

Market Profile: Southeast Asia

Market Overview

The Association of Southeast Asian Nations or “ASEAN” comprises 10 countries—namely, Brunei, Cambodia, Indonesia, Laos, Malaysia, Burma, the Philippines, Singapore, Thailand, and Vietnam. Across all nations of ASEAN, there is a population of over 622 million people. The region has one of the largest economies in the world, and it is believed that by 2050, it will have the fourth largest economy in the world. It also has one of the world’s largest labor forces, falling only behind India and China. The entire region stretches across more than 1.7 million square miles.

Focus Economics reports regional growth should accelerate in 2024 from last year’s projection, boosted by lower interest rates, cooling inflation, and recovering exports. However, China’s sluggish recovery and the El Niño weather phenomenon will weigh on economic growth across ASEAN. A protracted downturn in the global electronics sector and extreme weather conditions pose downside risks. Euromonitor International, a market research provider, reports that real Gross Domestic Product (GDP) will be 4.2% in 2023 and grow to 4.7% in 2024.

Focus Economics also reported that in October 2023, ASEAN inflation waned to 2.9% (August 2023: 3.2%) on sustained disinflation in all economies except for the Philippines, Singapore, and Vietnam. Available data suggests price pressures cooled further in October 2023. In 2024, average inflation should ease from 2023 on a base effect and cooling commodity prices.

The Southeast Asian region remains the third largest market for U.S. processed food exports in 2023. The total was US\$4.4 billion, and a decline of 13% from that of 2022. That is a loss of nearly US\$660 million to the region, which has an effect on the U.S. trade deficit in food and agricultural products. Key markets such as Singapore, Malaysia, Indonesia, and Thailand had dropped anywhere from 20% to 30% in 2023, which is very unusual to see, even during the global pandemic. Most of those aggregates have declined in double-digit numbers. Markets assessments for U.S. exports of processed food are included here for Indonesia, Philippines, Singapore, Thailand, and Vietnam.

Top 2023 U.S. processed food exports to Southeast Asia included:

- Food Preparations & Ingredients – up 13%.
- Processed/Prepared Dairy Products – down 34%.
- Processed Vegetables & Pulses – down 19%.
- Chocolate & Confectionery – even.
- Non-alcoholic Beverages – up 12%.
- Fats & Oils – down 52%.
- Syrups & Sweeteners – down 15%.
- Snack Foods – down 10%.

Retail Sector Highlights:

Euromonitor has estimated the retail sales value of packaged foods in Southeast Asia at US\$109.9 billion in 2023. This represents an increase of 36.1% or US\$28.9 billion since 2019. Euromonitor also forecasts the packaged food retail sales to reach US\$163.5 billion by 2028, an increase of 38.9% or US\$45.8 billion from 2024.

High growth products in the forecast include:

- Cheese
- Pet Food
- Sweet Spreads
- Ready Meals
- Sweet Biscuits, Snack Bars and Fruit Snacks
- Processed Meat & Seafood & Alternatives to Meat
- Dairy (Ex. Cheese)
- Rice, Pasta & Noodles