting company, Duong Malt Ltd. to export 25,000 tons of Canadian malting barley to Vietnam from this crop year. Canadian barley has so far been recognized for its high soluble protein, diastatic power and extract level. Duong Malt is currently running a malt plant in Hanoi with its annual capacity of 40,000 tons and its second, bigger plant in Ho Chi Minh city is expected to be in operation by mid 2008.

AGRI-FOOD NEWS FROM THE REGION

RISING MIDDLE CLASS IN ASIA

Summarized from the Nomura research report entitled "Rising Middle Class in Asia" (www.nomura.com/research). The main findings include:

- in 2004, there are 159 million middle-to-upper class consumers in Asia, ex-Japan, but including India and China; this includes children, based on a per capita threshold of US\$3000 (i.e. a family of 4 has a household income of US\$12000)
 - ASEAN-5 has 44.5 million people with per capita household income above US\$3000, about the same as in urban China (43.8 million);
 - numbers of such consumers for individual ASEAN countries are: Thailand 19.9 million; Malaysia 12.6 million and Singapore 3.4 million, Philippines 5.8 million and Indonesia 2.7 million;
- based on a US\$3000 PPP per capita income, the 2004 numbers of such consumers in Asia ex-Japan jumps to 1.4 billion people, or 50% of the population of the region (ex-Japan).
 - ASEAN 5 now has 205.2 million such consumers, based on Thailand 41.5 million, Philippines 45 million, Indonesia 99.1 million, Malaysia 16.1 million and Singapore 3.5 million;
 - China has 668.7 million, and India 473.8 million.
- projections for 2009 are for 407 million such consumers based on US\$3000 per cap (unadjusted for PPP), an increase of 160% the total for 2004.
 - in ASIAN-5 the numbers will rise from 44.5 million to 104 million; Thailand will have 30.5 million, Malaysia 15.5 million, Indonesia 33.1 million (12 times the level in 2004), Philippines 20.8 million and Singapore 3.7 million
 - China will have about 180 million and India 53.3 million (almost 10 times as in 2004)

While one could dispute some of the research methods and estimates, the fact is that middle class incomes are growing very fast in a short time. This will place much demand for consumer services (e.g., insurance) as well as for natural resources and manufactured goods throughout the region. The challenge for Canadian exporters and investors to ASEAN (and the region) is how to take advantage of these growth markets, in the face of strong competition from other trade partners, who are increasingly forging FTA and trade enhancing links with the region.

James Stone
ASEAN Regional Economic Counsellor
High Commission of Canada, Singapore

"NEW WORLD COUNTRIES" WINES FINDING NICHE IN SINGAPORE

Singaporeans are not just drinking more wine but they are consuming more of the bubbly from so-called "New World countries". These include Australia, New Zealand, Chile, Argentina, South Africa, the United States and Canada. Combined imports of wine from these countries last year totalled more than 6.6 million litres - outstripping the 4.3 million litres imported from what has been termed the "Old World". Latest data from IE Singapore show that only five years ago, wine imports of 3.6 million litres from the New World trailed the 3.8 million litres from the Old World. Wine imports from New Zealand led the rise - jumping four-fold, followed by Argentina and Chile. However, with Old World wines being more expensive, the Old World countries continued to lead in the value of wines imported. They chalked up S\$80.5 million last year compared to the New World's S\$70 million. Wine lovers will get to indulge in their passion when vintners come to showcase their wines during the Wine for Asia 2006 exhibition in November. - CNA/de *Source : By Loh Kim Chin, Channel NewsAsia Posted: 22 August 2006 2335 hrs*

THE PHILIPPINES COULD BECOME SINGAPORE'S NEXT SOURCE FOR PORK PRODUCTS

Singaporean government representatives recently inspected export-capable Triple A hog slaughtering houses in Visayas and Mindanao which are certified foot and mouth disease (FMD)-free by the World Health Organization's (WHO) Office International des Epizooties (OIE). Singapore now imports from Indonesia after banning Malaysian pork when its hogs were infected with the nipah virus several years ago. However, Singapore wants to cease importing live animals (its main form of import from Indonesia) since this is costly as the shipment brings along the waste from the live animal transport. Indonesia has inadequacies in its slaughtering facilities, according to a Philippines official, and this is where the Philippines should have an advantage. If Singapore approves pork from the Philippines, the result could be an eventual shake-up of the local pork supply scene as Singapore currently relies mainly on fresh/chilled pork from Australia and Indonesia, and frozen pork from China, South America and Canada. *Adapted from Manila Bulletin (September 2006)*

