Thailand
Food Processing Industry

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Contents

EXECUTIVE SUMMARY

The food industry in Thailand has grown rapidly over the years owing to an increasing demand in consumer market, both domestically and internationally. In order to meet an escalating trade in processed food products, the Thai Government has set to transform Thailand into the Asia's largest food trade and distribution center. There has also been a greater emphasis on the quality, hygiene, sanitation, food safety, wholesomeness, lowered production, value-addition and adherence to environmental regulations in the Kingdom, in response to international competition and demand.

Although most processed food products are for the international market, the domestic consumption of processed food continues to grow due to changes in lifestyles that have brought about increased demand for convenient food options. Those potential have made Thailand an attractive destination for international investors, including Indians.

This market research report is developed for Indians investors and exporters who seek to penetrate the Thai market as well as those who look for the third country export potentials. The report is divided into 7 sections, including:

1) Industry Overview
2) Market Segment Analysis
3) International Trade
4) Market Entry Mode
5) Competitive Analysis-Five Forces Analysis
6) Environmental Scanning-PEST Analysis
7) SWOT Analysis

The report ends by providing a number of recommendations for Indian firms in regard to product prospects and business strategies.

Further details on production and trade, relevant regulations and organizations as well as the profiles of major processors and retailers in Thailand are also provided in the Appendix.

1 Food Processing Industry in Thailand

1.1 Industry Overview

The food processing industry is an important contributor to Thailand's economy and it has developed rapidly throughout the past decade thanks to technology improvement and a combination of perseverance and aggressive determination on the part of the private sector (see Table 1). The Kingdom has become an important global source of rice, tapioca, processed, fresh, frozen and canned food and sugar. The food processing sector in Thailand is heavily export-oriented with more than 50% of production sold outside the country. Today, Thailand is one of the world's top ten producers and exporters of processed food products. The demand for packaging to ensure food safety, freshness, and easy-to-use products has significantly transformed the food processing industry in Thailand and has created a new source for the national account. Processed food export brings in about US$10 billion annually and comprise up to 28.3% of gross domestic product (GDP).

Table 1 Thailand: Top-10 Sectors Ranked by Value Added

	2013 Level Percent (Bil. US$)	2014 Percent Change (Real terms)	Share of GDP (Nominal terms)
1. Agriculture	40.5	2.5	10.1
2. Wholesale trade	33.1	4.6	8.3
3. Retail trade - total	27.0	2.6	6.7
4. Public Admin. & Defense	25.5	5.1	6.4
5. Banking & related financial	18.5	6.6	4.6
6. Education	16.2	3.0	4.0
7. Food products	**15.6**	**5.9**	**3.9**
8. Hotels & restaurants	13.9	5.4	3.5
9. Motor vehicles	12.3	-0.6	3.1
10. Real estate	11.4	5.6	2.9

Source: World Industry Service, IHS Global Insight, Inc.

The country's natural resources, year-round growing season, and relatively low labor costs provide Thailand with competitive advantages in the food processing arena. In addition, Thailand has the ability to produce, process, and develop agricultural products into foods and beverages which have high quality, are in large amounts, and meet the needs of consumers around the world. Thailand's abundant natural resources, optimized by the introduction of technology and robust implementation of international standards of food safely and hygiene is keeping Thailand as a world leader in the food processing industry

The country's food processing industry is strongly supported by the government in an effort to promote Thailand as "The Kitchen of the World". With funds from the government, many promotion programs have been launched every year, such as Thailand Food Valley, Thailand International Food Exhibition and Thailand International Muslim Exhibition. The government has also implemented numerous measures and initiatives in order to upgrade the industry's procedures and technology and thanks to those initiatives processed food exports now exceed primary agricultural exports.

Table 2 Thai Food Processing Industry – Development Timeline

1960-70	Thailand substituted most of its imported products with its product surpluses. Technology was imported from Taiwan and Japan.
1970-80	The country started to earn from the processed products exports. Products were initially targeted for local consumption and surpluses were exported. Lacking in experience in bulk production and marketing, producers felt the need to improve their technical know-how to improve product quality to international standards.
1980-90	This stage was characterized by its rapid pace of development with the country's export registering a 26% growth rate in 1990s, accounted for mostly by frozen and chilled commodities.
1990 onwards	The present stage is towards high competition in the world markets. Great concern is now placed on hygiene and sanitation of production, food safety, wholesomeness, production costs, value-added, standards, environment and regulations.

Source: Murry (2007)

"Thailand is a strategic hub of food production for both Asia and the rest of the world due to its biodiversity and natural agricultural productivity. Entrepreneurs in Thailand's agriculture and food processing industries continue to strive to introduce new technologies. In addition, the Thai Government has introduced policies which support food production at high standards of safety and quality. Thailand has both the high potential and the key fundamentals to become a major production base and distribution center for world food production, as well as an attractive destination for international investor"

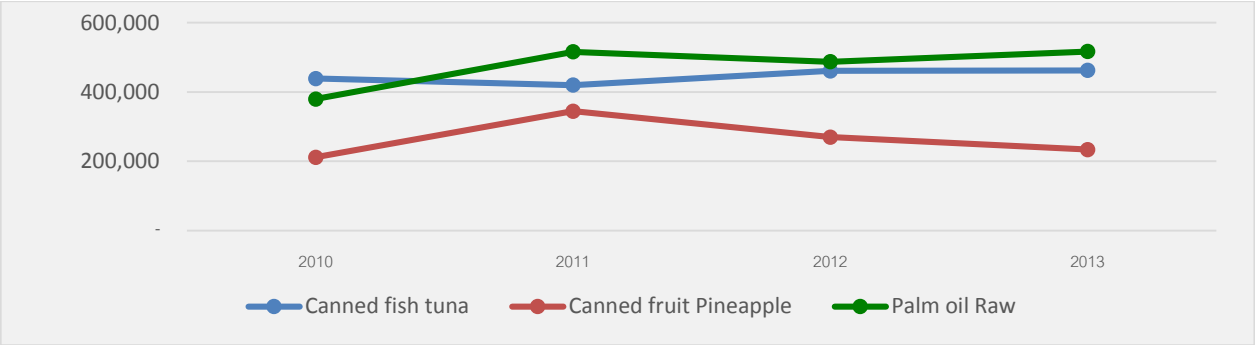
Dr. Petch Chinabutr, President of National Food Institute

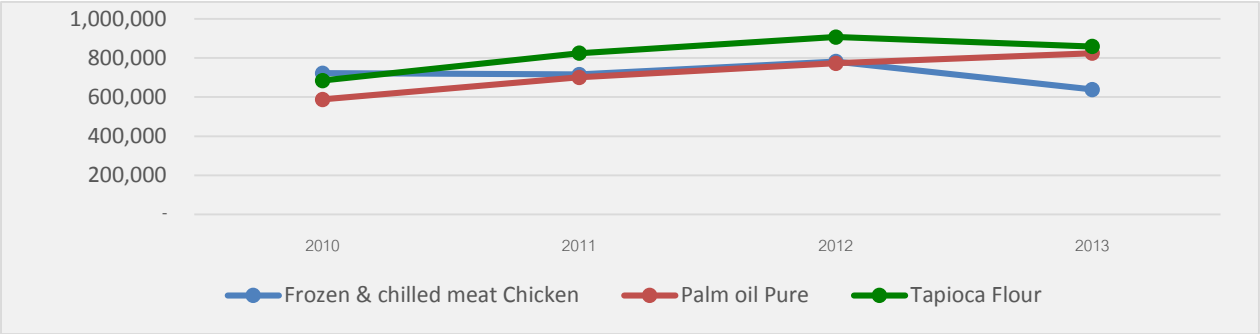
Source: BOI

1.2 Production

Food processing is one of the country's biggest manufacturing sectors. Food products make up a significant 61% of the food and beverage market in Thailand, dominated by products including milled rice, tapioca starch, sugar and confectionaries, seafood, poultry meat, frozen, ready-to-eat foods, and processed fruits and vegetables. The industry is growing at the rate of 9% per year with annual production of more than 28 million tons. Thailand is among a few countries producing a large amount of high standard rice. Meanwhile, the Thai sugar and tapioca starch are known for their high quality at comparable prices. Leading manufactures continue to expand their production facilities, develop new products and invest in marketing activities. Between 2010 and 2013, the Kingdom produced an average of 818 thousand tons of tapioca flour, 714 thousand tons of frozen and chilled chicken meat, and 445 thousand tons of canned fish tuna (see Chart 1). Canned/preserved food and frozen processed food registered healthy growth in 2012 because of strong demand after the flood crisis in 2011. However, the production output slightly slowed in 2013 due to the country's political turmoil and high oil prices that have forced consumers to cut down their spending. A decline in purchase orders made by European Union and United States also influenced the national food manufacturing production.

Chart 1 Production of Selected Food Products

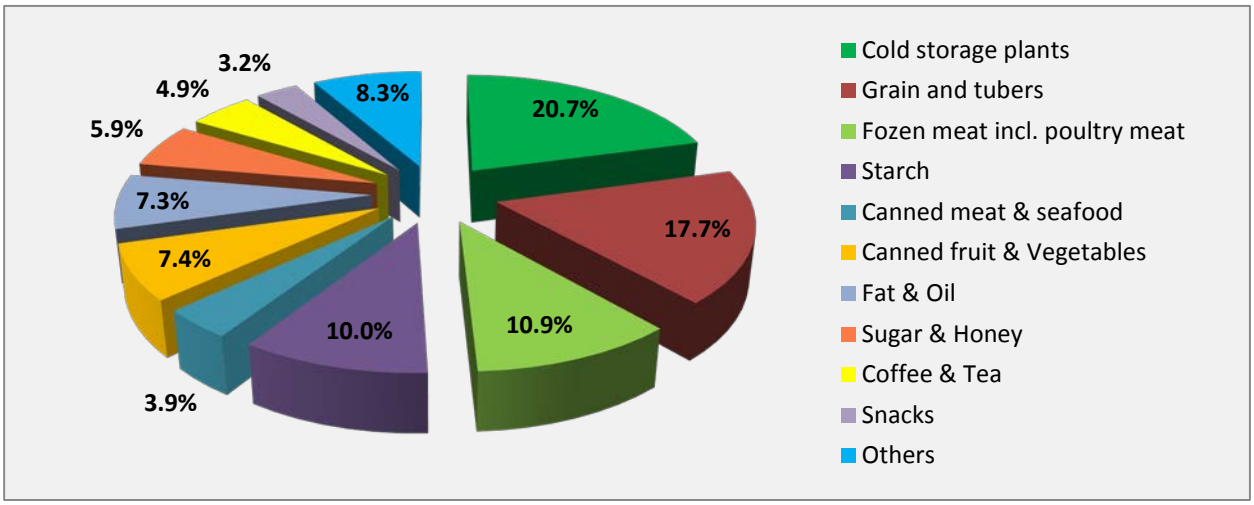




Source: The Office of Industrial Economics, Thailand

Thailand is the first country in Southeast Asia to adopt agriculture biotechnology. The food processing industry covers a diverse range of product segments. The maturity and technological development of products and markets in each of the segments vary considerably. There are over 10,000 food and beverage factories consisting of small, medium and large-scale plants, which employ almost 70,000 persons. Most of the small to medium sized businesses (85%), serve mostly the domestic market, while medium to large food processors tend to produce higher-valued products for the domestic and export markets. Food factories in Thailand comply with food safety standards of GMP, ISO, HACCP and TQM.

Chart 2 Food Processing Companies in Thailand



Source: Murry (2007)

Major Thai and multinational industry leaders include: Nestle, Saha Pathana Inter Holding, Patum Rice Mill & Granary, Royal Friesland Foods NV, Unilever Group, Thai Union, Dole Thailand, Charoen Pokphand Group, Betagro, Saha Farms, Thai Beverage, Kellogg's, Kraft, PepsiCo, Del Monte, Procter & Gamble, Ajinomoto and Effem Foods. Among them, Charoen Pokphand Group (CP) has a strong present in India with three separate companies are operating in different parts of India (see Appendix 8.8).

With the inauguration of the ASEAN Economic Community scheduled for the 31st of December 2015, the food processing sector of Thailand will experience undoubtedly both an infusion of investment capital and a boom in plant construction/expansion once a more integrated Southeast Asian market emerges.

