



Commercial Strategy

FT NAPP

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Objectives:

The primary objective of this Document is to propose a Business Plan and a Go to Market Strategy for establishing and/or growing the Commercial Footprint of Fairtrade Certified Products in the South East Asia and the Middle East along with strengthening the Commercial flows between NAPP and the Global North.

Assumptions:

1. The geographic scope of this analysis covers South East Asia and the Middle East as End Markets with a focus on Singapore, United Arab Emirates (UAE), Malaysia, Thailand. These markets have chosen as focus markets based on key indicators like:
 - a. Per Capita Income
 - b. Private Expenditure
 - c. Consumer Behaviour
 - d. Consumer Familiarity with Sustainability
 - e. Government's Sustainability Agenda
 - f. Product Flows (Local Production vs Import Dependence)
 - g. Retail Footprint and Dynamics
 - h. Market dynamics of Organic Products
 - i. Existence of FT Products and Brands
2. This report assume that all Product categories will be available to the commercial team while they make an effort to create demand/bolster supply and thereby work towards their targets.
3. While the Key objective is to grow the South to South Commercial Activities, this report assumes that Products from the Global North can also be used a stepping stone to achieve certain key objectives that will be defined in the report, thereby leading to a wider acceptance of Products from the Global South.



Target Market Analysis:

Demographics

| Country | Total (mn) | Expats (mn) | Expats (%) | Westeners(mn) | Westeners (%) |
|-----------|------------|-------------|------------|---------------|---------------|
| Singapore | 5.80 | 1.74 | 30.00 | 0.12 | 2.07 |
| UAE | 10.03 | 9.00 | 89.73 | 0.51 | 5.08 |
| Malaysia | 34.00 | 0.25 | 0.74 | 0.08 | 0.24 |
| Thailand | 70.00 | 3.50 | 5.00 | 1.21 | 1.73 |
| Total | 119.83 | 14.49 | 12.09 | 1.92 | 1.60 |

Our Focus countries have a total population of a 120 million with 15mn Expats (who are more likely to have significantly better disposable incomes and thereby more spending power). There are nearly 2 million Westerners in our target market, who are defined as being originally from the Americas, Europe, Australia and New Zealand and are more likely to be familiar with Fairtrade as a concept.

Singapore and Thailand have an ageing population with a median age of 36-38 years while Malaysia and the UAE have a relatively younger population with a median age of 30 years.

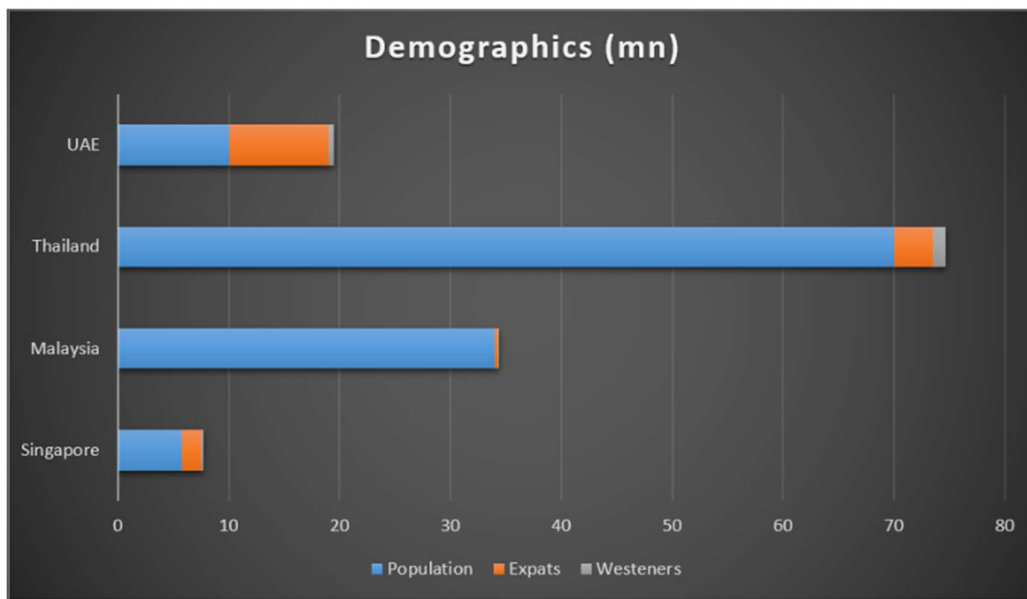


Fig 1: Comparison of Population and its break up into Expats/Westeners

Comparing GDP and other indicators:

| Country | GDP (bn US\$) | Real Growth % | PCE (bn US\$) | PCI (US\$) | PCI (US\$, PPP) | Cost of Living |
|-----------|---------------|---------------|---------------|------------|-----------------|----------------|
| Singapore | 467 | 3.60 | 143 | 68,000 | 127,607 | 114% |
| UAE | 508 | 7.90 | 152 | 72,000 | 88,489 | 70% |
| Malaysia | 407 | 8.70 | 62 | 25,000 | 20,679 | 23% |
| Thailand | 495 | 2.60 | 75 | 21,000 | 33,525 | -29% |

Singapore – Market Overview

Singapore is a High income, Highly Developed Economy which plays the role of a Trade and financial hub for South East Asia.

While the population is small at 5.8million people, the country boasts a significantly high population density of 5,453 people per square kilometre.

While over 70% of Singapore’s GDP is contributed by the services sector, the manufacturing sector contributes only 25% to the mix.

Key Attributes:

GDP: 467bn USD (2022) with a Per Capita Income, PPP of USD 128k,

Private Consumption Expenditure: USD 143bn (30.4% of GDP)

Wholesale Trade: USD 88bn

Retail Trade: USD 6bn

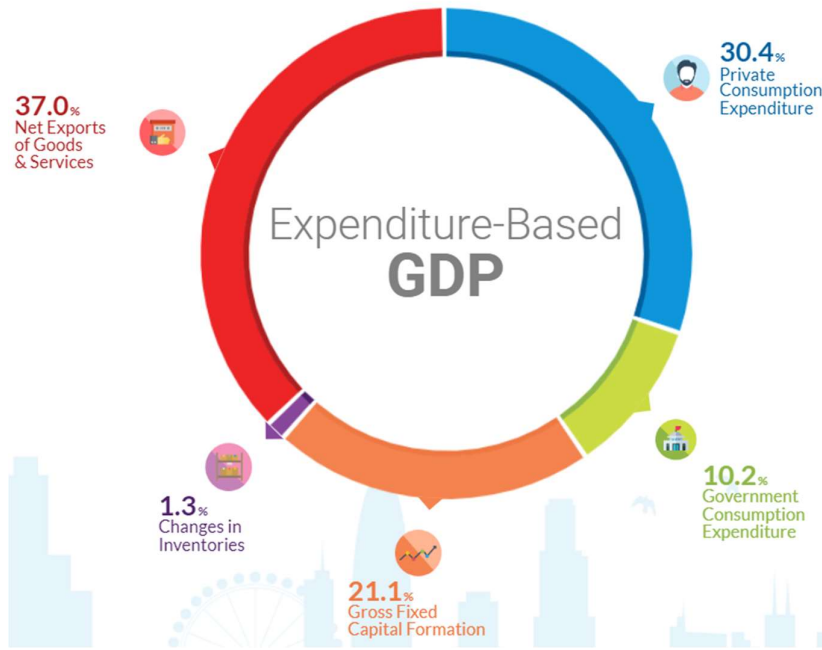
Food and Beverages: USD 5bn

Ecommerce: USD 6bn

With an internet penetration rate of 98% and the highest ecommerce basket size across SEA (USD 67.40), the Government forecasts a growth to 10bn USD by 2026.



Breaking up the GDP based on Expenditure, the role of Private Consumption Expenditure is seen to be a significant contributor to the economy and its growth.



With a positive balance of payment of 39.38bn USD, the country runs up a large trading bill of 1.37tn SGD (0.99bn USD) but remains heavily import dependent for most products that are consumed in the Food, Beverage, Grocery and Personal Care Segments.



SWOT Analysis of the Singapore Consumer Market

Strengths

- Centre of SEA Activity
- Large Consumer Spending Base - Expats
- High PCI - High Education levels
- Appreciating Currency
- Organizations like ESG/SBF
- Existence of Fair Trade Stores/Brands
- Highly Urbanized (100%)

Weaknesses

- Low tendency to buy certified products
- Low Knowledge of FT
- Negligible Local Supply Base
- High Cost Structures
- Most retailers treat sustainability as a PR tool - no action
- Brand Disloyalty

Opportunities

- Established Retailers - Sustainability
- Strong Trading Base - FSI
- Social Media Penetration is High
- Follows the West (Consumers)
- Import dependent (Diverse Base)
- Government sustainability agenda is Production focused
- Coffee, Cocoa, Tea, Bananas, MNS, Wine, Cosmetics, Cotton
- Popsups- - Organic & Farmers Markets
- Brands like B&J, M&S, Cafe Direct, Tony's

Threats

- Significant Entry Barriers - Listing Prices
- Grants need local ownership (30%)
- Inflation (4.9%)
- High Cost of Living (114% above global average)
- Back to Back Rise in GST



Consumers in Singapore

As per KPMG, The pandemic altered the way Singapore consumers interact with brands — moving to a mix of face-to-face interactions and digital touchpoints.