FOOD INDUSTRY TO BE EXPANDED UNDER IMP3, EMPHASIS ON HALAL FOOD - MALAYSIA

The food processing industry will be expanded and diversified towards making Malaysia a regional food production and distribution hub, with particular emphasis on halal products, under the third Industrial Master Plan (IMP3). The government's objective is to make Malaysia the global halal hub for the production and trade in halal goods and services. It is envisaged that by 2008 Malaysia will be the centre for the production and distribution of halal products and service, the reference on the halal standard and research and development (R&D) base for halal matters. The halal industry covers food, non-food products such as pharmaceuticals and cosmetics, as well as services, including logistics, tourism and marketing. The report said that to expand Malaysia's food processing industry, the government would also upgrade human resource and technology, enhance R&D, undertake the production and export of high-value added and niche products, and adopting quality standards. Three main factors identified to drive the demand for food products are changes in disposable incomes, changes in consumer demand and global trade liberalisation. The report said growth areas that have been identified are convenience foods, functional foods, food ingredients and related support services. The report said that there are several challenges that needed to be addressed in order for Malaysia to become a regional food production and distribution hub, such as insufficient supply of raw material, technology and product development, quality and safety and market access. *Source : Bernama Daily Malaysian News, 18 August 2006.*

AGRI-FOOD NEWS FROM THE REGION

VIETNAM'S DAIRY SECTOR IN DILEMMA PRIOR TO WTO ACCESSION

Vietnam's dairy cow raising industry is now put in a stalemate as many farmers have felt it necessary to curtail finance for their breeding programs in the wake of the country's forthcoming entry into the World Trade Organization (WTO). Although fresh milk which is imported currently has to face an import tariff of 20% plus VAT, once Vietnam becomes a WTO member the import tariff will be reduced by half at least, thereafter making domestically produced fresh milk uncompetitive.

Last year, Vietnam's dairy cow supplied processing factories with 198,000 tons of fresh milk compared with some 470,000 tons worth \$311 million that was imported. Since many of the provincially organized, state sponsored or encouraged programs have or are about to go bankrupt for a variety of reasons, most of the local farmers engaged in the field have either had to accept their losses and switch to alternatives or face even greater debt. Tuyen Quang, one of the 33 provinces and cities nationwide that have been developing dairy cow herds, has recently decided to put an end to its dairy farming program which was prompted in 2002. Local participating farmers have so far born losses of at least \$15 million and are accusing the provincial authorities of bad consideration and short view on anticipated advantages and the economic effectiveness of the originally contemplated scheme.

When the development programs were originally drawn up in 2002, many of the provincial governments, following successes in Ho Chi Minh City and Binh Duong and Long An provinces, encouraged their farmers and local enterprises to buy expensive, imported dairy cows disregarding the long term economic effectiveness or competitiveness of the projects. A majority of farmers then rushed out to buy imported cows at more than \$1,500 each, excluding veterinary medicine and ongoing upkeep costs. Nguyen Dang Vang, head of the country's Livestock Production Department, said at least 10 out of 33 provinces and cities had stopped developing dairy herds out of fear of accumulating yet further financial losses. Vang added that some local governments had also been impetuous in requesting local farmers and enterprises to buy dairy cows since they saw the program as a quick fix to improving the standards of living for many poor local farmers.

According to the agriculture ministry's Institute for Agriculture and Rural Development Strategies and Policies, the country's total current herd of about 106,000 dairy cows is valued at between \$100-160 million, excluding other ancillary and associated costs and expenses that it estimated to amount to an equivalent sum. *Source : Vietnam News, 13 September 2006*

METRO BUILDS SEVENTH STORE

Metro Cash & Carry Vietnam begins work on another Metro wholesale centre in HCMC's district 12, the third one in the city and the seventh one nationwide. The US\$15-million Metro Hiep Phu wholesale centre covers 5.5 ha and will be completed later this year. After six years' operation in Viet Nam, Metro has already set up six centres across the country: two in HCMC, one in Hanoi, one in Can Tho City, one in Da Nang City and one in Hai Phong City. The eight one will be opened in Hanoi next year. The company says Vietnam is one of the main markets of Metro Cash & Carry besides the Eastern Europe market, and is the strong base for the company expand further in the Asian market in the future. *Source: Saigon Times Daily, September 22, 2006*

VISSAN PROCESSES FAST FOOD FOR DOMESTIC MARKET

The Vietnam Meat Processing and Import-Export Corp. (VISSAN), is processing fast food and will introduce this new product in October 2006. Mr. Bui Duy Duc, Director, said: "Unlike fast food in other countries, Vissan's fast food comes with Vietnam's traditional tastes." The company holds a market share of 25% in Ho Chi Minh City's processed food market and 10% of the national market. *Source: Saigon Times Daily, September 18, 2006*