Picture 1 Pork Processing Chain

Source: Korat Food Cluster

2 Market for Processed Food Products and Food Processing Machinery

2.1 Characters of Domestic Consumers

Although most processed food products are catered for international market, the domestic consumption on processed food has seen a vigorous growth over the last decade. The Thai domestic market stands equal in size to the export market and in terms of purchasing power and quality is as exacting as the export markets. An increased demand for convenient food, long shelf life food products is fueled by changes in lifestyles of Thai consumers. While the majority of consumers still prefer fresh food markets, many of them now shop at supermarkets, and ready-to-eat (RTE)

food items are replacing traditional wet market shopping and home cooking, especially those who are living in urban areas (36% of the population). These processed food products are available in a wide variety of venues, most notably major Thai hypermarkets and supermarkets such as Tesco, Makro, The Mall Group, Big C, Foodland and Tops. Approximately 90% of urban Thai shoppers use Big C and Tesco Lotus at least once a week. In 2012, Thai consumer expenditures on food and beverages reached US$ 63 billion.

Besides shopping at hypermarkets and supermarkets, the majority of urban Thai people (over 90%) also uses convenience stores and visits them on an average 13 times a month. It is reported that an average of 8.3 million customers shop at convenience stores for ready-to-eat food products. Many of them are students and working professionals, between ages of 15 and 35. This dynamic group of the population is also eager to try new products and receptive to trends that fit their westernized lifestyles. They eat out more and move away from traditional open-air food stands to casual dining restaurants since it is more convenient, entertaining and provides more free time compared to cooking at home.

Table 3 Domestic Sales on Selected Food Products

	PRODUCT	UNIT	2010	2011	2012	2013
1	Frozen & chilled meat Chicken	ton	560,936	547,466	592,915	481,578
2	Sausage	ton	16,195	20,231	21,185	21,651
3	Ham	ton	615	945	1,304	1,155
4	Meat ball Pork	ton	533	509	505	476
5	Canned fish tuna	ton	23,328	31,800	19,463	14,883
6	Canned fish sardine	ton	11,806	6,552	7,474	7,938
7	Chilled or frozen seafood	ton	18,357	23,082	23,547	23,197
8	Canned Vegetable Com Young	ton	1,873	1,812	1,704	1,691
9	Canned fruit Pineapple	ton	593	698	875	1,982
10	Fruit juice	ton	26,973	21,460	38,394	15,491
11	Dried fruit &vegetable	ton	5,606	2,406	3,471	3,288
12	Crop Oil	ton	781,378	810,853	769,998	897,226
13	Pasteurized milk	ton	155,859	172,803	204,975	235,371
14	Ice-cream	ton	66,894	72,247	85,552	78,846
15	Wafer	ton	11,429	12,720	11,884	13,733
16	Cake	ton	2,872	2,517	2,624	2,708
17	Sugar	ton	1,304,781	1,362,048	1,406,687	1,300,524
18	Soy sauce	liter	2,569,892	2,637,538	2,537,292	3,006,185

19	Fish sauce	ton	61,208,270	64,818,071	65,848,540	60,182,347

Source: The Office of Industrial Economics

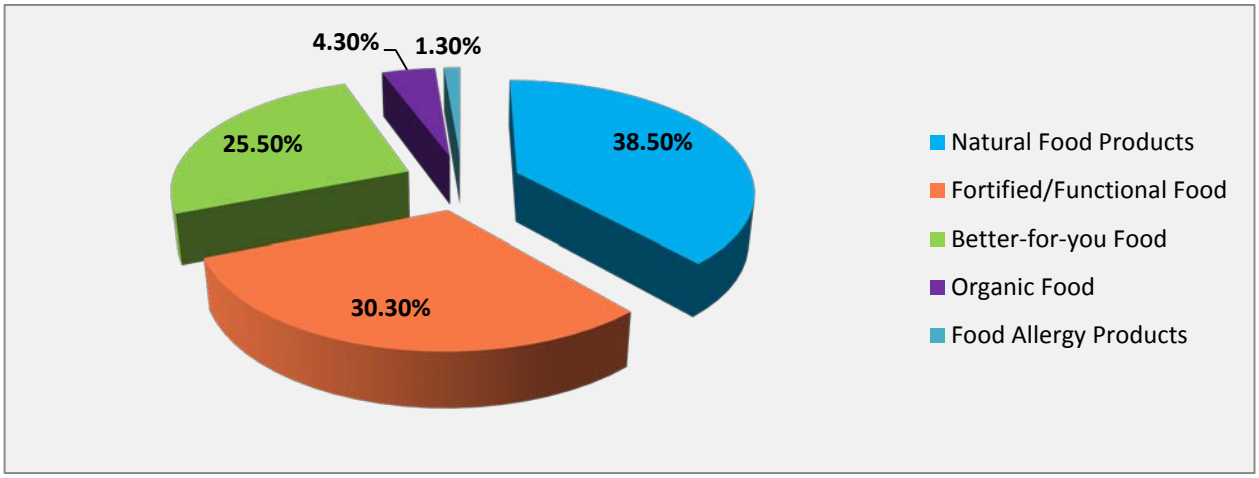
Higher disposable incomes and higher levels of education have also influenced the food consumption pattern and behaviors of Thai people. Quality and health benefits, rather than simply price, are becoming key purchasing factors. Thai consumers have a growing preference for imported food items as they perceive foreign produce as being of better quality than local produce. About 30 million middle-to-upper income consumers and overseas-educated Thais are eager to purchase imported food products and have become relatively brand conscious. A typical Thai family spends about 35% of their total income on food and beverages, in which the ratio of imported food to domestic food is 30:70. Both Big C and Tesco Lotus have introduced a new store format called "Extra" which offers a greater range of premium products including a wide selection of imported products targeting middle and high income customers. Imported processed food items that have become increasingly popular among Thais in the last 10 years include:

- Fruit and vegetables
- Smoked salmon, Japanese delicacies and seafood
- Grain and cereal products
- Chocolate and confectionary
- 100% fruit juice and drinks
- Jams and spreads
- Dairy products and milk powder
- Spaghetti
- Salted snacks
- Ready-to-eat meals
- Meats and Meat-by-products

Together with demand on quality, Thai consumers are paying more attention to a healthy diet. There is growing awareness of functional ingredients such as herbs, fibers, collagen, L-carnitine, minerals, vitamins, omega fatty acids, and probiotic. Data in 2012 shows that consumer expenditures on health and wellness foods grew to US$4.7 billion, while US$1.7 billion was spent on consumer health foods including sports nutrition, vitamins and dietary supplements, weight management, herbal/traditional products, allergy care and child-specific consumer health products. Natural food products occupy the largest market share at 38.5%, followed by fortified/functional food (30.3%) and better-for-you food (25.5%) (see Chart 3). Capitalizing on this trend, local Thai fruit juice manufacturer, Tipco, started producing new nutritional innovative products, including concentrated pomegranate juice, which has increased sales by 120 percent. Malee Sampran launched "Malee Coco" made of 100 percent coconut water as a super fruit drink. The rising demand

for health and functional food products have caused Thai food manufacturers to focus on developing new functional foods and beverage products.

Chart 3 Market shares of Health Food Products



Source: National Food Institute

Among processed food products, it has noticed a strong demand for sweet and savory snacks in the local Thai market, including fruit snacks, chips, extruded snacks, tortilla/corn chips, popcorn and nuts. Fish snacks appear the most popular among the rising health food snacks. The growing popularity of snacks has been driven by aggressive advertising and marketing activities among leading players in the industry. In 2011, sweet and savory snacks grew by 7% year-on-year in current retail value terms to reached US$840 million. Thailand's market for sweet and savory snacks is expected to reach US$1 billion by 2016. In response to a growing consciousness from consumers for healthy products, many manufactures have reformulated their products to reduce the amount of salt, sugar and fat or simply take them out of their products.

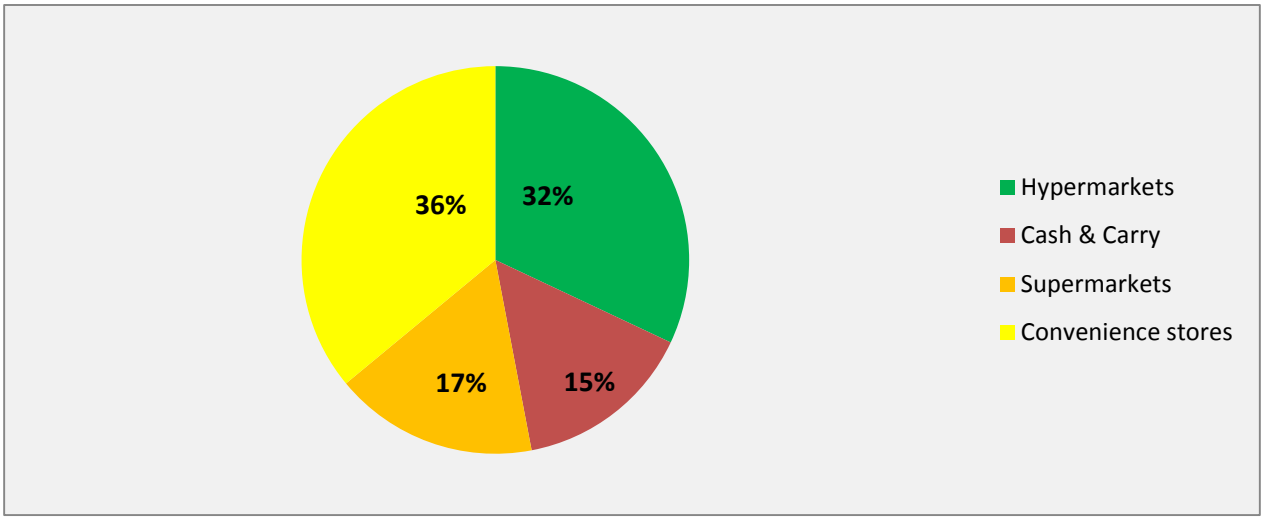
2.2 Retail Sector and Food Service Sector

Retail food sector is also a vital component of the Thai economy with food and beverage expenditures expected to grow up to 30% in the years to come. In 2012, retail food sales in Thailand were registered at US$77 billion, which was 10% higher than 2011 and accounted for about 82% of all retail sales in Thailand.

With the robust growth of modern retailers such as hypermarkets, supermarkets, cash and carry, and convenience stores, Thailand has become the second most

dynamic retail food market in Asia after China. Modern food retailing accounts for approximately 70% of total retail sales as the flow of local shoppers has been diverted from wet markets and grocery stores to hypermarkets and supermarkets.

Chart 4 Sales from modern retail food establishments in 2012



Source: USDA Foreign Agricultural Service

As the Chart 4 indicates, the convenience store sector has been the best performing retailer with 36% share in total sales from modern retail food establishments. There are over 12,000 convenience stores nationwide with 7-Eleven as the leading player. Thailand's 7-Eleven is the world's third largest 7-Eleven network after Japan and the United States. It accounts for 53% of total sales and has 6,822 outlets nationwide at the end of 2012.

The hypermarket segment in Thailand has been also performing well with two major players, including Big C and Tesco Lotus. Meanwhile, the supermarket business is dominated by six prime competitors, which are the Central Food Retail (Central Food hall and Tops Marketplace), The Mall Group (Home Fresh Mart and Gourmet Market), Foodland Supermarket, Villa Market, MaxValu Supermarket, and UFM Fuji (see Table 4). The supermarket sector tends to cater to medium and upper income consumers by offering a wide range of premium products and a broader assortment of local and imported processed food, fruits and vegetables, meat, seafood, and beverage products.