This has given rise to three key customer personality types:

The experience seeker

Singapore customers are driven by experiential simulation.

Brands will need to cultivate new and unique experiences to keep them captivated and attracted, especially at physical touchpoints.

Brands can leverage this opportunity to differentiate their online and offline experiences, moving away from the traditional one-track approach of simply offering products and services available on both channels.

The cautious customer

The effects of rising inflation are rippling across the globe, and the Singapore consumer is not immune.

Higher costs of living are dampening consumer purchasing power and buying intent. Geopolitical events have also placed upward pressure on global gas and oil prices, directly impacting Singapore businesses and consumers in the form of higher energy tariffs. Rent, labour and utility have increased in step. And the impending goods and services (GST) hike to 8% in 2023 and 9% in 2024 will likely do little to fuel buying intent.

Against this backdrop of cautious buying and brand-switching, more organisations here are focusing on branding and partnerships to increase rewards incentives and improve loyalty programs.

The wellness-focused

In the wake of the pandemic, Singapore consumers are placing greater importance on personal wellness — be it physical, emotional or mental. Google searches for “mental health” doubled in Singapore in 2022 from the previous year.

With self-care a key focus, consumers are increasingly re-evaluating their relationship with brands through the lens of low effort, wellness and enabling a healthier lifestyle. Frictionless experiences — shorter purchase journeys, seamless return and refund policies — are no longer enough.

Brands have seized on this wellness opportunity. They are looking to integrate aspects of personal wellness in their customer proposition, even if they are not in the business of wellness.

The Singapore Consumer and Sustainability



.....
 said they care about the environment.



.....
 said carbon emissions and climate change are their top concerns.



.....
 identify as “eco-warriors”, consumers who make all/most purchasing and lifestyle decisions based on sustainability.*

As per a Survey conducted by WWF/Accenture in 2021, most consumers associate sustainability with waste reduction and long-term usability of products, and believe greater sustainability is necessary for future economic growth.

The study showed that consumers want more avenues that enable a circular economy, by ensuring longer product use, second-life and reuse of products. This includes better packaging design and recycling of waste.

Consumers also have a trust issue with many businesses, compounded by the difficulty in verifying claims made by them.



find companies' sustainability claims confusing.



want to be able to verify claims easily.



do not trust businesses' sustainability claims.

Key Takeaways



want to behave more sustainably, but worry they lack avenues and options to do so.



ranked the government as their most trusted information source.



picked news and online articles as their top channels for information.



look for logos, symbols and labels to find sustainability information.



would buy more sustainable products if they had more information about their purchases' impact on sustainability.



feel their actions have no significant impact on the overall state of sustainability.

CONSUMERS WANT BETTER ACCESS AND VARIETY



said they do not have enough variety of sustainable options to choose from.



highlighted easy availability as a top three factor that would spur them to buy more sustainable products.



expect sustainable alternatives to be of better quality.

COVID-19 HAS SPED UP INDUSTRIES' SUSTAINABILITY EFFORTS IN:



WASTE

With more deliveries and staycations, sectors from food and beverage to hospitality are calling out the rise in waste and are taking steps to stem it.



EMISSIONS

Disrupted sectors such as aviation and transport are seeing the pandemic as a reset opportunity to implement carbon reduction efforts.



SUPPLY CHAIN

Supply chain interruptions are training a spotlight on suppliers, with calls for businesses to examine their sustainability footprint across their entire value chain.



COMMUNITY

The outbreak has focused attention on sustainability's social dimensions too, such as the need for inclusion, reskilling and upskilling in the workforce.

CONSUMERS WANT BETTER VALUE



want incentives such as rewards points or tax relief to buy sustainable products.



selected 'poor value' as the top factor for not opting for sustainable alternatives.



are willing to pay up to 10 percent more for sustainable alternatives.

Singapore’s sustainability agenda was set in 2020 and is termed Green Plan 2030, it charts ambitious and concrete targets over the next 10 years, strengthening Singapore’s commitments under the UN’s 2030 Sustainable Development Agenda and Paris Agreement, and positioning us to achieve our long-term net zero emissions aspiration by 2050.

2030 targets (Relevant to our objective):

- Build the capability and capacity of our agri-food industry to produce 30% of Singapore’s nutritional needs locally and sustainably



Businesses have a unique opportunity to tap unmet consumer demand for sustainability, build brand equity, and lower costs in the long run.

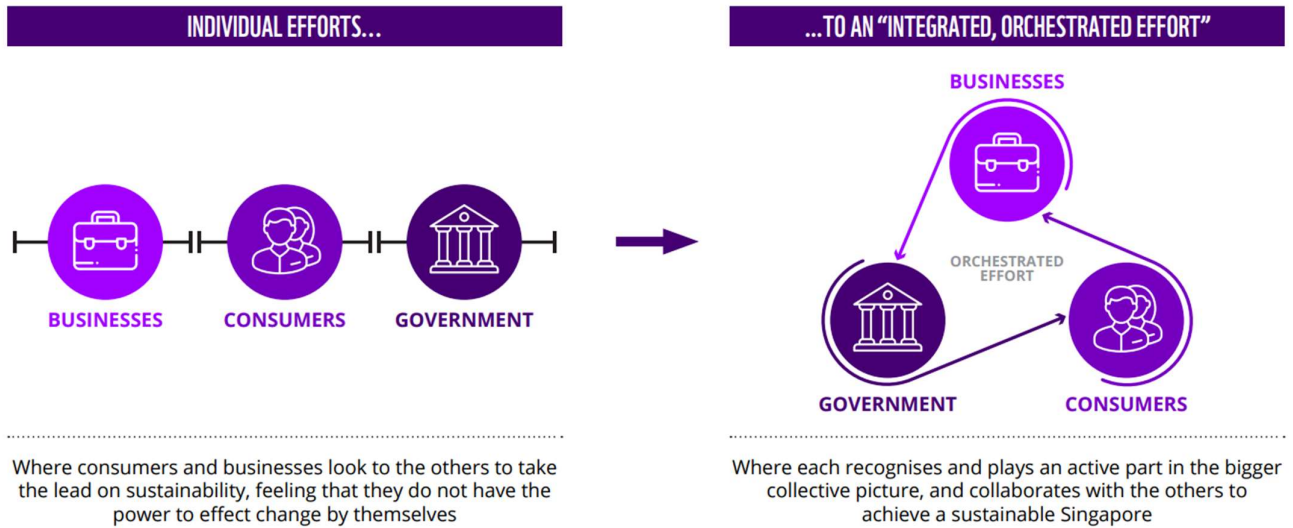


The Singapore consumer is empowered to lead a more sustainable and healthier life, and secure a good future for generations to come.



With its large trust quotient, the government can further Singapore’s national sustainability ambition while positioning the nation as a regional and global exemplar.

Moving forward, businesses, consumers and the government need to transition from:



While the Singaporean consumer’s understanding of sustainability is skewed towards a greener environment and recycling, it translates to their money being spent more on goods that are packaged sustainably (as per Redmart, the leading online grocer in Singapore) and also on Goods and Products that can be re-used and contribute to a circular economy (Sustainable clothing, toys, books etc).

There exists a large gap in terms of the general alignment to FT’s sustainability goals which are more towards creating healthier livelihoods and more streamlines supply chains thereby conserving value.



Retail in Singapore

The Retail Industry in Singapore is valued at USD 19bn (2023) with approximately 800 Food, Beverage and Grocery Retail Outlets with a revenue break up as follows:

Non Grocery Physical Retail: USD 6bn

Grocery Physical Retail: USD 7bn (Includes Food and Beverage 5bn USD)

Ecommerce (all): USD 6bn (Includes 3bn USD of Grocery).

While the retail industry grew at 5% in 2021 (over 2020), it posted a growth of 8.8% in 2022 (over 2021) and is projected to grow at 5-6% yoy until 2025 (Euromonitor).

The Food and Beverage Retail Sector grew at 41% in 2021 (over 2020) and posted a growth of 31% in 2022 (over 2021). It is projected to grow at 5% yoy until 2025 (Euromonitor)

Supermarkets and Hypermarkets shrunk by 9% in 2021 (over 2020) and shrunk further by 6% in 2022 (over 2021). Minimarts and Convenience stores, which are ridden by 10-15% higher price points saw a fall in their revenues by 5% in 2021 (over 2020) and another further fall by 7% in 2022 (over 2021).

A simple reason is the superlative growth of the Ecommerce segment during and after Covid19 – which forced most brick and mortar retailers to offer their existing product ranges via Ecommerce channels.