SAIGON CO-OP SET TO EXPAND CONVENIENCE STORE CHAIN

Vietnam's leading supermarket chain operator Saigon Co.op opens nine more Co.op convenience stores in HCMC, bringing to 31 the total in the City. The company has invested VND 30-50 million (US\$2000-5000) in each store. The company expects to get 50 new stores in HCMC this year so that it can increase the figure to 100 late next year. *Source: Saigon Times Daily, August 28, 2006*

SPOTLIGHT ON VIETNAM

Vietnam is one of the fastest growing countries in Asia. GDP in 2005 was 8.4%, with exports increasing by 22% year over year. Several observers liken this continuing growth to that of China beginning in the late 1980s and continuing today.

Tourism continues to increase, registering increases in 2005 of 18.4% over 2004, and reached 3.5 million arrivals in 2005. Tourist arrivals for January and February 2006 were up 15% from year ago levels. Except for 2003, when SARS was a factor, tourism arrivals since 2000 have increased every year from the year previous, from 2.1 million in 2000 to 3.5 million in 2005. There are several new tourist complexes being planned or built to cater to the increased tourist traffic.

With consumer spending in Vietnam growing in leaps and bounds, a new momentum has been created for retailers to penetrate and expand their business into an untapped domestic market. Ho Chi Minh City's food sector not only has to serve its 6-7 million people and its tourism industry, but also needs to prepare sufficient raw materials for the enterprises that process food for export. In addition, the sector has to keep some food in reserve for use during natural disasters or other unpredictable need.

As a result of modernization and the city's development, people are using fewer raw materials to prepare their daily meals and are instead using more packaged ready-to-eat or ready-to-cook food. Food accounts for 50% of the average person's monthly expenditures.

The Vietnamese government is also carrying out major programs to increase food production (like rice, tapioca and corn) and enhance food processing technologies, which will require raw inputs.

AGRI-FOOD NEWS FROM THE REGION

INDONESIA IMPORTS 60 PERCENT OF ITS SOYBEAN CONSUMPTION

According to Mr. Mukhlizar Mulkan, Director of Legumes and Tubers, Ministry of Agriculture, 60% of the two million tons of soybean consumption in Indonesia is imported. Indonesia's soybean consumption has reached an average of two million tonnes per year, meanwhile the local production merely 800,000 tonnes per year. Indonesia spends US\$ 300 millions per year to import soybean.

According to the Indonesian Bureau of Statistic, Indonesia imported 1.1 million tons of soybean in 2005, dropping from 1.2 million tons in 2003.

Indonesia's Soybean Imports, 2003-2005

Year	Volume (ton)	Value (US\$'000)
2003	1,192,717	330,000
2004	1,115,792	416,930
2005	1,086,178	308,009

In 2005, United States was the biggest soybean supplier to Indonesia, followed by Argentina, Canada, Switzerland, Malaysia, Myanmar, etc.

Indonesia's Soybean Imports in 2005

Country of Origin	Volume (ton)	Value (US\$'000)
United States	898,223	255,696
Argentina	144,499	39,838
Canada	28,038	7,719

Mr. Mulkan also added that the Ministry of Agriculture projected that Indonesia will be a soybean self-sufficient country in 2010. To boost soybean production, the Ministry will need to focus on several matters such as, improving the price of soybean in the market, improving the technology application to have better seedlings, using bio-fertilizer, integrated pest control, and improving the pre and post harvests.

With regard to the expansion of soybean plantations, Mr. Mulkan said that the Ministry plans to carry out three programs: growth centre, partnership, and business development. These programs will basically provide security to production and marketing. The Ministry is expecting to see the result by 2007 with an increase of soybean plantations to two million hectares. *Source: Indocommercial No. 372, 25 August 2006*

ALASKA MILK CORP TO BUILD NEW PLANT

Publicly-listed Alaska Milk Corp., one of the two major milk processors in the country, is investing in a completely new milk manufacturing plant at a cost of Php 675 million (C\$15.3 million). Based on its application with the Philippine Board of Investments, Alaska Milk will install a new line which will include, among others, a recombinant milk processing plant, a spray drying plant, and filling/packaging equipment. It already has an existing milk processing facility in San Pedro, Laguna. The new manufacturing line will have a rated capacity of about 1.2 million cases per year or almost 12,000 metric tons of powdered filled milk. Alaska Milk's raw material inputs are about 72 percent imported, and its main raw material is skimmed milk powder. This presents excellent export opportunities for Canadian dairy product suppliers. *Source: Business Bulletin, 12 Sep 2006*

