

SINGAPORE



*Mark Rowe* reports on how the strength of Singapore's paint and coating companies and market should aid recovery from the COVID-19 pandemic

# Singapore shows strength

**F**ew countries could claim to have weathered COVID-19 well but Singapore, micro-managed and highly-educated, is high on the shortlist. Even so, COVID-19 has had a detrimental effect on the south east Asian city state's paints and coatings sector and its impacts continue to linger.

Up until its COVID-19 lockdown, which in Singapore was imposed progressively in April, the country's paints and coatings sector had been witnessing a steady increase in production in terms of volume. Paints and coatings volumes made in Singapore were around 100,000–110,000t in 2019, according to market researchers and consultants Frost & Sullivan. Sales were also rising, with market volume growing at around 1.5% compared to 2018, said Mahendra Chahar, Senior Consultant, Visionary Science, Asia Pacific, for Frost & Sullivan. She said construction demand for paints and coatings in Singapore hit a five-year high in 2019, driven by new petrochemical facilities built for Linde and ExxonMobil and a large number of new residential projects as the government expands the country's housing stock to accommodate a rising number of single-person households. Demand for paint and coatings from all sectors was expected to stay in the range of Singapore dollars SG\$28bn (US\$32bn) in 2020, said Chahar.

But that was before the pandemic. Owing to the COVID-19 outbreak, Singapore's construction sector is now expected to contract 10% this year – construction sites except those working on essential projects like hospitals, were temporarily closed down and while the lockdown has eased and some projects are back up and running, demand for architectural, protective and wood coatings has been hit.

The home paint market has also suffered. According to Euromonitor, while the retail market grew by 1.9% in 2018-

2019, it had already shrunk by 1.9% by March 2020, with sales of lacquers and varnishes shrinking by 2.9% and for decorative paint by 3.2%.

Chahar said: "A varying degree of market disruption persists in end-use sectors, such as construction, furnishing, marine and others, which is impacting the paints and coatings market." Professional painters are having a tough time, with householders reluctant to allow decorators into their homes: "There is currently minimal renovation work," said Chahar.

In the longer term, however, Chahar stresses that architectural paints and coatings will remain the largest sub-sector in Singapore and represents around 30% value share of the overall industry, followed by protective coatings (26%). Wood coatings and marine coatings have a combined market share of between 32-37% ("wood coatings take the larger slice of the pie," said Chahar). AkzoNobel, PPG Industries (Singapore), Nippon Paint

(Singapore), Axalta Coating Systems, Berger Paints Singapore, Jotun and Chugoku Marine Paints (of Japan) continue to be the key players in the market.

"Public construction in the country is one of the major factors boosting the demand for paints and coatings in Singapore," confirmed Chahar.

There are other inbuilt positives for the city state's paint and coatings sector: despite the global lockdown, Singapore has remained central to the global logistics supply chain. "The Maritime and Port Authority of Singapore has ensured continuous operations for cargo services, bunkering, ship supplies and shipyard repairs. Owing to the continued repair work at shipyards, marine coating is expected to take a smaller fall in demand as compared to other sub-sectors," said Chahar.

Along with broader relief measures helping businesses in general withstand COVID-19, in April Singapore rolled out a MaritimeSG Together stimulus package to keep the key maritime industry afloat. This included: up to 50% concessions in port dues and easing of credit restrictions: "These measures will indirectly impact the paint and coatings industry by reducing demand disruptions from the marine end users," said Chahar.

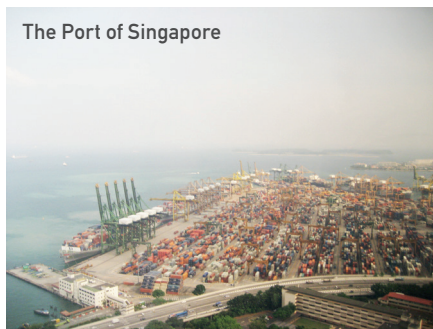
*“Despite the global lockdown, Singapore has remained central to the global supply chain.”*

■ RECENT INNOVATIONS

COVID-19 has also not stopped R&D projects within the city. Recent technology and product innovation in marine coatings include a prototype of self-healing anti-corrosion coating additives (in the form of microcapsules) developed by Nanyang Technological University (NTU), which can be applied to waterborne or solventborne paint systems, especially for underwater and underground structures that require heavy duty corrosion protection.

Another prototype technology that allows coatings to self-heal by adding

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reactive microcapsules has been developed by Assistant Prof Yang Jinglei from Singapore's NTU. This addresses damage caused by corrosion of metal and alloy structures, such as offshore platforms, bridges and underground pipelines.

Damage typically occurs at the micron level, making it harder to detect but the NTU team synthesised microcapsules to contain reactive core materials with self-healing functionality. The synthesised microcapsules are tuned to resist water or solvent, making them suitable for coatings and paints of underwater structures.

Meanwhile, on the corporate side, Jotun is planning to launch new marine coating products – SeaQuantum Pro Ace and SeaForce Active Ace – in Singapore. These products use an antifouling active agent, Selektepe, which prevents barnacles from settling on coated surfaces. Chugoku Marine Paints also launched 'SEA

GRANDPRIX 880HS PLUS' earlier this year (2020), which contains Selektepe and extended its antifouling product line.

Nippon Paint introduced a new marine product 'Aquaterras' in Singapore earlier this year (2020) – developed using neither biocide materials nor silicone (biocide-free) and low friction self-polishing copolymer (SPC) antifouling technology.

Given such strengths, according to market researcher Euromonitor International, the country's home paint market should rebound from a value of US\$50M by the end of 2020 to US\$54M in 2021 and the decorative paint sub-sector from US\$45.9M to US\$49.5M over the same period.

Unsurprisingly, given the difficulty of holding physical meetings during the pandemic, inter-company activity has been quieter than usual in 2020, with no direct mergers or takeovers in Singapore's

paint industry this far. However, the Carlyle Group (USA) and GIC (Singapore) together acquired AkzoNobel's Speciality Chemicals business late last year.

The COVID-19 pandemic also means that negotiations on trade deals have largely been put on hold. Planned negotiations to agree a Singapore-MERCOSUR (the South American trade bloc) deal due to be discussed this year were postponed until an undetermined date. An agreement was expected to significantly boost trade with indirect positive implications for the paint and coatings industry.

Few would argue that COVID-19 has any positive legacies but it certainly has stimulated research into new coatings, according to Chahar, with an increasing focus on anti-microbial technology (to keep coated surfaces from spreading viruses) and a growing demand for self-disinfecting coatings for areas that come under frequent human touch. VirusGuard+ by Nippon Paint Singapore is one popular line enriched with anti-microbial additives to kill viruses and bacteria on the wall.

COVID-19 is also likely to intensify the pre-pandemic increased focus on bio-based and eco-friendly products, said Chahar: "Solar reflective coatings are expected to gain further traction. Once disruption and uncertainty start to fade, rebound in demand is expected to be strong, which makes it important for firms to keep themselves ready for such a recovery." ■

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