The Food and Beverage revenue via Ecommerce in Singapore is valued at 293mn USD and is projected to double by 2030, while Ecommerce in Singapore in general is projected to grow to 10bn USD by 2026 (as against USD 6bn in 2022).

A major point to note is that Singapore’s 3mn Ecommerce shoppers tend to take their shopping online for Products that are 200 SGD (151 USD) and more in value (Electronics, Furniture, Luxury Products).

Top 10 Companies within Retailing in Singapore

| Global Brand Owner | Rank 2019 | 2018 acts (US\$ Million) | 2019 acts (US\$ Million) |
|---------------------------------------|--|--------------------------|--------------------------|
| NTUC FairPrice Co-operative Pte Ltd | 1 ◆ | 1,891 | 1,935 |
| Dairy Farm International Holdings Ltd | 2 ◆ | 1,240 | 1,141 |
| Sheng Siong Group Ltd | 3 ◆ | 639 | 680 |
| Takashimaya Co Ltd | 4 ◆ | 493 | 478 |
| Giosis Group | 5 ◆ | 469 | 449 |
| Alibaba Group Holding Ltd | 6 ◆ | 401 | 430 |
| Seven & I Holdings Co Ltd | 7 ◆ | 340 | 334 |
| Mustafa Holdings Pte Ltd | 8 ▲ | 318 | 312 |
| AS Watson Group | 9 ▲ | 294 | 299 |
| Courts Asia Ltd | 10 ▼ | 339 | 298 |

▲ Improvement ◆ No Change ▼ Worsened

Source: Euromonitor International

For Grocery/Personal Care/Clothing Products, then tendency is to go online to find cheaper deals and take advantage of arbitrage among the various online platforms and that between online and offline channels. While Singaporean consumers are no more brand loyal for our segment of goods, they tend to shop online for familiar products when it comes to the personal consumption segment.



It has also been noticed by Redmart, that the tendency to adopt new brands is more in the offline segment and once adopted the buying pattern shifts online.

“Despite physical retail stores not performing well, many e-commerce players are taking their business offline too to maintain their growth. Ultimately, Singaporean consumers still prefer to see and feel items before buying and having a physical store allows consumers to do just that,” Euromonitor stated.

Organic Market in Singapore

Singapore’s Organic Market grows at 4.4% yoy (Market Size pending).

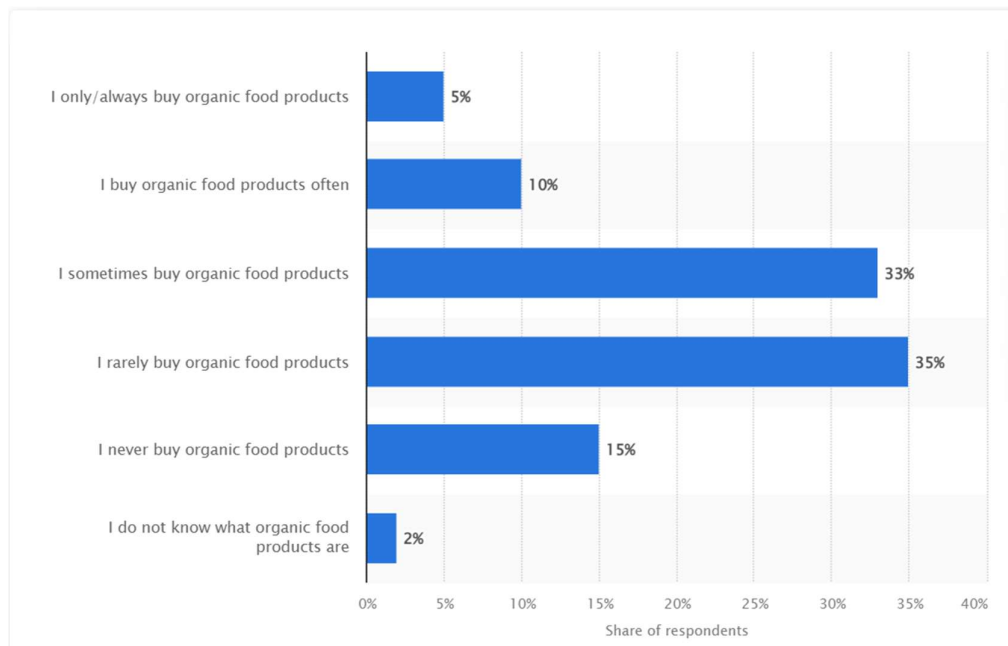
There is a growing interest in Organic products and 65% of the population claims to have purchased organic products across various segments. The growth is primarily driven by the high disposable income and the increasing awareness of health, wellness and food safety.

Organic products are mostly imported from Western countries and major supermarkets have set up dedicated sections for Organic produce. There exist specialty stores which cater exclusively to demand for organic products.

Customers however are mostly found untrustworthy of the organic food offering and also tag organic products as generally more expensive due to the costs of certification, the rising costs of importation and other generally higher price points for organic produce.

There is a growing interest in local organic farming (vertical) under the 30 by 30 initiative and there are sporadic but unconcerted initiatives (mostly by brands) to educate and sensitize consumers on the concepts of organic produce.

Ecommerce is seen as a driver for organic produce but consumers still prefer experiential interaction at Organic Markets, Farmer Markets and Retail stores.





Coffee Market in Singapore

Singapore has been facing an explosion of Coffee Consumption and Trading on account of the general liking of the beverage. The country consumes 15,000MTS of Coffee per annum (@ 2.6kg per capita as against 1.01kg of Tea per capita) and this is projected to grow at 3.2% CAGR (2022-2027).

Consumers prefer consuming the drink, but also have the knack of purchasing beans, ground coffee and pods due to the growing personal coffee machine culture.

In 2021, Singapore exported \$33.9M in Coffee, making it the 53rd largest exporter of Coffee in the world. At the same year, Coffee was the 372nd most exported product in Singapore. The main destination of Coffee exports from Singapore are: United States (\$12.6M), Malaysia (\$6M), Israel (\$2.81M), Philippines (\$1.76M), and Hong Kong (\$1.6M).

In 2021, Singapore imported \$65.5M in Coffee, becoming the 61st largest importer of Coffee in the world. At the same year, Coffee was the 379th most imported product in Singapore. Singapore imports Coffee primarily from: Switzerland (\$12.3M), Indonesia (\$10.3M), United States (\$9.89M), Malaysia (\$6.52M), and Brazil (\$3.11M).

Drivers:

- Exponential retail growth and volume growth for coffee, which includes fresh coffee beans right through to quality coffee pods.
- Certified coffee has also seen higher demand in recent years due to the growing environmental and ethical awareness among consumers.
- People are getting more particular about the types of beans used, roast levels and brewing methods.
- Growth of specialist coffee venues and chains that sell coffee as an ingredient apart from selling it as a drink.

Barriers

- Certification costs remain rather high for small-scale coffee grower group
- Overall coffee market- An increased awareness of health, including concerns over the impact of caffeine on sleep
- Low awareness about certified beans even amongst socially conscious customers
- The main purchase drivers for coffee remain familiarity and indulgence. Therefore, it is not surprising that consumers hold reservations towards sustainable coffee

Trends/ Consumer Sentiments

- Both small and large businesses appreciate the benefits of embracing sustainability, says UOB's Business Outlook Study 2023.
 - Conducted between December and January, UOB surveyed 823 companies in Singapore to gather sentiments on adopting sustainability practices. Here are some key findings.
 - 33% of businesses give back to the community as one of their sustainable practices
 - Over 1 in 3 businesses say sustainability practices help them attract and retain talent, and nearly 4 in 10 have incorporated employee welfare in their practices



- > 70% of businesses in the consumer goods and hospitality sectors have made net zero commitments

- Nearly half (45%) of Singaporean consumers would never buy from a brand again if it was accused of working with unethical suppliers, according to a survey by OpenText.
 - Findings also highlight that the pandemic has made consumers more mindful of the impact of their purchases, with 89% planning to prioritise buying from companies that make it clear they have ethical sourcing strategies in place.
 - Consumers place such value on buying from ethical brands that 87% of Singaporeans are willing to pay more if they can be sure a product has been ethically sourced or produced. Over a third (36%) are willing to spend between 25% and 50% more for that product.

United Arab Emirates (UAE) - Market Overview

Singapore is a High income, Relatively Highly Developed Oil Economy which plays the role of a Trade and financial hub for the Middle East and Africa. The economy focuses on Technology and Tourism as new areas of growth.

While the population is small at 10.03million people, the country has a population density of 132 people per square kilometre. The Country has an urbanization rate of 86%.

While over 30% of the UAE’s GDP is contributed by oil, the manufacturing sector contributes only 13% to the mix and tourism 9%.

Key Attributes:

GDP: 508bn USD (2022) with a PCI PPP of 89k USD.

Private Consumption Expenditure: USD 152 bn(30% of GDP)

Retail Trade: USD 84bn (Grocery Retail: USD 27bn)

Wholesale Trade: USD 34bn

Food and Beverages: USD 38bn

Ecommerce: USD 5.8bn (10% contribution of Food, Beverage and Grocery and growing at 25% yoy)

With an internet penetration rate of 100%, the Ecommerce sector is poised to grow at 4-5% till 2027.