Table 4 Key Food Retailers in Thailand

Company Name	Store Format	No. of Outlets
Ek-Chai Distribution System Co., Ltd		**1,382**
Tesco Lotus Hypermarket	Hypermarket	108
Tesco Lotus Value	Compact Hypermarket	38
Talad Lotus	Supermarket	165
Lotus Express	Convenience Store	1,071
7-Eleven – CP All Pcl.	Convenience Store	6,822
Siam Makro Pcl.		**63**
Makro	Cash and Carry	57
Siam Frozen Stores	Cash and Carry (focus only on frozen food items)	5
Makro Food Service	Food Service Operator	1
Big C Supercenter Pcl.		**257**
Big C Supercenter	Hypermarket	96
Big C Extra	Hypermarket	16
Big C Market	Supermarket	18
Mini Bigc C	Convenience Store	126
Big C Jumbo	Cash and Carry	1
Centeral Food Retail Co., Ltd		**955**
Central Food Hall	Supermarket	5
Tops Marketplace	Supermarket	58
Tops Super	Supermarket	33
Tops Daily	Supermarket	13
Family Mart	Convenience Store	806
The Mall Group		**11**
Home Fresh Mart	Supermarket	7
Gourmet Market	Supermarket	4
Foodland Supermarket	Supermarket	14
MaxValu-Aeon (Thailand) Co., Ltd		
Max Valu	Supermarket	18
Max Valu Tanjai	Mini-Supermarket	46
Villa Market	**Supermarket**	**25**

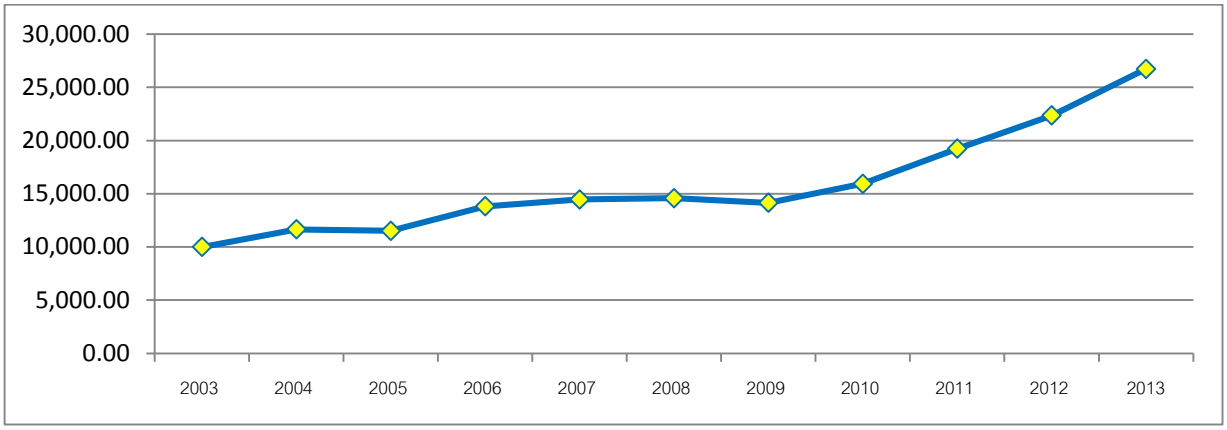
Source: USDA Foreign Agricultural Service – Bangkok, Thailand (as of December 31, 2012)

In Thailand, hotels, resorts, restaurants and institutional contracts are the heavy users of imported food for food preparation and ready-to-eat meals. Food and beverages sales in hotels and resorts account for about 30% of total revenues. The average rate of imported food versus locally produced food in the entire Hotel Restaurant sector is 30%. Thai Airways International uses 30-40% imported food in their in-flight catering service. As Thai consumers are moving away from traditional open-air food to casual dining restaurants, fast food and chain restaurants have boomed during the last few years and are expected to continue expanding in the near future. In 2012, the casual dining restaurants accounted for approximately 85% of total restaurant sales. Besides independently local owned restaurants, the

establishment of restaurant chains such as Oishi, Fuji, Zen, S&P, Patio, Black Canyon, Pepper Lunch, and MK Suki Restaurant has resulted in more choices in Bangkok and major tourist destinations.

The growth of the country's food service sector has been aggressively driven by the high tourism levels. Thailand's political capital and commercial hub of Bangkok has been ranked third in the latest Euromonitor International's 100 Top City Destinations Ranking (2013 edition), covering 100 of the world's leading cities in terms of international tourist arrivals. Three other popular Thai cities, Phuket, Pattaya, and Chiang Mai, were respectively ranked 15, 17 and 70 in the same listing. In 2013, tourist arrivals to Thailand reached 26.7 million, up 19.6 % despite the national political turmoil and global economic challenges. Tourists from China, Lao PDR and Malaysia were the top three fast growing groups. This trend has created an increasing demand for Chinese cuisine and Halal food. It also records an average of 1 million Indian visitors to Thailand every year, which presents an opportunity to expand Indian cuisine in Thailand.

Chart 5 Number of Foreign Tourists, 2003-2013



Source: Bank of Thailand

2.3 Food Processing Machinery and Equipment

The flourish of packaged and processed food industry has opened a lucrative market segment for food machinery and packaging equipment in Thailand. Leading manufactures in the national food processing industry are constantly developing cutting-edge technologies to meet the increasing demand in the global market. The introduction of the GMP standard for the food safety equipment in 2003, for instance, has brought a significant increase in the volume of food processing and packaging equipment purchased by Thailand-based firms. The market of food processing and

packing equipment has grown by an average of 20% every year since 1999. Although Thailand has been successful in modernizing its national industry, the country nowadays still depends heavily on the importation of foreign industrial machinery. The total trade value of food processing and packing equipment worth approximately US$ 2 billion every year. The majority of machines and equipment is imported from Japan (26%), Netherlands (11%), Germany (11%), and China (10%). The most imported food processing and packaging machinery by value was equipment for filling, closing, sealing, encasing or labeling bottles with over US$ 1 billion between 2010 and 2012, followed by machinery for the preparation of food and drink (US$ 519 million) (see Table 5)

Table 5 Import Value on Selected Food Processing Machinery and Equipment, 2010-2012

Unit: US$ *Thousand*

HS Code	Product Label	2010	2011	2012
8434	Milking machines & dairy machinery & parts	$2,500	$4,896	$4,033
8435	Presses etc for wine, cider, fruit juice etc, pts	$553	$737	$480
8437	Mach for cleaning seed etc & work cereal etc, pts	$52,285	$47,148	$40,873
8438	Mach nesoi, ind prep of food or drink etc, parts	$100,630	$164,830	$253,736
8422	Machines, dishwash, clean etc cont & fill, pak etc	$245,525	$337,666	$486,627
	Total	**$401,493**	**$555,277**	**$785,749**

Source: UNcomtrade

2.4 Major Trends in Production, Price and Consumption

Production growth continues to increase. High growth will be seen in products such as ready meals, oils and fats, chilled, dried and frozen processed food, bakery items, noodles, canned/preserved food and confectionery (see Table 6). The high growth rate in canned/preserved food can be attributed to the fact that many manufacturers continue to diversify their portfolios in order to focus on higher growth segments such as ready meals and frozen foods. In addition, many companies are focusing more on export markets in order to diversify domestic risk. Canned/preserved fish/seafood will continue to dominate canned/preserved food and will lead growth, with demand being fuelled by on-going product innovation and the marketing activities of leading players. In addition, the aggressive expansion of retail and foodservice outlets such as 7-Eleven, CP Freshmart and other leading chained super/hypermarkets, which are the key distribution channels for frozen processed food, will also help to stimulate overall growth.

Rising consumer food prices. In line with the global consumer trends (see Table 7), prices for processed food products in Thailand are projected to rise over the coming decade due to stronger demand, driven by growing populations, escalating disposable incomes, increasing urbanization and diet diversification. Prices of meat and fish products are predicted to rise more strongly than primary agricultural products.

Table 6 Production Forecast in Thailand on Selected Food Products, 2014-2022

PRODUCTS	2014	2015	2016	2017	2018	2019	2020	2021	2022
Protein Meal	2,037	2,069	2,098	2,124	2,152	2,179	2,209	2,236	2,265
Vegetable Oils	2,455	2,535	2,618	2,702	2,791	2,881	2,976	3,074	3,175
Beef and Veal	427	437	446	455	461	466	469	470	472
Pork	957	966	979	979	989	1,000	1,012	1,017	1,062
Poultry Meat	1,661	1,707	1,754	1,801	1,844	1,882	1,927	1,972	2,016
Fresh Dairy Products	932	942	951	961	972	982	992	1,001	1,010
Rice	25,710	26,026	26,340	26,653	26,955	27,249	27,531	27,806	28,077
Sugar	10,063	10,468	10,881	11,342	11,852	12,334	12,783	13,294	13,768

Source: OECD.Stat Extracts

Table 7 World Price Forecast on Selected Food Products, 2014-2022

Unit: US$/ton

PRODUCTS	2014	2015	2016	2017	2018	2019	2020	2021	2022
Protein Meal	403.9	389	387	390.2	396.2	401.7	403.6	404.2	406.1
Vegetable Oils	1,038	1,078	1,065	1,098	1,105	1,118	1,136	1,155	1,160
Beef and Veal	4,716	4,731	4640	4,569	4,394	4,415	4,476	4,546	4,570
Pork	2,155	2,147	2061	2,055	2,162	2,285	2,271	2,244	2,285
Poultry Meat	1,355	1,375	1,378	1,407	1,445	1,475	1,500	1,518	1,532
Rice	440.3	423.2	419.3	417.9	426.1	438	451.1	462.5	470.3

Source: OECD.Stat Extracts

Strong demand growth in food consumption. As lifestyle in Thailand changes rapidly towards the need for more convenience and ease in food preparation, there is a particular growth potential in the following areas: canning, convenience and fast food, retail level bakeries, snack foods and confectionery dairy products. These food products are expected to come with multi-features including 'healthy, 'flavor-intensive', and 'palate-pleasing' as Thai consumers strongly desire to maintain a healthy lifestyle. Health consciousness and demand for healthy products will fuel the health food market in Thailand, particularly in products including nuts, fruit snacks,

products without MSG or preservatives, low-fat/calorie and sugar free foods, organic foods, vegetarian foods, functional food products such as products fortified with vitamins, fiber, iron, calcium or other healthy substances, and food with all natural ingredients. The increasing number of inbound tourists to Thailand every year also influences the trends in food consumption.

Table 8 Best Product Prospects

HS Code	Product Label
02	Meat and Edible Meat Offal
03	Fish and Crustaceans
0401-0406	Dairy Products (e.g., cheese, cheese spread, cream cheese, whipped cream, cheese sticks, cheese dip and ice-cream)
07	Edible vegetables
08	Edible fruits and nuts, peel of citrus/melons
16	Edible preparations of meat, fish, crustaceans
19	Preparations of Cereals, flour, starch or milk (e.g., ready-to-mix pancakes, cookies)
20	Preparations of Vegetables, fruits, nuts (e.g., fruit juice, jam and jelly)
21	Misc. edible preparations

Source: USDA Foreign Agricultural Service-Bangkok, Thailand

Fast growing sector-Halal food. Halal food accounts for 20% of global food exports. The global Halal food market is now worth an estimated US$ 667 billion annually. The world's growing Muslim population is generating a lucrative market segment for this particular type of food products. Countries with a Muslim majority have average population growth rate of 1.8% per year, compares with a world population growth rate of 1.12% per year. By 2030, Muslims are projected to make up more than a quarter of the global population. The Muslim community also makes up to 10 % of Thailand's 64 million inhabitants.

Fairly steady growth rate in the regional and global processed food product market over the medium term. The canned food market, consisting of the retail sales of canned desserts, canned fish/seafood and meat products, canned fruit, canned pasta and noodles, canned ready meals and canned vegetables, is forecasted to continue growing. In 2017, the Asia-Pacific canned food market is expected to have a value of

US$ 15.5 billion, an increase of 11.5% since 2013. The compound annual growth rate of the market in the period 2013-2017 is estimated to be 2.7%. A similar trend is expected to see in the global canned food market (see Table 9). Canned fish/seafood and meat products will lead the market as about a quarter of overall value.

Table 9 Canned Food Market Value Forecast, 2013-2017

Year	Asia-Pacific		Global Market	
	Value (US$)	*%Growth*	*Value (US$)*	*%Growth*
2013	13.9	2.2	72.4	2.7
2014	14.2	2.6	74.3	2.7
2015	14.6	2.9	76.3	2.7
2016	15.0	2.7	78.3	2.5
2017	15.5	2.9	80.4	2.7

Source: MarketLine (2013)

Frozen food products is also considered to be the next generation of convenient ready foods, particularly frozen vegetables and fruits owing to advancement in freezing technologies which provide products with an extended shelf life. The product segment covers various frozen food categories such as frozen ready meals, frozen fish/seafood, frozen potatoes, frozen fruits and vegetables and frozen soup. The frozen ready meal segment includes wide range of products such as frozen pizza, desserts, entrees and snacks. The compound annual growth rate of the market in the period 2013-2017 is predicted to be 3% and the market value is expected to reach a value of US$138 billion by the end of 2017, reported by MarketLine.

Picture 2 RTE meals by Prantalay Marketing Public Company Limited and S&P Syndicate Public Company Limited.

Ample opportunities for food processing machinery. The huge potentials in food processing are generating a rising demand for food processing and packaging technologies and equipment in Thailand. The country will continue its industrialization process but still heavily depends on the importation of high-quality machinery for the immediate future. In order to meet food safety standards required by major markets such as the European Union, Japan and the United States (USA), there is a high demand for drying, cooling and purifying machines; fruit, vegetable and cereal processing machines. There will also be a soaring need for packaging machinery, including filling, closing, sealing, wrapping and labeling machines. Industry experts believe the market segment of food processing machinery has strong potential to grow at close to 10% annually in the near term.