DA PLANS TO ESTABLISH PHP 150 MIL BIOTECH LABORATORY

The Department of Agriculture (DA) is putting up a Php 150-million (C\$3.4 million) biotechnology incubator laboratory that will upgrade startup enterprises into small but commercially viable ventures. This will enable the Philippines to ship out natural ingredient-based plant extracts. The economically cost-effective business incubator center is harnessing the Philippines' abundant supply of indigenous plants which are natural ingredients for semi-processed products that are also raw materials for other high-valued, exportable products. A particularly prospective product is the extract from the indigenous *olasiman* which is known to contain omega 3 fatty acids rich in proteins that were once known only to be found in fish oil. A combination of private sector and government counterpart funding is eyed for the incubation center. The government is running after the October season of *anato*, more popularly known as the *achuete*, for the opening of the laboratory since the natural coloring ingredient has become an "in" substance. This is in light of evidences of its being food-safe and a non-carcinogenic dye that will substitute synthetic food colorings that are harmful to human health. It is estimated that products using natural ingredients have a huge \$6 million market in the United States, Japan, Europe, South Korea, and other countries particularly for pharmaceutical uses alone. Amid a gamut of business opportunities in biotechnology, the incubation center will zero in on the production of plant extracts that have wide applications in food, pharmaceuticals, cosmetics, and industries. Among the natural ingredients sources are *saluyot*, *malunggay*, *banaba*, and *sambong*. This development presents opportunities for technical cooperation and potential joint venture commercialization prospects with Canadian biotech firms and R&D centers. *Source: Manila Bulletin, 17 September 2006*

NESTLE PICKS MALAYSIA AS HALAL HUB

Nestle has chosen Malaysia as its global halal food production centre to meet the growing demand for such products. More than 30% of Nestle (Malaysia) exports are for the Middle East. A large portion of exports are for the Indonesian market while Singapore and the Philippines, with substantial numbers of Muslims, are also important markets. The company is in a position to meet the demand for halal food, which will rise in line with the growing global Muslim population of two billion. Nestle aim to develop Malaysia as the halal hub and a culinary competence centre while countries such as Thailand and Indonesia are strategic regional suppliers of liquid milks, the Philippines of milk powder and breakfast cereals and Singapore of malt extract. Malaysia is in Nestle's Asia-Oceania-Africa Zone, the regional supplier of Kit Kat, Smarties, Milo and cereals. On average, 70% of Nestle's products for the Malaysian market are manufactured locally while 30% are imported. *Source: The Edge Financial Daily, 21 August 2006*

AGRI-FOOD NEWS FROM THE REGION

CANADIAN FIRMS CAN PARTAKE IN MALAYSIA'S FAST-GROWING HALAL INDUSTRY

With a major portion of their nation's farm income derived from livestock, Canadian firms can form joint ventures to develop Malaysia's fast-growing halal food industry, says Datuk Seri Rafidah Aziz. The Minister of International Trade and Industry told some 300 participants at a seminar here that with Malaysia poised to be halal hub, "it will be good if we can source some raw materials we do not have from Canada." She said "raw materials from Canada can be used to produce halal products and certify them as halal by using our standards and then market it globally from Malaysia." Australia and New Zealand were two main suppliers of halal beef for Malaysia. Besides being a promoted sector in Malaysia, there was a huge market for halal products globally, she said. Malaysia's potential as a halal hub was primarily due to it being a Muslim country while the country has been the front runner in promoting the halal sector by incorporating domestic and international Halal Standards as well as producing Halal products by using various technologies. She said this when responding to a question on Malaysia's competitive position in becoming a halal hub and on the upcoming World Halal Forum in Kuala Lumpur at a seminar on "Business Opportunities in Malaysia," Thursday.

Rafidah is leading a trade and investment mission to Canada comprising 49 representatives from the private sector, MITI, Malaysia Industrial Development Authority, Malaysia External Trade Development Corp, the state governments of Penang, Perak, Kedah, Sabah and Selangor as well as Multimedia Development Corp Malaysia. She said the department of Islamic Development Malaysia (JAKIM) has been authorised to produce the halal logo and give it a global recognition.