10 Top Consumer-Oriented Products Imports

| | |
|----------------------------|---------------|
| Dairy | \$1.5 billion |
| Food preparations | \$830 million |
| Fresh fruit | \$634 million |
| Poultry meat & products | \$572 million |
| Tree nuts | \$550 million |
| Beef & beef products | \$530 million |
| Chocolate & cocoa products | \$456 million |
| Fresh vegetables | \$400 million |
| Meat products (NESOI) | \$446 million |
| Wine & beer | \$520 million |



SWOT - UAE

Strengths

- Centre of ME Activity
- High PCI - High Spend
- Large Consumer Spending Base - Expats
- Stable Currency
- Organic Revolution - Healthy CAGR (6%) - Several organic farms
- Highly Urbanized
- Fairtrade Shops/Ethical Coffee Chains
- Entry point for brands in ME

Weaknesses

- Low tendency to buy certified products
- Low Knowledge of FT
- High Cost Structures
- Organic offering is online (78%)

Opportunities

- Established Retailers - Sustainability Agenda
- Strong Trading Base - FSI
- Social Media Penetration is High
- Govt sustainability agenda is Production focused
- 80% consumers have an organic appetite
- 35% consumers choose brands based on sustainability
- Growing Local Supply Base
- Gulf Food
- Heavy demand for Western Brands
- Significant FT fashion labels

Threats

- Entry Barriers - Listing Prices
- High Prices
- Organic/Certified Products limited to upscale Retail Setups



Consumers in the UAE

The UAE has the highest proportion of ‘quality appreciators’ and the lowest proportion of ‘cost-conscious’ consumers as compared to some European countries, as per a study conducted by retail economics.

In general, emotion-driven attributes of value such as sustainability and experience are considered the most important to consumers across all retail categories for UAE consumers.

The most important ethical practices for UAE consumers are knowing the company or brand uses sustainable means to source its products and materials (21 percent), followed by fair wages to its employees (21 percent).

It is noted that younger consumers are most likely to prioritise sustainability and ethics, with 12 percent saying it was the most important factor when making purchasing decisions – compared to an average of 9 percent across all generations.

In the UAE, nearly half of the consumers (49 percent) say they are willing to pay more for sustainable products (15 percent significantly more and 34 percent a little more).

Ethics and sustainability are the most important factors for consumers when shopping for groceries (16 percent) and apparel (15.5 percent), although they are still seen as less important quality and price of the products.

Consumer Trends:

UAE consumers can be hard to impress. To earn their loyalty, the differentiating point has to be customer service. 75% of customers in the Middle East prefer shopping from a single-brand website (as opposed to a multi-branded one) because they believe it will provide the best possible customer service.

But UAE consumers expect more than just a seamless order, delivery, and returns process – 65% of customers expect brands to connect with them personally and treat them as individuals. That’s 9% higher than the global average expectation for personalized service.

Offering exclusive rewards and benefits appeals to 69% of Emirati shoppers, with 43% encouraged to spend higher and more frequently by having a personal shopping advisor.

The UAE is a ready-made market for luxury brands – tourism, combined with a wealthy population, are big drivers for the sector.

Dubai alone accounts for 30% of the Middle East’s luxury market. One study found that UAE citizens spend around 30% of their monthly salaries on luxury goods.

To appeal to this luxury mindset, emphasizing the quality, craftsmanship, and status of your brand could help you differentiate and increase local engagement. The UAE was recently eighth in a list of countries whose consumers are trading up from mid-market brands. Having an established international brand will also give you an advantage, as foreign products account for 58% of all UAE purchases.

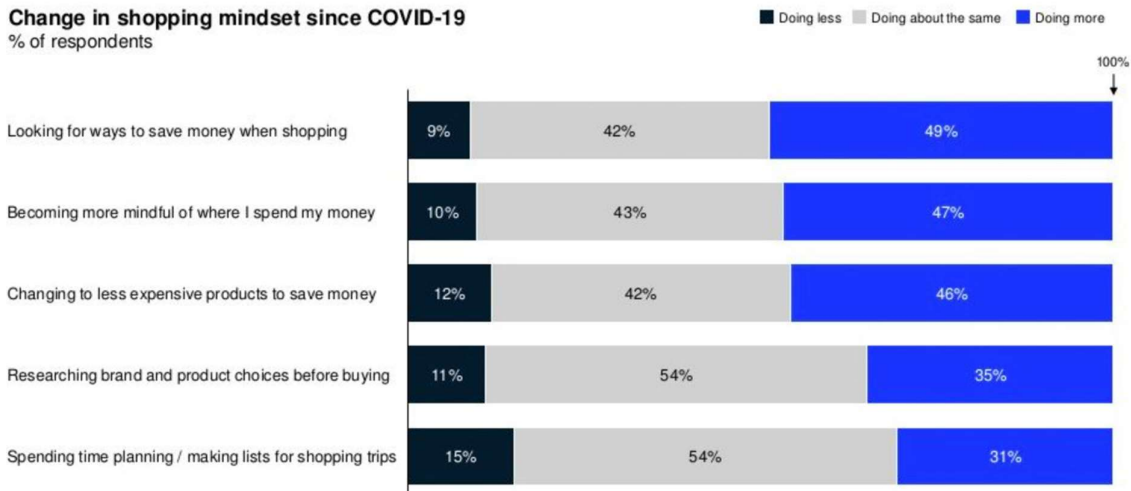
Just 27.8% of the UAE’s population is female. It might seem the way to success would be to target almost exclusively the male population. However, that would be a lost opportunity since women



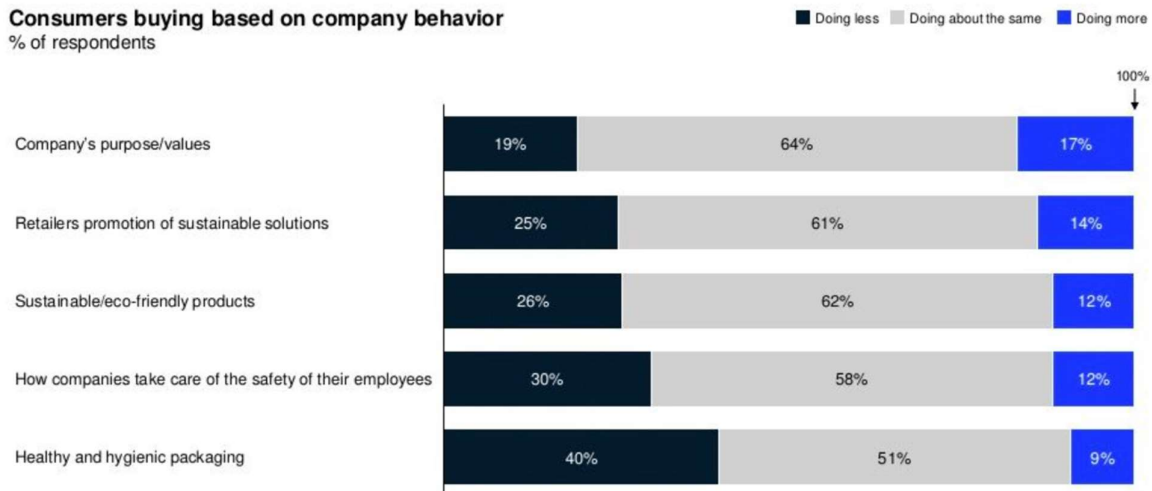
influence 80% of all purchases in Dubai. No matter what your product or brand, connecting with and engaging the female demographic is likely critical to your UAE marketing strategy.

It's also worth noting gender behavior in the UAE when it comes to shopping. Female Emirati citizens spend 43% of their income on fashion shopping – triple that of the expat population. And a third of these Emirati women spend over 60% of their monthly income shopping.