Table 10 Thailand's Food Sector Key Indicators-Forecast

	2013	2014	2015	2016	2017
Food consumption, US$bn	39	41	45	49	54
Food consumption, US$ per capita	563	593	640	699	763
Confectionery sales, US$mn	580	610	568	718	784
Total mass grocery retail sales, US$bn	38	40	43	48	53
Exports of food and drink, US$mn	24,237	25,891	28,198	31,033	34,201
Imports of food and drink, US$mn	9,364	10,036	10,997	12,189	13,533
Food and drink trade balance US$mn	14,873	15,855	17,202	18,844	20,667

Source: BMI

2.5 International Trade

2.5.1 Bilateral Trade between Thailand and the world

Till the 1970's, Thailand did not figure as a significant player in the international trade for consumer food. However, Thai agriculture successfully diversified into high-value products, livestock and fisheries. Subsequently, today the Kingdom is among the world's top food exporters of milled rice, sugar, tapioca, and canned pineapples. The country is also ranked among the top ten exporters of seafood, canned tuna, frozen shrimp and frozen chicken. Thai food exports exceed imports by a broad origin. In 2013, the Kingdom made US$ 26.8 billion from its food exports, mainly to ASEAN countries, USA, Japan, China, Russia and the European Union.

Figure 1 Agro-business Sector

World's #1 Cassava Exports

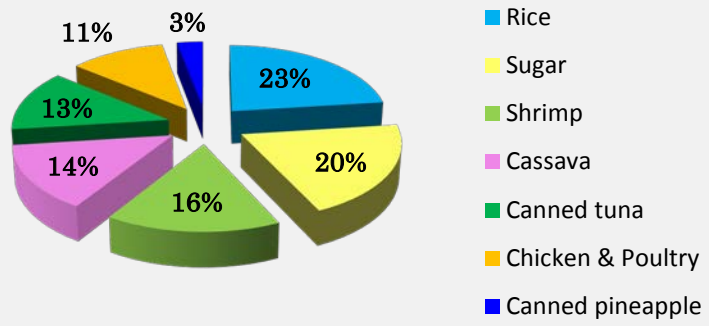
World's #2 Sugar Exports

World's #3 Fishery Exports

World's #6 Rice & Grains

Source: NFI (2012)

Chart 6 Thailand's Main Food Exports



Source: NFI, as of March 2013

Thai RTE food is gaining popularity around the world as other countries grow accustomed to Thai quality, nutrition, and taste. In 2013, Thailand exported 521 thousand tons of RTE food and seasonings valued at US$ 1.3 billion – a 9.2% increase over the previous year. Sauces including chili sauce, fish sauce and mixed seasonings are particularly enjoying remarkable success in overseas markets. In 2013, export of mixed seasonings totaled US$ 298 millions, followed by chili sauce (US$ 55 million,) and fish sauce (US$ 46 million) and. Major export markets currently include Japan, the USA, Philippines and Cambodia. The Thai government has set the national export to grow around 15% this year with food remaining a major export segment.

Chart 8 Thailand's Food Import 2010-2013

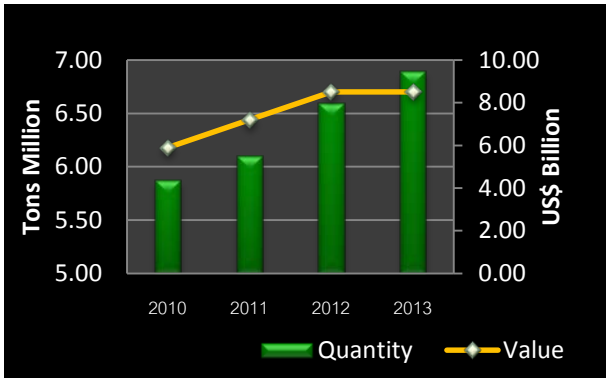
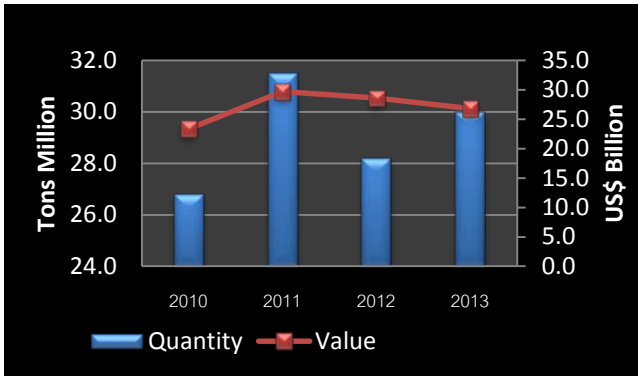


Chart 8 Thailand's Food Export 2010-2013



Source: The customs department of the kingdom of Thailand

Although the national food processing industry uses some 80% of raw materials locally, the demand for imported processed food and raw materials, especially better

quality ingredients has been growing. Those materials and food items are used for re-processing and re-exporting. Domestic items such as grains, vegetable oils, and starches tend to be of lower value and quality. Despite the global economic situation recently, Thai food manufactures still seek high-value and more technology-produced ingredients at reasonable prices for developing new products. In 2013, Thailand imported more than US$ 2.1 billion of food ingredients, an 11% increase from the previous year. Imported ingredients are mainly dried fruit and nuts, wheat, starches, dehydrated potatoes, soybeans, food additives, colorings, flavorings, starch, whey, mild powder, juice concentrates, and other baking ingredients.

2.5.2 Bilateral Trade between Thailand and India

The relationship between Thailand and India has seen a vigorous development since 2001, especially after a State visit in January 2012 by Prime Minister Yingluck Shinawatra to India as a chief guest of Indian Republic Day. As a result of the visit, there were 6 bilateral agreements signed to deepen the social-economic cooperation between the two countries.

The bilateral trade volume in the past five year is recorded to grow by an average of 16% annually. India is ranked 18th among trading partners with Thailand. It is anticipated the trade volume between the two countries will reach US$ 16 billion by 2015. In 2013, the total trade between Thailand and India on processed food products toped US$ 470 million. The Thai food products trade surplus with India was US$ 65 million in 2013, a 56% increase from the previous year. Over the last five year, India has been the largest destination for Thai oil-crop products, including palm oil, coconut oil and Glycerol (Glycerine). Meanwhile, bovine meats imported from India have ranked the first by value in the import market of frozen meat products in Thailand. Natural gums, resins, and spices such as ginger, coriander, peppers and capsicums are also among popular Indian products imported to Thailand. The expansion in the food manufacturing industry in Thailand has also created a new demand for food ingredients import from India to Thailand. The annual growth of food ingredients import value during the period between 2010 and 2013 was 3.2 %. In 4 years, Thailand imported 66 tons of ingredients, worth US$ 45 million (see Chart 10 & 11). Imported ingredients include malt extract, food supplements, and cocoa.

Chart 9 Thailand Export Processed Food to India 2010-2013

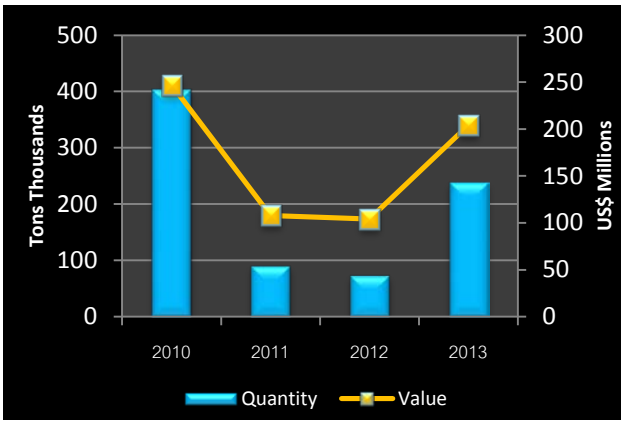


Chart 10 Thailand Import Processed Food from India 2010-2013

Source: The customs department of the kingdom of Thailand

2.6 Market Entry Mode

The appropriate entry strategy when venturing in Thailand is highly dependent on the nature of business, objectives and resources of the Indian investing companies. Issues such as company size, resources and product types will determine which type of entry strategy is most appropriate.

In Thailand there are three types of businesses:

- Sole Proprietorships
- Partnerships
- Limited Companies (public and private)

Two types of limited companies are recognized: public companies and private companies. Public companies are regulated by the Public Company Act and certain other Acts. Private limited companies are regulated mainly by the Civil and Commercial Code. The majority of foreign investors form a private limited company. In this kind of organization there is unlimited capital investment. Foreigners may fully own a private limited company. Apart from instigating accounting customs, private limited companies should have at least three promoters to act as shareholders. However, in business activities reserved for Thai nationals, foreign shareholders can only have a maximum of 49%. In this form of private limited company, it also requires the foreign companies employ a minimum number of Thai staff per foreign employee. Restricted business activities include extracting Thai herbs, manufacturing of sugar from cane, sale of food and beverages, and rice milling and flour production from rice and plants.

India has recently inked a free trade agreement (FTA) with Thailand for setting up of a free trade area covering goods, services and investment in 10 years. Under the Framework Agreement, Thailand has committed to open up seven sectors to Indian firms, but they would not be able to hold more than 49 % of shares in a company. This is less than Thailand allows other ASEAN members, who may hold up to a 70% share. The sectors are services, communications, construction and engineering, distribution, tourism, entertainment and transportation.

In Thailand, three types of partnerships are recognized. The tax treatment and degree of liability of the partners are the only differences between the partnerships. The BOI does not commonly encourage partnerships. Therefore, it's not ordinary for alien investors to form this type of organization.

The three types of partnerships are:

- Unregistered partnerships - Partners are fully liable for all responsibilities of the partnership.
- Registered partnerships - The partnership is a legal entity, and, therefore, is disparate and distinct from the partners.
- Limited partnerships - Capital investment determines the liability of the partners. This type of business must be registered.

Starting a business in Thailand takes an average of 28 days, compared to the world average of 38 days. The Thai government is encouraging foreign investors to specific areas of the Thailand with attractive tax and ownership incentives. There are three different types of zones, offering varying incentives depending on the location and nature of the business. Attractions include:

- Land ownership rights for foreign investors
- Permission to bring in foreign experts and technicians
- Work permit & visa facilitation
- One-Stop-Shop: Visas & Work Permits are issued in 3 hours
- No restrictions on foreign currency remittances
- No export requirement
- No foreign equity restrictions in manufacturing sector
- No local content requirement

For Indian exporters, the following market entry strategies are suggested:

- Appoint a local importer/agent/distributor. Selecting the right importer is one of the most important decisions for exporters developing their business in Thailand. The local importer will be a key partner in helping expand business opportunities and minimize the need for exporters to establish direct contact with multiple retail chains. A local importer familiar with market conditions and the regulatory environment can help exporters successfully market their products in this competitive market. Indian exporters should be aware that many multinational retailers in Thailand charge listing fees or a listing allowance for new products. The fee will be charged in accordance with a formula based on the number of retail outlets and stock keeping units.

- Build relationships with local operators who have existing distribution channels. Local operators have better understand local customer's needs and can improve or tailor products accordingly (see Appendix 8.8 for Food Manufactures and Food Retail Company Profiles).

- Establish and manage a cool chain for supply of fresh produce.

- Invest in local (or regionally based) food production facilities to more efficiently service the market and take advantage of the ASEAN- India program and the early harvest scheme (EHS) under the framework agreement on Thailand-India FTA.

- Participate in food exhibitions such as THAIFEX – World of food ASIA and trade shows such as Food Ingredients Asia, which provide effective exposure for the company's products.

2.7 Foreign Trade Barriers

2.7.1 Import Policies

In Thailand, high tariffs are applied to imports competing with locally produced products, including beef, pork, poultry, fresh fruits (including citrus fruit and table grapes), vegetables, fresh cheese, and pulses (e.g., dry peas, lentils, and chicpeas). Most processed food products attract over 30 % tariff on the Cost, Insurance and Freight (CIF) value, plus 7% Value Added Tax (VAT). High tariffs are sometimes applied to products even when there is little domestic production. For example, the type of potato used to produce frozen French fries is not produced in Thailand, yet imports of these potatoes face a 30% tariff. Products can be imported tariff-free if the

final product is for re-exportation. However, the ASEAN-India Free Trade Agreement (AIFTA) which took into effect from 1 January 2010 and the framework agreement for establishing free trade zone between Thailand and India which was inked in 2003, have resulted in free-from-tariff access for many Indian food products.