JAKIM has set the necessary Halal standards that need to be followed by halal food and services providers. The United Nations has accepted the certification by JAKIM for halal products. "We are now in the process of getting other agencies aboard, such as from Canada and if possible an Islamic Authority from here that can help to become a correspondent certification authority later on for some products that we source from Canada," she said. Currently, Malaysia is marketing its halal standards globally, especially to Organisation of Islamic Conference (OIC) countries, she said.

The upcoming World Halal Forum aims to bring together people who produce and supply products and services that are halal and also exchange ideas on ways to market halal products. Industry estimates put the global halal market at between half-a-trillion to US\$2.5 trillion annually.

Rafidah also explained that the process of producing Halal products does not stop at slaughtering livestock according to Islamic procedures but includes hygienic practices and products used in the process of producing the goods and services. The minister said investments in the halal sector, especially in the Eastern Corridor in states like Kelantan, Terengganu, Northern Johor, Pahang, Sabah and Sarawak would enjoy more tax holidays compared with other states in the country. "The value of tax incentives in the Eastern Corridor is higher than elsewhere as we like to divert some of our manufacturing to less developed states, away from the central regions of Malaysia to enable them to benefit from the country's industrialisation. "We encourage investors to go there. If you get 70 percent tax exemption here (in the central region), then its 100 percent there (in the Eastern Corridor)," she said.

Source : *Bernama Daily Malaysian News, 5 May 2006*

REPORT - Food and Hotel Asia 2006, April 25-28, Singapore

FHA attracts food and beverage buyers from across Asia and is considered a gateway into the markets of these countries. In 2006, 36,658 visitors from the trade from all areas of the world attended the Show. This compares favourably with the attendance from other years.

FHA was a resounding success with all 7 Canadian exhibitors reporting strong and highly qualified business leads to follow up. The Canadian Pavilion was very prominent, attracting a lot of attention with its new Brand Canada look. SE Asia Trade Commissioners were very active in introducing their buyers to our companies. At least 3 Canadian firms exhibited elsewhere in the Show and at least 2 others were "walking the Show". A record number of exhibitors, and probably visitors, proved that FHA is the show to be in Asia.

Printed materials handed out at FHA included an excellent show brochure and Brand Canada bag, a reprint of a Feb/March 2006 magazine featuring 22 Canadian food manufacturers and institutions emphasizing science, technology and innovation in our food sector, a reprint of an article in March 2006 issue of Wine and Dine magazine featuring Canadian seafood and wine, and a Directory of Canadian Seafood suppliers. We purchased space in each of the Show Dailies (Show newspaper) to highlight Canadian products, and this included an editorial write-up.

Exhibitors completed evaluation forms and all commented favourably on the show, the Canadian presence and the leads generated.

Agri-food Trade Commissioners and Trade Commissioner Assistants from the eight countries in SE Asia [Brunei, Cambodia, Indonesia, Malaysia (2), Philippines (2), Singapore (3), Thailand, and Vietnam (2)] attended and were key to introducing Canadian companies to potential buyers they might not otherwise have met.



FOOD AND HOTEL ASIA 2008 - RECRUITMENT

It is not too early to start thinking about your participation in the FHA2008. Stay tuned to this newsletter for details as to how your export marketing efforts to SE Asia can be enhanced as part of the federally-sponsored Canadian Pavilion. Canadian companies had this to say about FHA2006:

"(Name withheld at company request) has exhibited at the Singapore Foods show since 1998 and we have seen the Canadian booth improve each and every year. Thank you very much for organizing one of the most successful Singapore shows on record. The welcome kits, the Canada booklets and the advertising in the show dailies certainly helped present a very positive image for Canada and the exhibitors. It is too early to say with certainty, **but I am confident that (we) will return in 2008.**"

"Food and Hotel Asia is one of the premier food shows in the world and provides broad Asian regional exposure. It provides an excellent opportunity to meet with key Asian food buyers from countries such as India, Vietnam, Singapore, Malaysia, the Philippines, Taiwan, Hong Kong, China and Korea. The quality of the visitors is at the highest level. The organization of the show is superb. I would recommend this show as an excellent opportunity to introduce Canadian food products not just in Singapore but throughout Asia in one single event. **The show is in same class as Anuga or Sial.**"

"It was very much my, and CanGro's pleasure to be part of the Canadian presence at the FHA Show last month. **I received many leads to follow;** and I gained some very good insights into a wide range of markets, suppliers, and products that we would never be exposed to over here. This was a MUCH better show than 2004 for volume, variety, and quality of international Buyers ... this might be a function of improved economies over there.

And finally, I would comment that your team did a FANTASTIC job with organizing everything, and being on hand to help all the time. And the Pavilion was much, much improved ...all in all, **a great improvement over the last few shows.**"