Post Covid Behavioral Changes:



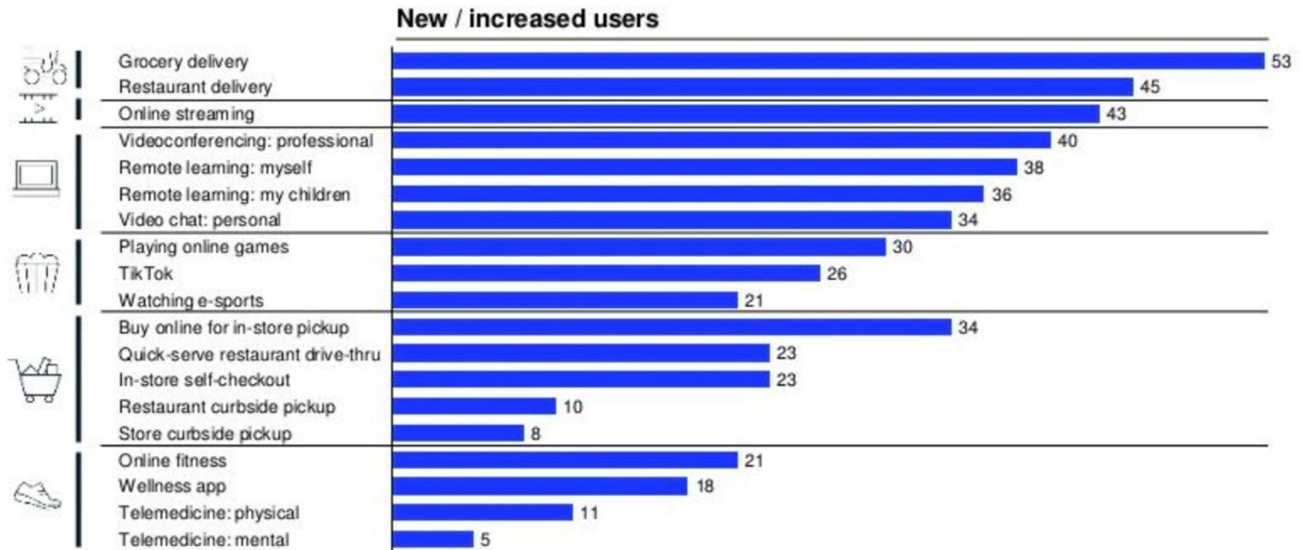
Source: McKinsey & Company COVID-19 UAE Consumer Pulse Survey 1/25-2/10/2021, n = 531, sampled and weighted to match the UAE general population 18+ years



Source: McKinsey & Company COVID-19 UAE Consumer Pulse Survey 1/25-2/10/2021, n = 531, sampled and weighted to match the UAE general population 18+ years



Have you started/increased usage since COVID-19 started
% of respondents

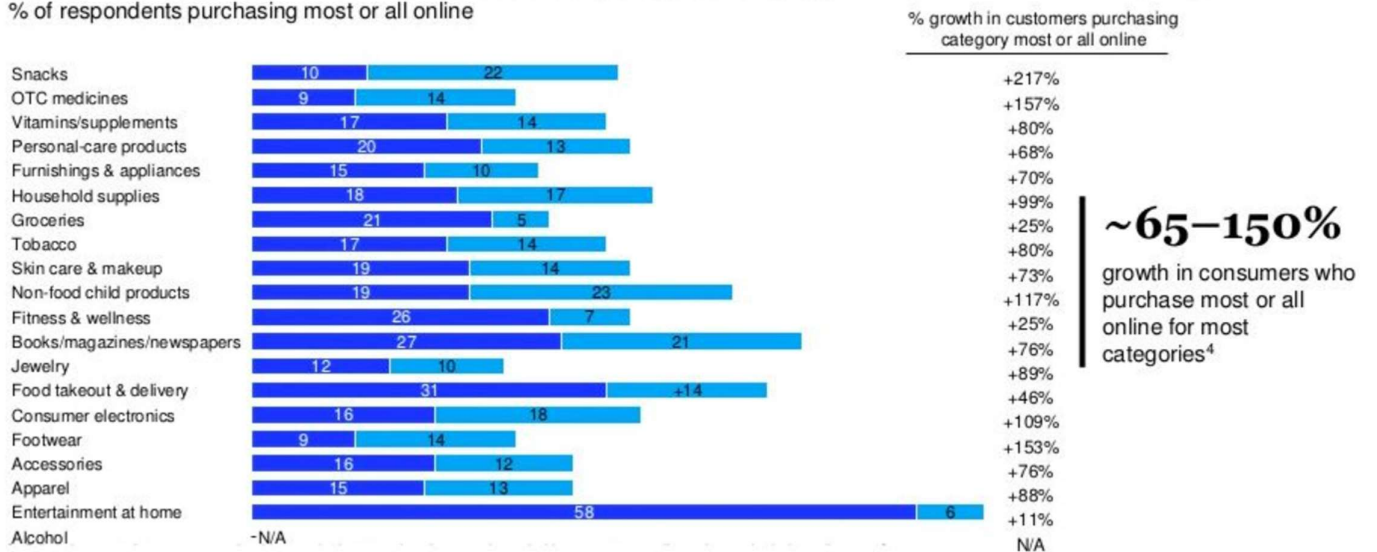


Source: McKinsey & Company COVID-19 UAE Consumer Pulse Survey 1/25–2/10/2021, n = 531, sampled and weighted to match the UAE general population 18+ years

Consumers' use of online channel before and expected use after COVID-19

% of respondents purchasing most or all online

■ Pre-COVID-19 ■ Expected growth after COVID-19



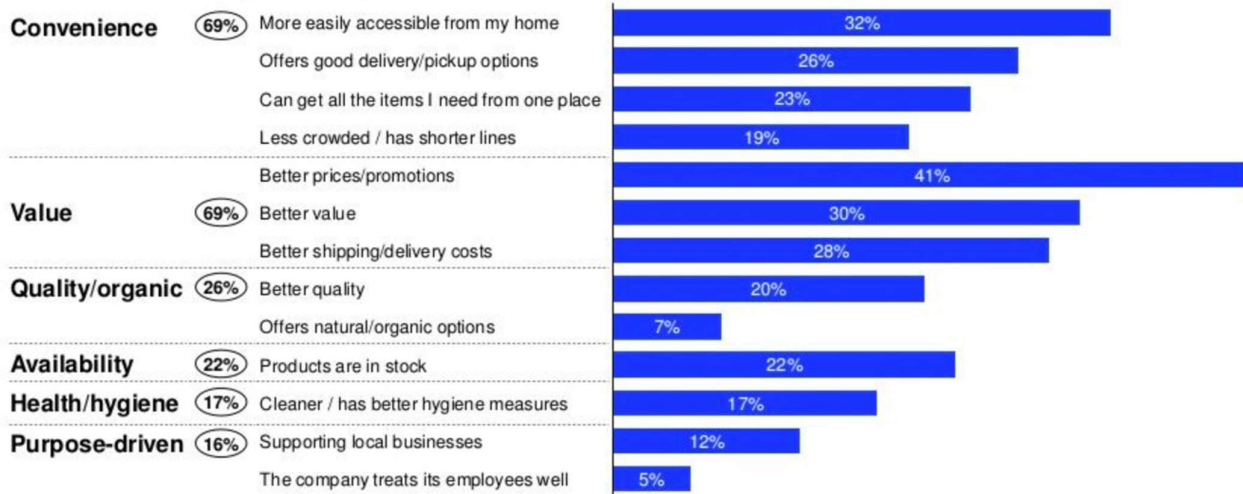
Source: McKinsey & Company COVID-19 UAE Consumer Pulse Survey 1/25–2/10/2021, n = 531, sampled and weighted to match the UAE general population 18+ years



Reason for shopping at a new retailer/store/website in the past three months

% of respondents selecting reason in top three

x% Net % of respondents per category



Source: McKinsey & Company COVID-19 UAE Consumer Pulse Survey 1/25–2/10/2021, n = 531, sampled and weighted to match the UAE general population 18+ years

Retail Sector in UAE

Market Segmentation By Product

- Based on product type, the UAE organic food market is segmented into dairy, bakery products, fruits & vegetables, snacks, meats/fish & poultry, sauce & condiments, processed food, packaged food, and others.
- The meats/fish & poultry segment accounts for the largest market share owing to the increasing consumer demand for pasture-raised eggs. Furthermore, the organic meat/fish sellers offer natural, grass-fed, and hormone-free meats and poultry products that contain higher nutritional value compared to regular meat available in the market.

By Channel

- Based on distribution channels, the UAE organic food market is bifurcated into online channels and offline channels segments. The online channels are the primary distribution channels for organic food in UAE. This is because organic food products are easily available through e-commerce platforms such as Amazon.in, Flipkart, and others. The availability of a wide range of products in these online stores acts as a major driving factor for the growth of the online sales channel segment.

Distribution Channels and Major Players

Major Players

Major players operating in the UAE Food market include Hain Celestial, Nestle, Whole Foods Market L.P., Dole Food Company, Inc., General Mills Inc., Danone, United Natural Foods, Inc., Amul, Hershey., Lulu Group International, Union Co-operative Society, Abu Dhabi Cooperative Society, Emirates Cooperative Society, Park n Shop, Farmbox, Al Madina Group, Nesto Group (Western International Group LLC), Choithrams, Al Maya, etc.



To further enhance their market share, these companies employ various strategies, including mergers and acquisitions, partnerships, joint ventures, license agreements, and new product launches.

Retail sales for Food in the UAE are divided into two main categories:

Modern commerce

- Modern commerce is comprised of organized retail chains, grocery stores, express stores, specialty stores, convenience stores, and online commerce.
- This category dominates the market, especially in Dubai and Abu Dhabi.
- **Organic Stores**

Traditional Trading

- Includes direct trade services and private grocery stores (“Bakala” in Arabic) that are open on average 18 hours a day, 7 days a week.
- These stores fulfil the needs of the average household and offer grocery products for everyday use.
- Traditional trade is more common in the more northern emirates, such as Sharjah, Ajman, Fujairah and Umm al-Qawin, because of the low amount and availability of modern retail stores.