Under the AIFTA framework, the tax reduction scheme was applied to almost all 4,753 items except for the item under the exclusion list that have about 489 items, including rice, potatoes, sugar. The tariff reduction modes are as below:

India Commitment	Thailand Commitment
I. Normal Track - Applied MFN tariff rates will be reduced and subsequently eliminated in accordance with the following schedule:	**I. Normal Track** - Applied MFN tariff rates will be reduced and subsequently eliminated in accordance with the following schedule :
(i) Normal Track 1- 70% of the total tariff lines of which tariff rates will be reduced/ eliminated by 2014.	(i) Normal Track 1- 70% of the total tariff lines of which tariff rates will be reduced/ eliminated by 2014.
(ii) Normal Track 2 - 9% of the total tariff lines of which tariff rates will be reduced/ eliminated by 2017.	(ii) Normal Track 2 - 8% of the total tariff lines of which tariff rates will be reduced/ eliminated by 2017.
II. Sensitive Track	**II. Sensitive Track**
(i) Sensitive Track 1- 11% of the total tariff lines with applied MFN tariff rates above 5 per cent will be reduced to 5 per cent by 2017.	(i) Sensitive Track 1- 10% of the total tariff lines with applied MFN tariff rates above 5 per cent will be reduced to 5 per cent by 2017.
(ii) Sensitive Track 2 - 0.5% of the total tariff lines with applied MFN tariff rates at 5 per cent will be maintained; however, applied MFN tariff rates which are below 4 per cent, will be eliminated by 2020.	(ii) Sensitive Track 2 – 1.7% of the total tariff lines with applied MFN tariff rates at 5 per cent will be maintained; however, applied MFN tariff rates which are below 4 per cent, will be eliminated by 2020.
III. Special Products- Applied MFN tariff rates for special products (including crude and refined palm oil, coffee, black tea and pepper) will be reduced to 37.8-50 per cent by 31 Dec. 2019.	**III. Highly Sensitive List-** Applied MFN tariff rates for 14 products (e.g. Sandal, bicycle and its parts, silver jewelry etc.) will be reduced to 25-30 per cent by 31 Dec. 2019.
IV. Exclusion List – Applied MFN tariff rates for 489 products remains the same and shall be subject to an annual tariff review with a view to improving market access.	**IV. Exclusion List** – Applied MFN tariff rates for 463 products remains the same and shall be subject to an annual tariff review with a view to improving market access.

Source: Department of Trade and Industry in Thailand

For individual processed food products under AIFTA, further information on Schedule of Tariff Commitments (Thailand), Schedule of Tariff Commitments (India), Agreement on Trade in Goods can be obtained at the website of the Department of Trade and Industry in Thailand: www.dft.go.th).

Since 2004, Thailand and India have already implemented an Early Harvest Scheme, under the framework agreement on free trade area. The key elements of the framework agreement encompass FTA in goods, services and investment and areas of co-operation. It also provides for an EHS under which 82 items at a six-digit level of harmonized system of common list to both sides have been agreed for complete elimination of tariffs on a fast-track basis. The items that qualify for zero-day in two years from both the countries range from fresh mangoes, grapes, apples, crab (prepared or preserved) (see Table 10).

Table 11 Interim Rules of Origin for Early Harvest Scheme (EHS) under the Framework Agreement for Establishing the Free Trade Area between the Kingdom of Thailand and the Republic of India

Tariff item (HS2002)		Description of products	Applicable Rule
CHAPTER 8		EDIBLE FRUIT AND NUTS; PEEL OF CITRUS FRUIT OR MELONS	
804		Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried.	Wholly obtained
1.	*ex080450*	*- Fresh mangoes and fresh mangosteens*	Wholly obtained
806		Grapes, fresh or dried.	Wholly obtained
2.	*80610*	*- Fresh*	Wholly obtained
808		Apples, pears and quinces, fresh.	
3.	*80810*	*-Apples*	Wholly obtained
810		Other fruit, fresh.	
4.	*81060*	*-Durians*	Wholly obtained
5.	*ex081090*	*-Longans, rambutan, and pomegranates*	Wholly obtained
CHAPTER 10		CEREALS	
1001		Wheat and meslin.	
1.	*100110*	*-Durum wheat*	Wholly obtained
2.	*100190*	*-Other*	Wholly obtained

CHAPTER 16		PREPARATIONS OF MEAT, OF FISH OR OF CRUSTACEANS, MOLLUSCS OR OTHER AQUATIC INVERTEBRATES	
1604		**Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs.**	
1.	*160411*	*-Salmon*	Local Value Added Content not less than 20%
2.	*160413*	*-Sardines, sardinella and brishling or sprats*	Local Value Added Content not less than 30%
3.	*160415*	*- Mackerel*	Local Value Added Content not less than 30%
1605		**Crustaceans, molluscs and other aquatic invertebrates, prepared or preserved.**	
4.	*160510*	*-Crab*	Local Value Added Content not less than 30%

Source: Ministry of Foreign Affairs and Trade, Thailand

2.7.2 Nontariff Barriers

Quantitative Restrictions and Import Licensing: Although Thailand has been relatively open to imports of food ingredients, including corn, soybeans and soybean meal, the country imposes domestic purchase requirements for several tariff-rate quota products, including soybeans. Import requirements for food products containing dairy ingredients are excessively burdensome.

Nontransparent tariff-rate quotas (TRQs) on some products and price controls on others also impede market access. The Thai government retains authority to control prices or set *de facto* price ceilings for 39 goods and 2 services, including processed food products (sugar, pork, cooking oil, condensed milk, wheat flour, and others). Delays in finalizing administrative TRQs have led to market uncertainly and shipping disruptions. There have been serious concerns about the lack of transparency in the Thai customs regime and the significant discretionary authority exercised by Customs Department officials. The Customs Department Director General regains the authority and discretion to arbitrarily increase the customs value of imports.

Product certification, labeling and packaging: For Indian exporters, the following food safety standards are required when exporting food items to Thailand:

- Good Manufacturing Practice – a general standard
- Hazard Analysis at Critical Control Points – an internationally accredited standard
- Food products must be approved and registered with the Thai FDA prior to importation

Registration: The Thai FDA only recognizes documents issued by a government organization, or a commercial organization that is certified by the International Accreditation Forum. Furthermore, the FDA requires all documentation to be certified as true copies by the Indian Embassy. When seeking registration, suppliers must provide:

- Two samples of each product
- Details of the exact composition by percentage of each ingredient
- A production flowchart
- Six labels

Labeling: Food products must display the following information for consumers:

- Name and brand of the product (both generic and trade)
- Registration number
- Name and address of the manufacturer
- Name and address of the importer
- Manufacturing and expiry dates
- Net weight and volume
- Any additives used
- Health and nutritional claims (if any)

The Thai National Food Institute should be contacted for further information. Generally, a local agent/importer can help get a product registered and ensure labeling requirements are met.

Packaging: Packing should be secure and able to stand extreme heat and humidity. Consideration should also be for possible storage in the open. As merchandise may be landed in Thai ports from open lighters waterproof packing should be used where necessary. The use of hay and straw should be avoided.

Special certificates: Certain types of seeds, plants and animals require phytosanitary certificates issued by the approved authority in the country of origin which is the relevant state department of agriculture.

Meat imports must be accompanied by a veterinary health certificate signed by the official authority in the country of origin certifying:

- That the country of origin has been free from endemic diseases for the specified period
- The animal has been processed in an approved establishment in sanitary conditions under constant veterinary supervision
- The products are fit for human consumption and do not contain preservatives, additives or other substances in quantities harmful to human health
- They have not been stored for more than three months (the date of processing or packing must be stated).

3 Competitive Analysis-Five Forces Analysis

The processed food market is analyzed taking food manufacturing companies as players and retailers as key buyers. Meanwhile, producers of raw materials such as grains, fruit and vegetables, meat, and fish are considered as the key suppliers.

The processed food market in Thailand is highly fragmented with more than 1,000 medium and large sized players. However, sales continue to grow albeit at a slightly slower pace due to the continuous tension in the Thai politics and rising oil prices. Anti-government protests and an increase in the global oil prices have significantly influenced the volume of production, sales and the level of margins of producers, retailers and restaurants. Many of them have to temporarily stop production and start to cut costs, resulting in some of wholesalers being forced out of the market.

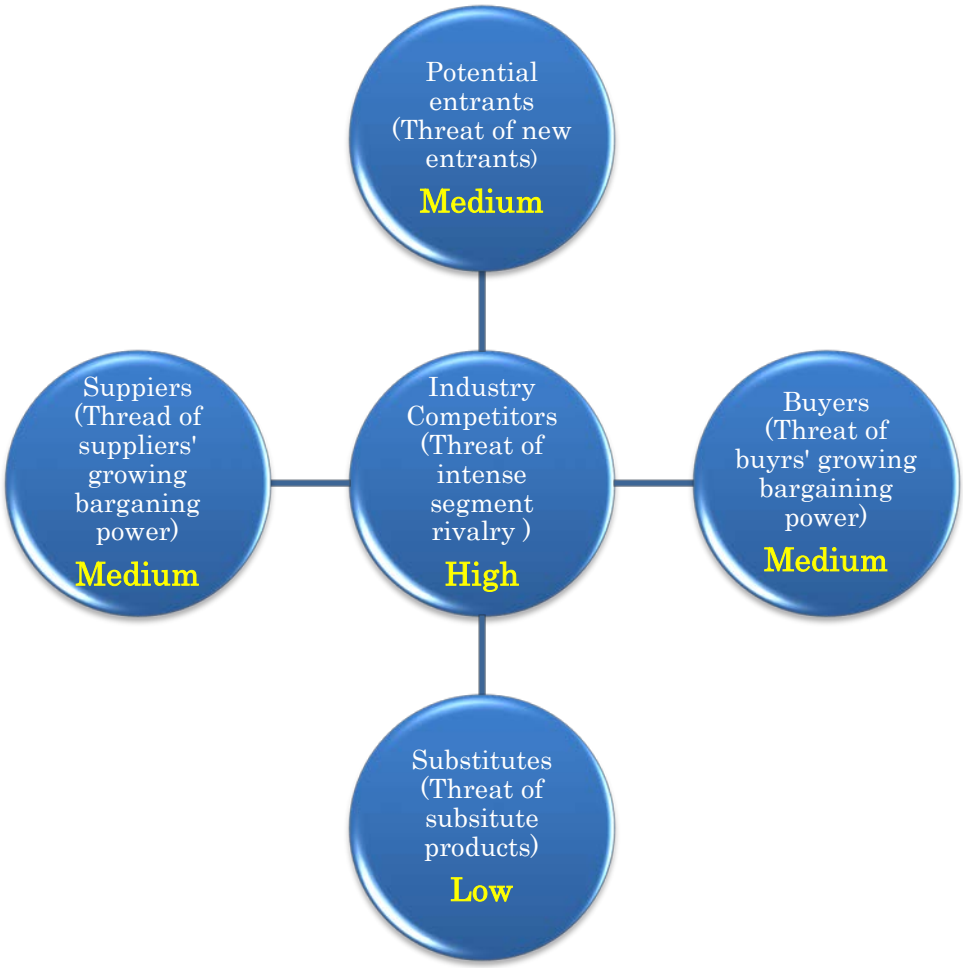
Supermarkets, hypermarkets and convenience stores represent the central buyers in the Thai processed food market with the retail industry highly concentrated. They can make large purchases and negotiate on price with manufactures, thus boosting buyer power. Since food retailers have to stock brands preferred by Thai consumers, their buyer power remains moderate.

The Thai market for food processing materials is growing due to increased local production. However, the fragmentation of the supplier market eases the supplier

power. The threat of new entrants is moderate due to high capital investments and the presence of well-established brands.

Substitutes to processed food are fresh products. The thread of substitute products is likely to be low as it reflects changes in lifestyle among Thai people who have less time for cooking and prefer eating out and patronizing restaurants. Rivalry in the market is intensified by high fixed costs and exit barriers.

Figure 2 Porter's Five Forces adapted to the Competitive analysis

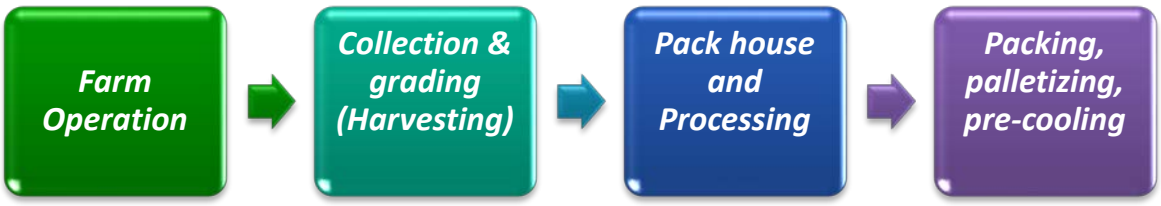


Buyer Power: The main distribution channels in the Thai processed food market are supermarkets, hypermarkets and convenience stores. Modern food retailing accounts for approximately 70% of total retail sales. Processed food products are the major

source of revenue for consumer goods retailers in Thailand. Consumer preference remains a crucial factor influencing buyer power. Retailers are unlikely to be swayed by brand loyalty, but they have to meet the demand in tastes by Thai consumers. For this reason, major buyers in Thailand tend to build their own distribution and brands in order to maintain their bargaining power with processors. Their own house brands include RTE foods, ready-to-cook prepared foods, home-made bakery items, sausages, water, cooking oil, rice, sauces, dairy products and fruit juice. For example, the Central Food Retail has three brands of private labels, namely "My Choice" for ready-to-eat products, "Cooking for Fun" for specialty products such as olive oil, pasta, and rice, and "Tops" brand for premium consumer products. Big C also has three private label brands, which are "Happy Baht" for price sensitive customers, "Big C" for medium-end customers and "Big C Advance" for high-end customers. Overall, bargaining power of buyers is assessed as medium.

