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CASE STUDY

USA has always been an important market for Tee Yih Jia, as it has a sizeable ethnic asian population base and an even larger domestic consumer market with a good disposable income standard.

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New York: Growth Opportunities Amidst Economic Gloom

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By Amreeta Eng, International Enterprise (IE) Singapore's Centre Director for New York

Many companies know that to be considered truly global, a presence in the United States is critical. The largest economy in the world provides access to a population of 304 million and accounts for more than 40 percent of the global consumer goods market. Nevertheless, while the US may offer companies many rewards, it is not for the faint-hearted. Companies need to be prepared for the possible hurdles they will face while trying to enter the market.



There is a multitude of regulations, both legal and accounting related, that need to be understood and adhered to. It cannot be overstated that companies need a good lawyer and accountant to operate in the US. For instance, companies are sometimes unaware that if they employ Americans for full-time work in the US, they have to comply with all federal, state or city employment taxes and laws regardless of whether they have a US presence. Such common misconceptions can be easily avoided with proper advisory support.

Commitment and tenacity are prerequisites for companies keen on accessing the US market. Veteran Singaporeans in the US market will reveal that local presence in the US is critical to securing deals. A successful Asian food importer based in the East Coast recently shared with International Enterprise (IE) Singapore that he had attended various trade shows with little success in the first few years of relocating his business. Obtaining on-the-spot deals at trade shows were practically impossible; nevertheless he saw them as a means to engage the US food retailers.

Interest from Manufacturers

Despite these challenges and the current economic downturn, companies across industries have expressed interest in business opportunities in the US. Singapore medical components manufacturers, for instance, continue to market their products to companies such as Boston Scientific, Johnson & Johnson, Smith & Nephew and Medtronic with assistance from IE Singapore.

While Singapore companies cannot always compete on price, they market their products based on quality, intellectual property protection and manufacturing footprint. Part of IE Singapore's approach is to encourage US buyers to visit the shop floors of local manufacturers in Singapore to have a first-hand appreciation of what they can offer.

Entry Point for Consumer Businesses

"If I can make it there, I'll make it anywhere." The iconic song has some resonance with consumer businesses, which have often used New York City as the first entry point to the US market. In particular, IE Singapore has witnessed growing interest among clothing retailers, furniture companies, Singapore restaurateurs and Singapore food manufacturers.

With the downturn, Manhattan's average asking retail rents have dropped by 11 percent from six months ago to US\$115 per square foot annually, making it an opportune time to cash in on attractive real estate deals. Some building owners are now even willing to co-share the cost of renovation with new retail stores. Typically, setting up a retail establishment would take about 18 months, thus enabling companies currently moving into the market to take advantage of the upturn in the economic cycle. This is one possible reason for the 25 percent jump in applications for new restaurant permits in New York City in the first three and a half months of 2009, as compared to the same period last year, according to preliminary data from the New York City Health Department.

Beyond an understanding of licenses, regulations and applicable taxes, determining where in New York City to locate is among the most important decisions to make. Singapore companies would need to familiarise themselves with the various boroughs, each with its own peculiarities and demographics.

Media Hub

One characteristic of New York City that IE Singapore will continue to tap into is its unique position as a global centre for media and communications. Two of the three national daily newspapers in the US are New York papers, while the four major American broadcast networks (ABC, CBS, FOX and NBC) and most of the world's top ten global advertising firms have their headquarters in New York City. Seeking out opportunities for Singapore companies in the Interactive Digital Media sector is thus one of IE Singapore's priorities for this year.

New York's vibrant media scene also means that IE Singapore is well-positioned to increase the general public's awareness of Singapore and the goods and services offered by Singapore-based companies. Joint efforts of IE Singapore and the Singapore Tourism Board, for example, led to the country's signature laksa noodles being featured on an episode of The Martha Stewart Show.

While US businesses and consumers that have come across Singapore products and services have an overall positive impression, there is still a long way to go in reaching out to those who have yet to encounter the Singapore brand.

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Name: Sunny Chia
Company: UPS
Expertise: Import/Export
Market: Asia Pacific, Europe

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Online Resources

Below are links to websites that companies interested in New York City will find useful:

- [The New York City Government's official website](#) contains up-to-date information on taxes, licenses, regulations, business environment and incentives among others.
- [The New York City Economic Development Corporation](#) is responsible for promoting economic growth through business incentives, real estate development and more.