Organic Farms

The UAE is home to several organic farms that practice sustainable agriculture. Many of these farms offer farm-to-table experiences, allowing visitors to learn about organic farming and directly purchase fresh, locally grown products.

Organic Markets

Organic markets have gained popularity in the UAE, offering a wide array of organic food products. These markets provide a platform for local organic farmers and producers to showcase their goods. Visitors can find organic fruits, vegetables, dairy products, meats, and even organic personal care items.

Consumer Pull - Organic

- A study showed that 80 per cent of the UAE’s population have an appetite for organic produce.
- 61% of consumers from the UAE buy organic food more than once in a month, according to a survey conducted by YouGov and commissioned by Arla Foods.
- The organic movement extends beyond food and encompasses various lifestyle choices
- 35% of consumers now use sustainability as a key purchasing factor when selecting a brand



Commercial Plan

Launch into Singapore followed by UAE (6-9 Months)

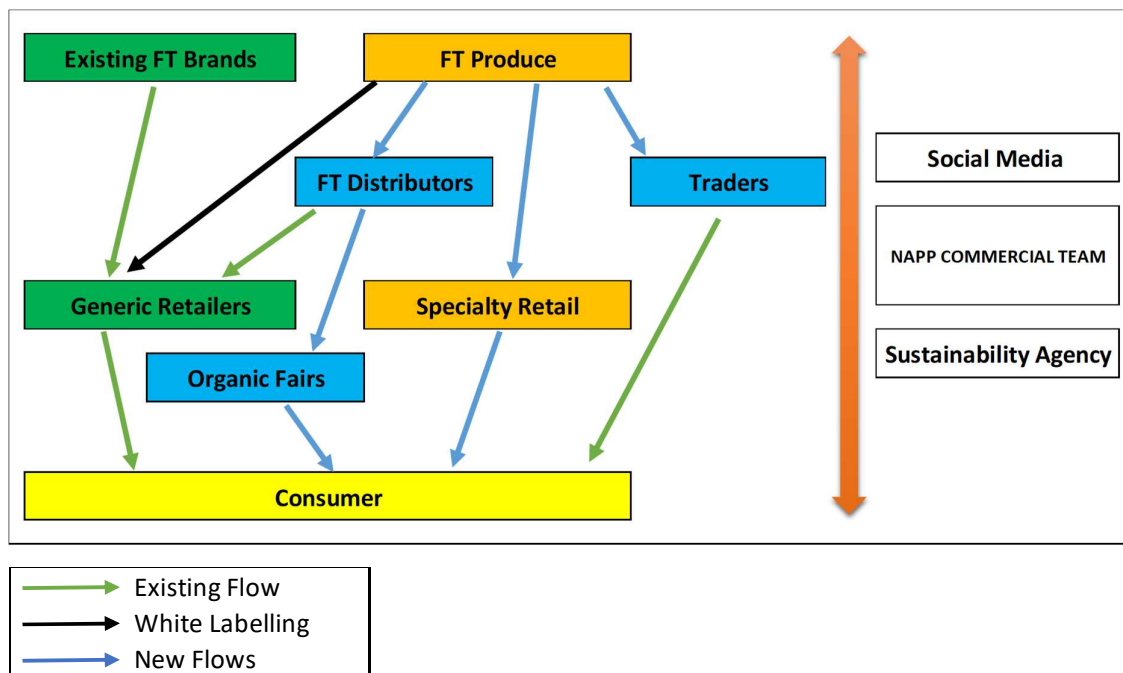
Focus Products

- Coffee
- Tea
- Spices and Herbs
- Banana
- Chocolates
- Sporting Goods
- Rice
- Cotton
- Fruits and Juices
- Gold
- Sugar
- Cassava/Tapioca
- Honey
- Sugar
- Vegetables

Focus Segment

- Retail Chains & Existing Organic Stores
 - Private Labelling
 - Fairtrade Shelves
- HORECA Suppliers
- Coffee / Tea
- Trading Houses - FSI
- Food & Beverage Manufacturers - FSI
- Shared Office Spaces – Retail Points
- Corporates - Sustainability oriented companies
- Airlines, Hotels
- Government Offices
- Local Distributors
- Chocolatiers/Snack Manufacturers
- Organic Food Manufacturers
- Sustainable Bag Manufacturers
- Ethical Clothes Brands
- SBF/ESG/SFA – Channel Development Partners
- Coffee Machine Brands (Delonghi, Breville, Jura)
- Duty Free Stores

**Route to Market
Singapore/UAE**



The NAPP Commercial team (NCT) has the following deliverables:

1. Business Development

The NCT’s primary objective is to deliver more Revenue for FT Produce across our region. In order to achieve this, NCT will identify a set of distributors in the key markets who would be able to launch and distribute FT produce effectively and efficiently. The NCT will also target traders and manufacturers who could use FT produce as an ingredient in their existing supply chains. The NCT will establish relationships with Key Stakeholders across the Value Chain in order to create a channel for existing and new trade flows.

2. Consumer Education

A major learning for the NCT has been the lack of awareness on the concepts of FT across the target market Value Chain. The NCT will seek to utilize resources like Social Media, Organic Fairs and Famer Markets, Food and Sustainability Expos and Local Food and Sustainability Agencies to educate the consumers on the ethos of the FT mark. The NCT will also seek to partner with existing FT brands in order to boost the learning experience for consumers.

3. Partner Concept (N to S)

The NCT aims to play the role of a partner or a caretaker for Brands from the Global North that are FT certified and provide them with a Value Proposition to enter the target markets. The more the brands that enter the target market viably, the more the NCT can achieve their objectives of Developing New Business and Educating the Consumer Base.



4. South to North Flow Enhancement

The NCT aims to enhance relationships with NAPP suppliers and with other NFOs and FMOs. While a plethora of FT certified producers from the NAPP region already supply Non FT goods to various Export Zones, we need to understand their roadblocks and help grow their FT certified sales base.

For Example, while CLAC remains the largest base for FT coffee sales, there is a scope to sell Indonesian Coffee which is FT certified to smaller focus markets like ANZ, Finland, Spain, Japan, Italy, Norway, Korea and other markets that are relatively small for FT coffee sales.

Other products like Herbs and Spices, Cassava, Rice can be focused on and niche flows can be set up to the Global North.

While the NCT will seek to entrench ourselves deeper with our own supplier base, we will set up a goal definition meeting where each supplier can tell us about their commercial goals and market expansion wishlist. We will introduce them to various NFOs and FMOs in a focused manner with an aim to garner interest.

While the NCT aims to interact with the NFOs in the UK, Germany, Switzerland, the US and Canada to understand more about their models and their past flows with the NAPP region, we will also look for their support to share Data and Knowledge and help enable us to develop new flows with them and with other NFOs/FMOs.

The NCT will also look towards support from NFOs/FMOs on connections with partners like LIDL, Marks and Spencers, JDE, Jura, Nespresso, UCC, who have local Asia Offices – This will be a stepping stone in increasing South to North Activity since most of the local Asian Offices work basis directives from their Head quarters.

The NCT would also look towards the support from NFOs/FMOs for contacts from Key Partners who visit trade fairs in South East Asia as this helps us interact with them in our geography and also helps us make them meet Supplier partners who visit the same trade fairs. Knowing who visits these trade fairs from the North, would also help the NCT in their planning of which supplier partners to invite to trade fairs and thereby strengthen the entire process.



Action Plan

1. Conduct New Market Surveys

There have been major changes and developments post Covid in terms of consumer behaviour, preferences and spend patterns. Conducting new Primary Research on the UAE and Singapore would become imperative in order to ascertain the consumers point of view on:

- The concept of Sustainability and its Evolution with time.
- Actual Conversion of Understanding Sustainability to spending on Sustainable goods and across what platforms are these conversions higher than others.
- Familiarity with and Trust on the Fairtrade especially after new brands have been launched in these markets (comparison with Rainforest Alliance).
FT brands that launch in our markets do not do much to communicate their agenda to the consumer and expect the consumer to be socially conscious and understand via the marks on the packs. Does this really work?
- Impact of FT mark on purchase of popular products.
We would need to understand if consumers buy popular products like Café Direct, Tony’s Chocolonely, Ben and Jerries products for the FT mark (or their sustainability agenda) or just for their lower prices.
While sustainability often implies premium prices, all products with the FT mark in Singapore for instance, retail at lower prices vis-à-vis competition. While a Pint of Ben and Jerries can retail in between S\$ 11.5-13.5 each, a small batch gourmet ice cream can retail for S\$17-19 each. Also While a 250gm bag of CafeDirect can be picked off the shelf for S\$ 9-10, an organic 200gm bag at Common Man Coffee Roasters sells at S\$ 16-19.
- Sales Data from our brand partners would be a great way of showing us the way ahead. Marks and Spencers Food in Singapore or Dubai is the largest spread of FT products when it comes to assortment. Understanding their sales patterns as their partners would help us understand consumer preferences much better.