Supplier power: Key inputs for food manufacturing are raw materials such as grains, spices, fruit and vegetables, and meat and fish. Nowadays, most players in Thailand have built their own distribution channels and obtained the inputs through building their own farms. Alternatively, they negotiate supply contracts with growers and farmers, wherein fixed-term contract with periodically negotiated prices are common. The increasing demand on food products with high quality requires leading players exercise measures to maintain product quality. They tend to strengthen suppliers through providing technologies and production inputs such as seeds, fertilizer and equipment. Some market players enter into long-term contracts with their suppliers, which also enhance supplier power. On the other hand, substitutes are available for raw materials. For example, if the price of one kind of vegetable rises, a manufacturer could buy less of it and more of a cheaper substitute. In addition, there is an increasing shift in using imported ingredients for new products, despite the higher costs. Thai food processors must import large quantities of food ingredients that are not locally available. For these reasons, supplier power in general remains medium.

Figure 3 Supply Chain - Swift Co.,Ltd



Source: Swift Co., Ltd

New entrants: Major food processors in Thailand have contracts with large retail chains, which aim to maintain a substantial demand for their products. Moreover, leading retailers have also developed their private label products in order to attract customers and maintain market share. For example, CP have three food brands: 7-Eleven, 7 Fresh for convenience stores and CP for hypermarkets and supermarkets, "Tops" brand for premium consumer products by Central Food Retail. Unlike fresh food or food without packing, customers cannot examine packaged or canned products before purchase. Some products differ only in their packing and brands. Therefore, purchase decisions are often made based on brand credibility. For this reason, it can be difficult for a new company to be successful in an industry of well-established local brands.

The need for a large capital to start operating in the market is another barrier for new entrants, especially small, low-key ventures. In addition, food processing is very difficult to perform without the knowledge of technical aspects. Economy of scale benefits current players, who, having established production facilities can quickly move into mass manufacture and produce additional volume with relatively little further expense. For example, CP expanded its food processing business from pork and chicken products to fish and shrimp products. The profitability of this factor allows processors to accommodate demands from a price-sensitive market. This will create more difficulties to new players to survive, if they do not have competitive pricing.

On the other hand, steady market growth in recent years may pursue the new entrants to enter the processed food market. Currently, the market share in the packaged food category for private label products by major food retailers in Thailand is less than 5%. Therefore, there are still significant opportunities for private label products to grow in this market. Overall, threat of new entrants is rated as medium.

Threat of substitutes: The main substitute for processed food is fresh produce. However, it has a significant disadvantage in having a shorter shelf-life. Moreover, changes in lifestyles and income levels have been changing eating habits of Thais. Especially, Thais living in urban areas have become brand conscious. Their demand for food products is shifting away from unprocessed foods from traditional open-air markets to a wider array of processed foods available in supermarkets, hypermarkets and convenience stores. Therefore, there is a low likelihood of substitutes in the Thai processed food market.

Industry Competitors: The Thai processed market is highly fragmented with over 10,000 food processing companies. Retailers can switch between different manufactures' products quite easily. However, this is currently controlled by consumer loyalty to certain brands, which makes it difficult for retailers to abandon the more expensive branded products for private-label alternatives. Rivalry is intensified by the fact that products are largely undifferentiated, making it hard to retain buyers. Exit barriers are high since leaving the market would require divestment of substantial and often quite specialized assts. Fixed costs are also likely to be high, and automated processes mean that production can be ramped up when necessary. These factors tend to intensify competition within the industry. Some players have to diversify their businesses in order to ease the degree of rivalry. Overall, the competition level is assessed as strong in processed food market.

Picture 3 Spaghetti with Chicken Sauce by Hi-Q Food Products Company Limited

Picture 4 Spaghetti with Chicken Sauce by CPF Group

4 Environmental Scanning-PEST Analysis

Political-Legal Factors

Over the years, the Thai government has encouraged higher levels of public investment in order to foster rapid economic growth. The current coalition government headed by Prime Minister Yingluck Shinawatra aims to enhance the competitiveness of Thailand by broadening market access for businesses as part of its economic policy, promoting trade and investment, engaging in free trade agreements and co-operation frameworks to expand international economic linkages. Those

efforts also include improving the bilateral relations with India. In January 2012, during her landmark visit to New Delhi as the Indian government's guest of honour for the country's Republic Day celebrations, Prime Minister Yingluck Shinawatra urged the Indian side to upgrade their relations to a "strategic partnership". Since then, both countries have been working very hard to augment the newfound strategic values.

However, anti–government protests remain an area of concern. The political violence in late 2013 and early 2014 is causing more government instability with potentially negative consequences for policy continuity and business-climate competitiveness. To offset some of these negative factors, the government offered a range of tax incentives for foreign investors and lowered the corporate tax rate from 30% to 23% in 2012 and 20% in 2013. The BOI offers a wide range of fiscal and non-tax inducements for investment in the food sector. These incentives include exemption or reduction of import duties on machinery and raw materials, as well as corporate income tax exemption and reduction. Corporate income tax can be exempted up to 8 years. Non-tax incentives include facilitation regarding the entry and travel of expatriates and the right to own land. Further information on the incentive scheme can be accessed at **www.boi.go.th**.

> *"DITP has formulated measures to increase the competitiveness of Thai food business operators, as well as to open up new distribution channels in emerging markets such as ASEAN, China, India, Russia and Africa. This will help offset any possible decline in orders from some of our key markets that are facing economic difficulties"*
>
> **Nuntawan Sakuntanaga, Director-General of Thailand's Department of International Trade Promotion (DITP)**

Control of the importation, marketing, distribution and sales in the processed food industry is shared between a number of Thai government bodies including the Food and Drug Administration (FDA), the Ministry of Finance's Customs Department and Revenue Department, the Ministry of Agriculture and Cooperatives and the Ministry of Commerce. The laws and regulations governing the Thai food industry are confined to the scope of the Food Act of B.E. 2522 (1979). The Act authorizes the Ministry of Public Health's Food and Drug Administration (FDA) to implement and

administer the Food Act. Under the Act, all establishments producing food for sale or importing food for sale must be licensed by the Food Control Division of the FDA. The application and granting of licenses must be in accordance with the principles, procedures or conditions prescribed in the Ministerial Regulations, which are periodically elaborated, handled, and issued by the FDA's Food Control Division. Thai regulations prohibit processed food ingredients containing genetically modified organisms, such as the Cry9C DNA sequence, which potentially includes frozen or chilled corn, taco shells, corn chips, corn flakes, corn meal or corn flour.

The National Bureau of Agricultural Commodity and Food Standards (ACFS) certifies the standards applied to agricultural commodities and food products. ACFS standards include Good Agricultural Practices (GAP), Good Hygienic Practices (GHP) and Hazard Analysis Critical Control Point (HACCP), as well as other standards regarding pesticide residues and diagnostic testing for foot and mouth disease and bovine tuberculosis. Ministry of Public Health's Manual for Labeling Procedures regulates processed food containing genetically modified organisms (GMO). The food manufacture standards adopted in Thailand draws from the international legal regulations such as Codex, OIE Standards and the International Plant Protection Convention.

Economic-Demographic Factors

With a GDP worth of US$662 billion (on a purchasing power parity basis), Thailand is classified as the 2nd largest economy in Southeast Asia, after Indonesia. It is also the 4th richest nation according to GDP per capita, after Singapore, Brunei and Malaysia. As an emerging economy depending heavily on export, Thailand has the most diversified and advanced industrial base in the Greater Mekong Subregion. Exports account for more than 62% of the national GDP. Thailand remains a strong competitor in frozen shrimp, canned tuna, canned pineapples, cooked poultry and tapioca, at least in the medium term.

While the Thai baht and stock market appear to have been affected by the political crisis, this has been only a temporary reaction to the events and should recover strongly. The stock market saw a significant rise following the Prime Minister's announcement of new elections. In 2014, the Thai economy is forecasted to grow around 3.2% driven by private consumption, a revival of exports, and substantial increase in government spending on public works projects. Thailand's tourism industry used to bounce back strongly following previous political upheaval. Hence, it

is expected to stay healthy in 2014. The newly released World Economic Forum Global Competitiveness Report 2013-2014 ranked Thailand 37th among 148 assessed economies. Thailand gains one place within the reporting period and this is the second year in a row that Thailand has shown improvement.

Table 12 Key Macro Economic Indicators and Forecast

Indicators	2012	2013	2014	2015	2016	2017	2018
Real GDP (% change)	6.5	2.9	3.2	4.4	4.8	4.5	4.3
Nominal GDP (US$ bil.)	366.0	388.5	388.6	429.1	469.5	524.7	562.2
Real Consumer Spending (% change)	6.7	0.5	2.8	3.9	3.6	3.7	5.1
Real Imports of Goods and Services (% change)	6.2	2.4	3.3	5.1	5.5	5.6	5.5
Real Exports of Goods and Services (% change)	3.1	4.0	3.6	5.2	5.1	5.0	4.9
Industrial Production Index (% change)	2.1	-3.0	2.9	5.4	5.3	4.7	4.3
Consumer Price Index (% change)	3.0	2.2	1.8	2.3	3.1	3.4	3.5
Wholesale-Producer Price Index (% change)	1.0	0.3	2.7	3.7	3.9	3.4	3.7
Policy Interest Rate (%)	2.75	2.25	2.75	3.50	3.75	4.61	4.30
Population (mil.)	66.79	67.01	67.22	67.40	67.54	67.65	67.74
Unemployment Rate (%)	0.7	0.8	0.7	0.7	0.7	0.7	0.7
Exchange Rate (LCU/US$, end of period)	30.63	32.82	32.09	31.49	31.37	30.48	30.71

Source: IHS Global Insight

The size of the Thai workforce almost reaches 40 millions, nearly 60% of the total population, with a majority of the workforce under 30 years of age. According to the Thai National Food Institute, there are approximately 800,000 laborers in Thailand's food industry.

Over years, the living standards among Thai people have significantly improved thank to prudent policies by the Thai government such as wage increase and tax relief. Increasing purchasing power of consumers in Thailand translates into more discretionary spending on food products. They are more willing to try new products and show a strong interest in health and functional food.

Social-Cultural Factors

Thai food is known for its balance of three to four fundamental taste senses in each dish or the overall meal: sour, sweet, salty, and bitter. Almost all Thai food is cooked with fresh ingredients, including vegetables, poultry, pork, fish and some beef. Lime

juice, lemon grass and fresh coriander give the food its characteristic tang, while liberal helpings of fresh chilies are used to add some fire to many dishes. Other common seasonings include black pepper, ginger, tamarind, and coconut milk which are often added to curries. Thai meals typically consist of a single dish if eating alone, or rice with many complementary dishes served concurrently and shared by all.

Thai cuisine only became well-known worldwide from the 1960s onwards, when Thailand became a destination for international tourism and American troops arrived in large numbers during the Vietnam War period. The Thai government has launched the "Kitchen of the World" campaign since 2001 in order to promote Thai cuisine internationally. It provided loans and training for restaurateurs seeking to establish Thai restaurants overseas; established the "Thai Select" certification program which encouraged the use of ingredients imported from Thailand; and promoted integration between Thai investors, Thai Airways, and the Tourism Authority of Thailand with Thai restaurants overseas.

Picture 4 Thai Cuisine

"Thai food ain't about simplicity. It's about the juggling of disparate elements to create a harmonious finish. Like a complex musical chord it's got to have a smooth surface but it doesn't matter what's happening underneath. Simplicity isn't the dictum here, at all. Some westerners think it's a jumble of flavors, but to a Thai that's important, it's the complexity they delight in"

Australian Chef David Thompson

According to a survey on cuisine perception conducted by the Kellogg School of Management of the US, Thai food is ranked at number four; after Italian, French, and Chinese, for the food that first comes to the minds of respondents when asked to name ethnic cuisines. It is ranked number six behind Italian, French, Japanese, Chinese, and Indian for the question "what is your favorite cuisine?". Thai food attracts a Western audience as a healthy and non-fattening diet.

Table 13 Popular Thai Dishes

Gaengmus-sa-man	Rich spicy curry with beef or chicken
Gaeng kari gai	Mild yellow curry with chicken
Gaeng khiaw waan	Sweet green curry with coconut mild and shrimp, chicken, or beef
Tom yam kung	Spicy soup with lime juice, lemon grass, mushroom and shrimp
Tom khaa gai	Soup with galangal root, chicken feet and coconut milk
Gaeng jeud	Chilly free soup with vegetables and minced pork
Khao phat	Fried rice with shrimp, beef, pork or chicken
Khao man gai	Sliced boiled chicken over marinated rice
Khao na phet	Roast duck over rice.
Kuay-tiaw nam	Soup with rice noodles, meat and vegetables.
Laat naa	Rice noodles, meat and vegetables in a thick gravy.
Phad siyu	Fried rice noodles with meat and vegetables
Sang kha-yaa maphraow	Coconut custard.
Kluay khaek	Fried banana.
Mamuang khao niaw	Ripe mango with sticky rice in coconut cream.

Source: Murry (2007)

Technological Factors

The Thai government realizes that science and technology are important to maintain the competitiveness of the Thai food and agricultural industries. Significant investments in research and development are in place to safeguard the Kingdom's leading position in the food processing industry. For example, the government has set up a number of innovation platforms including:

(1) **Functional Food Platform** focuses on creating innovative food products and new business in functional food, medical food, novel food and nutraceuticals;

(2) **Food Safety Total Solutions Platform** creates innovative solutions for handling, preparation, processing, quality control/certification and storage of food, to reduce or prevent illness from unsafe food products.

"Thailand has been the largest processed foods exporter in Asia for many years. The country's emphasis on research and technology is driving the investment we're seeing today."

Atchaka Sibunruang, Secretary-General of the Thailand Board of Investment.

Leaders in the Thai food processing industry are constantly developing cutting edge technologies to keep up with increasing global demand. They are allocating more resources in areas such as yield improvement, product diversification and specialized packing, while the Thai government assists by drafting and implementing policies that are favourable to the industry. CPF, for example, has implemented a pro-biotic farming which helps in yielding chemical free shrimps. The company's research team works closely with customers to develop a wide variety of RTE food products. In the R&D field natural genetic selection, the company have invested to produce quality breed that is healthy and fit for the farming condition in Thailand.

"Dole Food Company has operated a growing processed fruit business in Thailand for over 35 years. Dole has invested several million dollars over the past few years to upgrade and expand our production facilities in Thailand. The policies of the Thai government and the incentives offered by the BOI have been beneficial to us as investors and have helped to ensure that we earn a reasonable rate of return on our investment in the Kingdom"

Mark Mc Kinney, President of Dole

5 SWOT Analysis

Thailand is the only net food exporter in Asia and has the capacity produce far more than its population consumes. The abundant natural resources of the Kingdom play a central role in its comparative advantage among its competitors in the food processing industry. The Thai government have implemented numerous measures to upgrade the industry's procedures and technologies so that its products meet international quality and sanitation standards. In addition, the industry has been supported by the world-class logistics facilities, including state-of-the-art ports and

airports. Suvarnabhumi International Airport and Laem Chabang Deep Seaport offer manufacturers the transportation foundation investors need for their export operations. The 225 km of inter-city motorways – currently in expansion – linking Bangkok to other regions of the country also facilitate overall domestic transportation. The perfect route through the East-West and North-South corridor can distribute products to nearby countries including Laos, Cambodia, Vietnam, Myanmar, Malaysia, Singapore and also southern China from the North and Northeast of the country. Its strategic location provides access to a greater market of around 600 million consumers over Southeast Asia and another 1.3 million in South Asia as soon as AEC is launched in 2015 and ASEAN countries extend its connection to the North West.

However, the industry is sensitive to the fluctuations in foreign currency exchange rate. In the recent period, the Thai Bath has gradually appreciated against the US Dollar due to the tension in the national politics. Strong Bath will lower the export revenue. Continuation of this trend could adversely impact the competitiveness of Thai products in the global market.

Disease outbreaks have a major on the consumer confidence leading to decline in consumption, international trading and exports, particularly frozen food products. In 2011, the Thai poultry industry was affected by the New castle disease. The outbreak in Thailand had caused the deaths of chickens which were later slaughtered and illegally sold to consumers, restaurants, and shops in Nakhon Ratchasima. Further, in July 2013, Shrimp exports from Thailand slumped to 50% because of a disease called Early Mortality Syndrome. Sales may be affected by such disease outbreaks due to import bans by various countries and could result in financial losses for the food processing industry.

The price volatility of major ingredients in the production of processed food has the potential to affect the production costs. Such volatility can be caused by a range of domestics and international factors, for example changing weather conditions, the demand and supply, which reflects consumers' consumption demand and their purchasing power, as well as market supply.

Table 14 SWOT Analysis

Strengths	Weaknesses
Abundant raw materials Competitive workforce Cutting-edge technologies in food processing -> local production is increasingly substituting traditional food imports. Diversified business operations and well-established brands Good reputation for quality, nutrition and taste Excellent production and logistics systems Attractive investment incentives Strong government protection on local agricultural products such as poultry and livestock products	Increasing dependence on imported raw materials for new product development and value-added products Labour intensive; therefore the policy to increase wage minimum has affected the industry competitiveness Excessive dependence on the importation of food processing and packing equipment
Opportunities	**Threats**
Increasing demand for processed food, both in domestic and abroad markets Consumers are willing to try new products at higher prices	Volatility of commodity process Strengthening of the Thai Bath against the US Dollar Disease outbreaks Lack of raw materials due to over-exploitation, in the case of marine products Higher product costs driven by the demand in food safety and hygiene.

6 Conclusion and Recommendation

Thailand presents one of the most attractive food and drink markets in the Asia Pacific region. Upper and middle-income groups in Thailand like to spend money on food, especially during the holidays. Consumption of food products peak during New Year, Christmas, Chinese New Year and the Thai New Year seasons aided by gifts of processed food becoming more and more common. In addition to the population of the Thai citizens, the domestic market comprises millions of tourists and expats who look for international cuisines while in Thailand, including Indians. There are about 65,000 Indian Thai with full citizenship. However, there are about 400,000 persons of Indian origin settled in Thailand, mainly in the cities, who still maintain Indian food traditions. At global level, the market continues experiencing a vigorous demand for processed food products. The potential and opportunities for Indian investors and exporters thus are boundless. With the vast natural resources and abundant agricultural produce, India can be a supplier of raw materials and ingredients for the food processing industry in Thailand.

Seafood, meats, nuts, baking products, breakfast cereals, canned foods, dairy products, fruit and vegetables, frozen products, fruit juice are the products with the largest demand in the Kingdom. Hence, there are vast opportunities for Indian companies to export their products to Thailand.
Alternatively, Indian investors can cooperate with local operators in technology transfer, and new product development. Localizing products is crucial to be successful in the Thai market. Indian investors and exporters have to adjust their products to local tastes, verify consumers' preferences, and set a competitive price. Existing brand loyalties are most likely to be replaced by new products that focus on good quality, better packing, availability, promotions and competitive prices.

The Kingdom features a growing market which is looking for new and innovative food products. Therefore Successful Indian companies should emphasize their strengths in quality, innovation and safety. They must provide reliable product availability, consistent quality, technical support and respond to inquiries within 24 hours.

End of report.

7 Appendix

7.1 Relevant Organization Contacts

1. Thai Food Processors' Association

Address: 170/21-22 Floor 9, Ocean Tower 1, New Ratchadapisek Rd., Klongtei , Klongtei, Bangkok 10110 Thailand
Tel: 02-261-2684-6, 02-261-2995
Fax: 02-261-2996-7
Website: www.thaifood.org
E-mail: thaifood@thaifood.org

Objectives

- To support and facilitate members' business activities related to production of food and processed food.
- To support and facilitate members to solve obstacles including negotiating with outsiders for mutual benefits in doing related business activities.
- To research and advise, and assist members for doing the related business activities.
- To promote cooperation, harmony, and opinion exchange among members.
- To compromise the dispute between members or between members and outsiders.
- To cooperate with the Government to support member's business activities.
- To set rules for members to / not to practice related to business activities.

Thai Food Processors' Association consists of:

- Tuna Processors' Group
- Seafood Processors' Group
- Pineapple Processors' Group
- Fruit & Vegetable Processors' Group
- Sweet Corn Processors' Group
- Food Ingredient and Ready-to-eat Processors' Group

2. Thai Frozen Foods Association (TFFA)

Address: 92/6 6th Floor, Sathornthani Building 2, North Sathorn Road, Silom, Bangrak, Bangkok 10500, Thailand
Tel: (662) 235-5622-4, (662) 636-9001-6
Fax: (662) 235-5625
Website: www.thai-frozen.or.th
E-mail: thai-frozen@thai-frozen.or.th

Thai Frozen Foods Association (TFFA) is a private non-profit organization founded in 1968 under the Thai Trade Association Act. The original name was Thai Marine Products Association It later changed to Thai Fishery and Frozen Products Association in 1983 to cover the frozen products industry. Finally, the present name of Thai Frozen Foods Association was adopted in 1994. The name clearly reflects the overall scenario of frozen products as food item, as well as expands the association's supervisory role beyond marine products to cover many other food categories.

TFFA runs by Directors elected from its members to a 2 year-term. The main business of its members is processing and exporting frozen foods. TFFA derives its income from annual

membership fee, as well as service provided such as sample analysis, arranging seminars, sales of forms and documents. It now has more than 213 member companies.

3. **Thai Broiler Processing Exporters Association**

Address: 313 C.P. Tower, 22nd Floor, Silom Road, Bangrak, Bangkok, 10500 Thailand
Tel (66 2) 6382199 **Email** packer97@thaipoultry.org
Fax (66 2) 6382536 **Website** http://www.thaipoultry.org

Thai Broiler Processing Exporters Association has its aim to promote poultry industry in particular the export market. All activities are mainly to provide information needed for production and marketing, and cooperate with Thai government to resolve all problem and constraints to the industry.

4. **The National Food Institute (NFI)**

Address: 2008 Soi Arun Ammarin 36, Arun Ammarin Rd, Bangyeekhan, Bangplad, Bangkok 10700 Thailand

Tel +66 (0) 2 886-8088 **Fax** +66 (0) 2 886-8088

E-mail pt@nfi.or.th **Website** http://www.nfi.or.th

• The Technological Services Department assists processors in the implementation of GMP or HACCP safety systems in food production.
• The Agricultural Research Development Agency (ARDA) cooperates with the NFI to develop processed food production and agro-food human resources.

5. **The Halal Standard Institute of Thailand**

Address: 45 Moo 3 Klongkao Road, Klongsib Sub-District, Bangkok, Thailand 10530

E-mail info@halal.or.th **Website** http://www.halal.or.th/

The Halal Standard Institute helps ensure that the development and certification of Halal food standards comply with the provisions of Islam and correspond to international standards so that it is trusted and accepted by local and international public, food producers and consumers which will therefore promote and increase the competitiveness of the country's Halal food industry and protect Islamic consumers locally.

6. **The Halal Science Centre, Chulalongkorn University**

Address: Fl. 11-12 Chulalongkorn University , 254 Phayathai Road Wangmai Patumwan Bangkok 10330

Tel	+66 (0)-2218-1053-4	**Fax**	+66 (0)-2218-1105
E-mail	ranee.hsc@gmail.com	**Website**	http://www.halalscience.org

The Halal Science Centre focuses on the following mission:

• The establishment of Halal laboratories fully equipped with modern and high standard analytical and preparative scientific devices.

• Provide analytical services for quality control against inconsistencies with Islamic law (Haram and Najis) in raw materials, and finished products supplied for Halal Food market

• Conduct research and development on new methodologies, product innovation as well as reagent kits exploitable for Halal food verification.

• Prepare lists of chemicals, raw materials and products as to accommodate Halal food manufacturers and consumers.

7. **Kasetsart University (KU)**

Address 50 Ngam Wong Wan Rd, Ladyaow Chatuchak Bangkok 10900

Tel	+66 0-2579-0113	**Fax**	+66 0-2942-8998
E-mail	fro@ku.ac.th	**Website**	www@ku.ac.th

• Institute of Food Research and Product Development (IFRPD) performs research on food science and technology to assist food industries by providing relevant information to social and academic organizations and communities.

• KU Food Innovation Research and Services in Thailand (KU-FIRST) focuses on increasing the competitiveness of the Thai food industry in the world market through the development of food safety mechanisms

• Cassava and Starch Technology Research Unit aims to support industrial sectors by conducting R&D on cassava starch properties, starch processing, starch modification and industrial applications. The Unit also coordinates technology between producers and users and facilitates the transfer of technology and supporting technical services.

8. **The Food Processing Industry Club**

Address 4th Floor Zone C Queen Sirikit National Convention Center, 60 New Rachadapisek Rd. Klongtoey. Bangkok 10110

Tel	+66 (0)-2345-1000 # 1167	**Fax**	+66 (0) 2 345 1281-3
E-mail	siripornh@off.fti.or.th	**Website**	http://ftiweb.off.fti.or.th

The Food Processing Industry Club has 232 members in 12 sub-sectors: beverages; tea, coffee, cocoa milk and dairy products; spice, seasonings, sugar and deserts; meat, poultry and feed; flour and flour products; fishery product; fresh and processed vegetables and fruits; oil, edible fats, and other specialty foods.