2. Take a Deep Dive into the sustainability agenda for the major retailers in these markets.

While all Mid to Premium range retail chains have a documented Sustainability Agenda, we would need to ascertain their real efforts in this area. While most generic retailers seems have a sustainability agenda, the NCT will delve deeper and provide customized solutions to these retailers who are consumer facing.

We will use this sustainability agenda to connect our Supplier partners to various Supermarket Chains and other relevant points of demand.

3. Identify and Connect with the relevant stakeholders across the target customer segment.

The NCT will start creating commercial relationships with Key Stakeholders across the Target Customer set to develop new Business.

Short term goals:

White labelling with FT products for major retail chains.

Introducing New FT brands Retailers that have focused organic and sustainable produce shelves.

Setting up FT Sections at key stores (Economic outlay to be determined)



4. Social Media Initiative

The NCT will seek to retain Social Media Teams across target markets and utilize the potential of these channels in order to start educating consumers. This will create significant first mover advantage and will also help increase Overall FTI sales since an educated consumer is more likely to identify the mark on a product or even go looking for it. The NCT will co-ordinate with Agencies like Singapore Food Agency and Singapore Business Federation in order to get their concepts validated and bring more trust for consumers on our social media platforms.

Target Platforms: Instagram, Facebook, Tiktok, Telegram, Whatsapp, Botim.

Update on 25/4/2024:

The NCT has launched a Facebook/Instagram page called “Fairtrade Marketplace Singapore” and is working on populating this with a consumer oriented view about Fairtrade and its footprint.

The NCT will be connecting with relevant internal people in order to rope in existing brands like Ben and Jerries, Marks and Spencers, Tonys and to get them to support our social media initiative.

5. Utilize Networks for Existing brands in order to fast track consumer education.

The NCT will work on creating joint marketing efforts with major consumer facing stakeholders in the FT network like Marks and Spencers, Tonys, B&J in order to use their existing relationships with consumers to increase more consumer awareness at points of sale.

6. Value Proposition Pack for FT brands from the Global North

Create a Market potential presentation along with Proposed Routes to Market which can be sent to Global North teams to pass onto their brands. The aim here will be to hand hold these brands to enter potentially easy markets in a plug and play manner.

7. Booths at Farmers Markets and Organic Markets

Sunday Fairs and Farmer markets are in vogue across all our target markets. The NCT should take up booths at key markets with a view to interact with consumers, educate them and also show product samples. At a later stage, the FT Distributors in these markets can partner with the NCT in order to sell produce at these Points of Sale.

8. Membership with SBF/ESG/DBC

The NCT will register FT Napp as members of Key Government Supported Business Development Organizations like Singapore Business Federation, Enterprise Singapore, Dubai Business Club whereby we would get exclusive access to Key events in our markets. These are opportunities to interact and develop business and to also understand policy and get these agencies to play a role in supporting our initiatives.

9. Set up a Local Distributor Partner across our Key Markets

The NCT will identify and retain distributor/s across Key Markets who can provide the necessary infrastructure to launch new brands and increase access for our products. These distributors will also play a key role in Launching new brands from the Global North and will support the NCT team at organic fairs and farmer Markets.



10. Expo Representation

The NCT proposes we set up Booths for FT NAPP at Gulf Food Dubai and at FHA Singapore in 2025 along with visiting other Key Expos.

Budget Estimates

| Activity | Country | Budget US\$ 2024 | Budget US\$ 2025 |
|-----------------------------------|---------|------------------|------------------|
| Social Media Marketing Agency | UAE | 12,000 | 15,000 |
| Social Media Marketing Agency | SGP | 12,000 | 15,000 |
| Social Media Marketing Agency | TH | - | 7,500 |
| Social Media Marketing Agency | MY | - | 10,000 |
| Samples and Influencer Products | UAE | 4,000 | 5,000 |
| Samples and Influencer Products | SGP | 7,000 | 8,000 |
| Samples and Influencer Products | TH | - | 3,000 |
| Samples and Influencer Products | MY | - | 3,000 |
| SBF Membership Annual | SGP | 250 | 250 |
| DBC Membership Annual | UAE | 1,000 | 1,000 |
| Marketing Collateral | General | 2,500 | 4,000 |
| Intern - Sales Mapping (6 Months) | SGP | 9,000 | 9,000 |
| Intern - Sales Mapping (6 Months) | UAE | 12,000 | 12,000 |
| Organic Markets/Pop Ups | SGP | 4,200 | 8,400 |
| Organic Markets/Pop Ups | UAE | 2,000 | 18,000 |
| FHA Booth | SGP | - | 40,000 |
| Gulf Food Booth | UAE | - | 50,000 |
| Totals | | 65,950 | 209,150 |

Notes:

1. The budgets for the booths include rental and set up costs – travel and personnel costs are not taken into account.
2. For most Exhibitions, if done via NAPP SGP, we can obtain grants of upto 100k SGD per annum depending on the ownership pattern of the company.
3. The interns mentioned in the budget are Graduates from Local Business Schools who come on board to help collect data and establish local relationships on a broader base and also to eliminate language barriers.

Trade Show Participation

The NCT will travel to Trade Fairs mentioned above with an objective to interact with External and Internal Stakeholders (where the opportunity allows).

| Trade Fair | Country | Month | Participants |
|----------------|---------|--------|--------------|
| Gulf Food | UAE | Feb-24 | Samir/Iresha |
| FHA | SGP | Apr-24 | Samir/Hagung |
| Melbourne Expo | AUS | May-24 | Samir/Hagung |
| Seoul Food | KOR | Jun-24 | Samir/Hagung |
| WOC Denmark | DEN | Jun-24 | Samir |

The NCT will conduct a study of each trade fair and determine which supplier partners to nominate for the same in order to produce maximum traction from each.



Post event supplier feedback sessions will be set up so as to understand successes and failures and improve on our efforts.

Fairtrade and Rainforest Alliance: A comparative Analysis (Singapore and UAE)

While consumers tend to treat Fairtrade as a mark which simply tries to make the terms of trade fairer across the value chain, they tend to position the Rainforest Alliance as a crusader for environmental sustainability.

In both our target markets, the consumers tend to talk more about the environment than the social aspect of sustainability and hence for most consumers who know both brands, RA tends to be slightly easier to align with.

That been said, most consumers in Singapore and the UAE trust the government (and related organizations) when it comes to determining their sustainable purchases. In Singapore, the governments tend to talk more about packaging and organic – and that is the established trend when it comes to consumers deciding on their “Sustainability agenda.” Similarly in the UAE, the government is more focused on Organic produce and Local produce (being sustainable) and hence that is what consumers define sustainability as.

While there are ample products that exist with either FT or RA marks, the consumers seem to strike a cord with the retail space selling these brands and not with the mark itself.

For example, a typical consumer who walks into Marks and Spencers Food to buy a bag of coffee beans, tend to think these are higher quality and probably organic. They would buy these products because in their ethos, Marks and Spencers is a supplier of high quality, healthy and (maybe for some) ethically sourced products.

So while, it becomes important to study the consumers point of view on our Mark versus that of our consumer, we believe that FT should take the first mover’s advantage and start educating customers about our Mark and its significance in a broad based, multi channel manner as described above.

While RA seems to have a licensing representation in the UAE via agents, they do not seem to have the same in Singapore. FT NAPP of course plans to play a direct role in licensee retention via the Singapore Commercial Team and this would be a solid step in creating a more in-depth brand for ourselves.

Aligning with Singapore Business Federation/Enterprise Singapore/Dubai Business Club and other such bodies would help NAPP generate more relevance in a relatively shorter span of time.

Fairtrade Licensing Plan

The overall Objective of the NCT is to lay down and execute its plans to obtain the overall objective of setting up an FMO.

The NCT will start discussions with potential suppliers who supply their products to the Global North and are not certified (Thailand, Malaysia, Indonesia, Singapore, UAE, Philippines).

At the same time, the NCT will target brands that manufacture in the UAE/Singapore and supply their brands across the Global North.

The NCT will work to understand the processes followed by NFOs and FMOs and work on proposing a licensing model – timelines/Scope TBD.

Annexures

List of Target Exporters with Existing commercial Flows to Singapore/UAE:

| Country | FLO ID | Certified as | Name | SGP | UAE |
|-----------|--------|----------------|--------------------------------|-----|-----|
| Indonesia | 19357 | Exporter | PT. Sarimakmur Tunggal Mandiri | Yes | Yes |
| Indonesia | 33559 | Exporter | PT. Indokom Citra Persada | Yes | Yes |
| Indonesia | 27085 | Exporter | PT. Olam Indonesia | Yes | Yes |
| Indonesia | 27501 | SPO & Exporter | Kopepi Ketiara | Yes | Yes |
| Indonesia | 46625 | Exporter | CV. Mandiri Kopi | No | Yes |
| Indonesia | 27178 | Exporter | PT. Ujang Jaya International | No | Yes |
| Indonesia | 27770 | Exporter | CV. Gayo Mandiri Coffee | No | Yes |
| Vietnam | 21968 | Exporter | Huy Hung Coffee Company | Yes | Yes |
| Vietnam | 21095 | Exporter | Dakman Vietnam Co., Ltd. | Yes | Yes |
| Vietnam | 31579 | Exporter | Simexco Daklak Ltd. | Yes | Yes |
| Vietnam | 35634 | Exporter | Ngon Coffee Company Limited | Yes | Yes |

Target Retailers in Singapore (White Labelling + Launching FT brands):

Cold Storage, Fair Price Finest, Jasons, Bazaar, Ryan's Grocery, Little Farms, Scoop Wholefoods, Open Taste (Online), Nature's Superfoods (Online), Supernature, The Green Girl, Marks and Spencers Food, Straits Market, Nature's Glory, 7-11, Meidi-Ya, Don Don Donki, Redmart, Shoppee, Lazada, Zalora.

Target Brands in Singapore/UAE (Partnerships and Collaborations for Awareness Creation):

Ben and Jerrys, Starbucks, Tonys Chocolonely, M&S, Life by Follis, Lidl, Rishi Tea, Café Direct, Grumpy Mule, RAW Coffee.

Target Cafes/Restaurants in Singapore (White Labelling + Awareness Creation):

The Dempsey Project, Surrey Hills, Common Man Coffee Roasters, Tiong Bahru Café, Tiong Ho Coffee Roasters, Chye Seng Huat Hardware, % Arabica, Alchemist, Glyph Supply Co., Market by Super Loco, FoodxServices, Gourmet Partner Singapore, Nylon Coffee Roasters, Symmetry, Jimmy Monkey Coffee, Ahimsa Café, TWG, Coach Coffee, Bacha Coffee.

Target Retailers in UAE (White Labelling + Launching FT brands):

Al Shaya Group (Starbucks, Boots, Bath and Body Works, Dean and DeLuca, Muji),
 Al Futtaim Group (Marks and Spencers, Jones the Grocer, Watsons),
 Majid al Futtaim Group (Carrefour, Novotel Hotels, 26 Malls),
 Lulu Group (Lulu Hypermarkets, 18 malls, Lulu Express),
 Savola Group (Panda retail),
 Spinneys, Choithram, Little Fair Trade Shop, Change Initiative, Not Just Organic, Bio Organic
 Fairtrade Fashion Labels – Bedouin, Phemke, All Things Mochi, FBMI, Tribe, My Ex Wardrobe,
 Orenda Tribe, Georges Dubai



Thailand – SWOT

Strengths

- Large Economy – 12th largest food Exporter globally
- Large manufacturing base
- 3.5mn Expats
- Large production point for organic produce
- Urban population is growing more affluent
- Environment conscious consumers

Weaknesses

- Low tendency to buy certified products
- Low Knowledge of FT
- Low Per Capita Income
- Expats live across the country and not only in Bangkok
- Retail Sector is mostly informal

Opportunities

- Export oriented large Production base can help with new licensees
- Large Production point for Rice, Sugar, Vegetables and Fruits, Clothing, Snacks and Beverages
- Rice industry is extremely well poised to increase certification due to global demand of Perfumed Rice
- Presence of Large MNCs in Thailand with multiple plants due to low production costs and abundant natural resources
- Large HORECA sector which caters to foreigners

Threats

- Entry Barriers – Language and communication
- Low cost structures and life style implies a small domestic market for FT produce
- Organic/Certified Products limited to upscale Retail Setups



Thailand Food Market

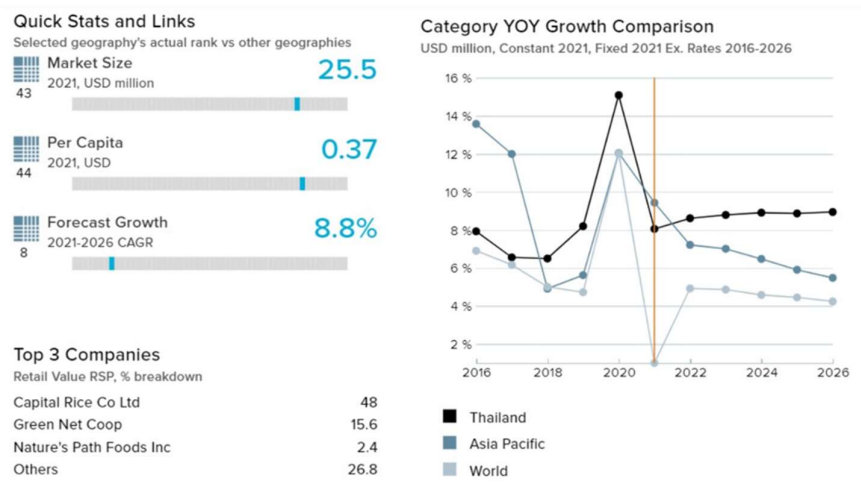
- Revenue in the Thai Food market amounts to 70.70 billion USD in 2023. The market is expected to grow annually by 5.23% (CAGR 2023-2027).
- Food products projected to reach 1.55 trillion baht this year(2023), and 1.65 trillion baht in 2024, according to the Federation of Thai Industries (FTI), Thai Chamber of Commerce (TCC), and National Food Institute (NFI).
- Thai exports of rice and sugar saw the biggest increase in export value.
- The top two markets for Thai food exports this year are China and ASEAN, with fresh fruits, rice, and sugar rising most in export value.

Consumers in Thailand

- Thai consumers are proactively moving towards sustainable lifestyles. According to Mintel’s latest research, 82%* of Thais try to act in a way that is not harmful to the environment.
- Wholefoods revealed that 41 percent of consumers prefer to purchase products that have a positive and purpose-driven message on the label.
- Chefs and restaurateurs are sourcing more ingredients from sustainable sources to align with the values of their customers. Although sustainably sourced ingredients can lead to extra costs for restaurants, customers are willing to pay more for sustainably sourced food and for helping support local businesses and communities. Additionally, consumers recognize restaurants that use sustainably sourced ingredients as having more refined, unique, and high-quality menu items.

Thailand Organic Market Overview

- The organic segment in Thailand is led by the Capital Rice Co Ltd with a value share of 48.0% in 2021, followed by Green Net Coop with a share of 15.6% and Nature’s Path Foods Inc with a value share of 2.4%.
- Organic products in Thailand represent 0.04% of global demand with market size of US\$25.5 mn and a per capita expenditure of US\$0.37 in 2021, indicating that organic products are niche and supported by a small base of high-income consumers.
- Despite a low global ranking in market size and per capita income, Thailand ranks in the top-10 for forecast growth with an anticipated value CAGR of 8.8% for the period 2021-2026.





Coffee Market in Thailand

Market Size

- Thailand is one of the top 25 coffee producing countries in the world – and the third-largest in Southeast Asia.
- The Thai coffee market has revenue totalling just over \$3 billion(2022). The coffee market is expected to grow at more than 10% per annum for the next 3 years. The premium coffee market is expected to double in size in the next 5 years.
- Northern Thailand produces the bulk of the country’s arabica coffee in regions like Chiang Mai, the popular tourist hub, as well as Chiang Rai and Nan. Further south, production is focused on robusta.
- Coffee consumption in Thailand has long exceeded its production, and the gap continues to grow. Farmers don’t even care to export the coffee beans right now, because we can sell to the local market at a good price.”

Drivers

- In larger cities like Bangkok and Chiang Mai, there is a growing number of high-end coffee shops and roasters.
- Additionally, interest in coffee education, competitions, and auctions is also increasing

Barriers

- Lack of Awareness and Support
- High Costs

Trends/ Consumer Sentiments

- Thailand has the youngest average age farmers globally (25-35 years) and this phenomena is the opposite of what we see in other coffee producing countries.
- Thailand’s young farmers who are really taking advantage of the country’s new-found obsession with coffee. Many are young, highly educated, and adept at using social media. As such, they’re well connected to trends happening in more developed markets and aren’t reluctant to replicate and apply it in Thailand.

Awareness creation

- At Industry level
 - Thai Coffee Association
 - Ministry of Roasters
 - SOCOF Lab
 - Peaberry Thai Co. Ltd.
 - Espresso Academy Thailand
 - Specialty Coffee Association of Thailand (SCATH)
 - KIFFA Coffee Company
 - Thai coffee cooperative

Industry Initiatives to Target

- Royal Project Foundation
- Akha Ama Coffee is a social enterprise in Chiang Mai



- Doi Chaang Coffee is a fair trade coffee brand in Chiang Rai
- Maejo Coffee is a coffee research and training center in Chiang Mai, operated by Maejo University
- Integrated Tribal Development Program (ITDB)

We hereby conclude to developing Thailand as a supply base for and to find potential licensees who could participate in both the South to South and the South to North trade flows.