9. The Food and Drug Administration:

Address: Food and Drug Administration, Ministry of Public Health Thiwanon Road Nonthaburi 11000

Website: www.fda.moph.go.th/enginfo.htm

Mission

- Regulate and monitor health products to meet quality and efficacy standards.
- Promote Good Manufacturing Practice in the production and quality control of health products to ensure consumer safety and to encourage exports.
- Research and develop the effectiveness of the consumer protection system for health products.
- Promote and support the capability of health product consumers and society to be able to protect them and be self-reliant.
- Encourage and enable all stakeholders and non-government parties to share in the consumer protection role.

Drug Control Division

Tel: 66- 2590-7160, 66- 2590-7171 Fax: 66-2591-8390, 66-2591-8489, 66-2590-7170 Email: drug@fda.moph.go.th

Food Control Division

Tel: 66- 2590-7186, 66- 2590-7189 Fax: 66-2591-8460 e-mail: food@fda.moph.go.th

Narcotics Control Division

Tel: 66- 2590-7340, 66- 2590-7341, 66- 2590-7344 Fax: 66-2590-7333 e-mail: narcotic@fda.moph.go.th

Cosmetic Control Group

Tel: 66- 2590-7169, 66- 2591-8467 Fax: 66-2591-8468 e-mail: cosmetic@fda.moph.go.th

Hazardous Control Group

Tel: 66- 2590-7301, 66- 2590-7310 Fax: 66-2591-8483 e-mail: toxic@fda.moph.go.th

Food Bureau

Tel: (662) 590-7178 Fax: (662) 591-8460 E-mail: food@fda.moph.go.th

Inspection Division

Tel: (662) 590-7323 Fax: (662) 591-8477 E-mail: inspection@fda.moph.go.th

10. **Royal Thai Customs Department**
Address: 1 Sunthornkosa Road, Klong Toey
Bangkok, 10110 THAILAND.
Tel: +66 (0) 2 667 6000, +66 (0) 2 667 7000 **Fax**: +66 (0) 2 667 7767
E-mail: 1164@customs.go.th / ctc@customs.go.th
Website: www.customs.go.th

Mission
- To provide modern, expeditious, and global standard Customs service
- To promote economic development and national competitiveness by implementing Customs-related measures
- To enhance efficiency in Customs control, targeting at social protection
- To collect revenue in an efficient, fair and transparent manner

11. **Thailand Board of Investment**

Head Office: 555 Vibhavadi-Rangsit Rd., Chatuchak, Bangkok 10900, Thailand
Tel. (+66) 2553 8111 **Fax:** (+66) 2553 8222,
Website: http://www.boi.go.th **E-Mail**: head@boi.go.th

Thailand Board of Investment (BOI):

- Offers an attractive and competitive package of tax incentives.
- Imposes no foreign equity restrictions on manufacturing activities or on some service.
- Provide assistance in the provision of visas and work permits to facilitate entry and subsequent operation for a foreign-owned business.
- Waives restrictions on land ownership by foreign entities.
- Provides comprehensive information and advice on establishing operations in Thailand.
- Arranges site visits.
- Identifies potential suppliers, subcontractors, joint-venture partners.
- Provides useful contacts with key public and private organizations.
- Coordinates between the foreign business community and other public agencies

12. Food Analysis Division, Department of Medical Sciences
Address: Soi Bumratnaradul Hospital Muang, Nonthaburi 11000
Tel: (662) 951-0000 Ext. 99967
Fax: (662) 951-1023

13. Department of Foreign Trade
Address: Sanam Bin Nam-Nonthaburi Road Nonthaburi 11000
Tel: (662) 547-4791-2 **Fax**: (662) 5477-4771-86
Website: http://www.dft.go.th/Default.aspx?tabid=329

7.2 Production Indices

1. Production of meat

(Annual average Year 2000 is the base month, Not seasonally adjusted) (*) Preliminary Figure

ISIC : 1511		Production Index (Value added Weight)		Production Index (Production Value Weight)	
Year	Month	Index	% Change	Index	% Change
2000		100.00	-	100.00	-
2001		106.05	6.1	106.05	6.1
2002		124.34	17.3	124.34	17.3
2003		148.73	19.6	148.73	19.6
2004		115.42	▼ 22.4	115.42	▼ 22.4
2005		114.19	▼ 1.1	114.19	▼ 1.1
2006		120.77	5.8	120.77	5.8
2007		116.17	▼ 3.8	116.17	▼ 3.8
2008		116.87	0.6	116.87	0.6
2009		119.31	2.1	119.31	2.1
2010		127.69	7.0	127.69	7.0
2011		127.57	▼ 0.1	127.57	▼ 0.1
2012		138.95	8.9	138.95	8.9
2013	(Jan.- Dec.*)	115.34	▼ 17.0	115.34	▼ 17.0

2. Manufacture of starches and starch products

ISIC:1532		Production Index (Value added Weight)		Production Index (Production Value Weight)	
Year	Month	Index	% Change	Index	% Change
2000		100.00	-	100.00	-
2001		91.48	▼ 8.5	91.48	▼ 8.5
2002		97.42	6.5	97.42	6.5
2003		128.58	32.0	128.58	32.0
2004		125.23	▼ 2.6	125.23	▼ 2.6
2005		104.94	▼ 16.2	104.94	▼ 16.2
2006		138.05	31.6	138.05	31.6
2007		123.00	▼ 10.9	123.00	▼ 10.9
2008		117.70	▼ 4.3	117.70	▼ 4.3
2009		129.76	10.3	129.76	10.3
2010		119.92	▼ 7.6	119.92	▼ 7.6
2011		138.89	15.8	138.89	15.8
2012		152.40	9.7	152.40	9.7
2013	(Jan.- Dec.*)	144.53	▼ 5.2	144.53	▼ 5.2

3. Processing and preserving of fish and fish products

ISIC : 1512		Production Index (Value added Weight)		Production Index (Production Value Weight)	
Year	Month	Index	% Change	Index	% Change
2000		100.00	-	100.00	-
2001		113.05	13.0	113.05	13.0
2002		111.75	▼ 1.1	111.75	▼ 1.1
2003		118.84	6.3	118.84	6.3
2004		110.16	▼ 7.3	110.16	▼ 7.3
2005		143.85	30.6	143.85	30.6
2006		148.46	3.2	148.46	3.2
2007		142.93	▼ 3.7	142.93	▼ 3.7
2008		141.47	▼ 1.0	141.47	▼ 1.0
2009		147.32	4.1	147.32	4.1
2010		162.56	10.3	162.56	10.3
2011		159.90	▼ 1.6	159.90	▼ 1.6
2012		145.25	▼ 9.2	145.25	▼ 9.2
2013	(Jan.- Dec.*)	108.78	▼ 25.1	108.78	▼ 25.1

4. Processing of fruit and vegetables

ISIC : 1513		Production Index (Value added Weight)		Production Index (Production Value Weight)	
Year	Month	Index	% Change	Index	% Change
2000		100.00	-	100.00	-
2001		95.70	▼ 4.3	95.70	▼ 4.3
2002		103.27	7.9	103.27	7.9
2003		116.80	13.1	116.80	13.1
2004		111.19	▼ 4.8	111.19	▼ 4.8
2005		105.10	▼ 5.5	105.10	▼ 5.5
2006		114.96	9.4	114.96	9.4
2007		106.12	▼ 7.7	106.12	▼ 7.7
2008		119.18	12.3	119.18	12.3
2009		98.48	▼ 17.4	98.48	▼ 17.4
2010		92.61	▼ 6.0	92.61	▼ 6.0
2011		118.24	27.7	118.24	27.7
2012		103.44	▼ 12.5	103.44	▼ 12.5
2013	(Jan.- Dec.*)	85.85	▼ 17.0	85.85	▼ 17.0

5. Manufacture of vegetable and animal oils and fats

ISIC : 1514		Production Index (Value added Weight)		Production Index (Production Value Weight)	
Year	Month	Index	% Change	Index	% Change
2000		100.00	-	100.00	-
2001		115.70	15.7	115.70	15.7
2002		110.27	▼ 4.7	110.27	▼ 4.7
2003		121.98	10.6	121.98	10.6
2004		121.67	▼ 0.3	121.67	▼ 0.3
2005		117.19	▼ 3.7	117.19	▼ 3.7
2006		137.11	17.0	137.11	17.0
2007		131.31	▼ 4.2	131.31	▼ 4.2
2008		145.11	10.5	145.11	10.5
2009		130.36	▼ 10.2	130.36	▼ 10.2
2010		131.47	0.9	131.47	0.9
2011		161.03	22.5	161.03	22.5
2012		162.25	0.8	162.25	0.8
2013	(Jan.- Dec.*)	165.12	1.8	165.12	1.8

6. Manufacture of dairy products

ISIC : 1520		Production Index (Value added Weight)		Production Index (Production Value Weight)	
Year	Month	Index	% Change	Index	% Change
2000		100.00	-	100.00	-
2001		96.34	▼ 3.7	96.34	▼ 3.7
2002		125.03	29.8	125.03	29.8
2003		125.89	0.7	125.89	0.7
2004		136.18	8.2	136.18	8.2
2005		232.74	70.9	232.74	70.9
2006		197.94	▼ 15.0	197.94	▼ 15.0
2007		179.09	▼ 9.5	179.09	▼ 9.5
2008		160.28	▼ 10.5	160.28	▼ 10.5
2009		158.67	▼ 1.0	158.67	▼ 1.0
2010		184.52	16.3	184.52	16.3
2011		182.47	▼ 1.1	182.47	▼ 1.1
2012		179.12	▼ 1.8	179.12	▼ 1.8
2013	(Jan.- Dec.*)	232.35	29.7	232.35	29.7

7. Manufacture of bakery products

ISIC : 1541		Production Index (Value added Weight)		Production Index (Production Value Weight)	
Year	Month	Index	% Change	Index	% Change
2000		100.00	-	100.00	-
2001		69.66	▼ 30.3	69.66	▼ 30.3
2002		62.89	▼ 9.7	62.89	▼ 9.7
2003		66.37	5.5	66.37	5.5
2004		75.93	14.4	75.93	14.4
2005		83.54	10.0	83.54	10.0
2006		79.22	▼ 5.2	79.22	▼ 5.2
2007		84.01	6.1	84.01	6.1
2008		62.38	▼ 25.8	62.38	▼ 25.8
2009		64.70	3.7	64.70	3.7
2010		74.99	15.9	74.99	15.9
2011		72.43	▼ 3.4	72.43	▼ 3.4
2012		74.21	2.5	74.21	2.5
2013	(Jan.- Dec.*)	79.85	7.6	79.85	7.6

8. Manufacture of sugar

ISIC : 1542		Production Index (Value added Weight)		Production Index (Production Value Weight)	
Year	Month	Index	% Change	Index	% Change
2000		100.00	-	100.00	-
2001		73.60	▼ 26.4	79.07	▼ 20.9
2002		101.11	37.4	105.41	33.3
2003		119.19	17.9	124.28	17.9
2004		122.13	2.5	125.97	1.4
2005		80.58	▼ 34.0	81.25	▼ 35.5
2006		92.28	14.5	95.67	17.7
2007		124.71	35.1	130.89	36.8
2008		122.82	▼ 1.5	134.51	2.8
2009		134.44	9.5	143.15	6.4
2010		124.31	▼ 7.5	128.73	▼ 10.1
2011		152.82	22.9	170.27	32.3
2012		149.36	▼ 2.3	168.35	▼ 1.1
2013	(Jan.- Dec.*)	159.57	6.8	172.99	2.8

9. Manufacture of other food products n.e.c.

ISIC : 1549		Production Index (Value added Weight)		Production Index (Production Value Weight)	
Year	Month	Index	% Change	Index	% Change
2000		100.00	-	100.00	-
2001		101.86	1.9	101.86	1.9
2002		98.87	▼ 2.9	98.87	▼ 2.9
2003		101.25	2.4	101.25	2.4
2004		108.80	7.5	108.80	7.5
2005		112.09	3.0	112.09	3.0
2006		110.81	▼ 1.1	110.81	▼ 1.1
2007		107.76	▼ 2.8	107.76	▼ 2.8
2008		113.84	5.6	113.84	5.6
2009		115.02	1.0	115.02	1.0
2010		123.49	7.4	123.49	7.4
2011		119.81	▼ 3.0	119.81	▼ 3.0
2012		131.43	9.7	131.43	9.7
2013	(Jan.- Dec.*)	131.22	▼ 0.2	131.22	▼ 0.2

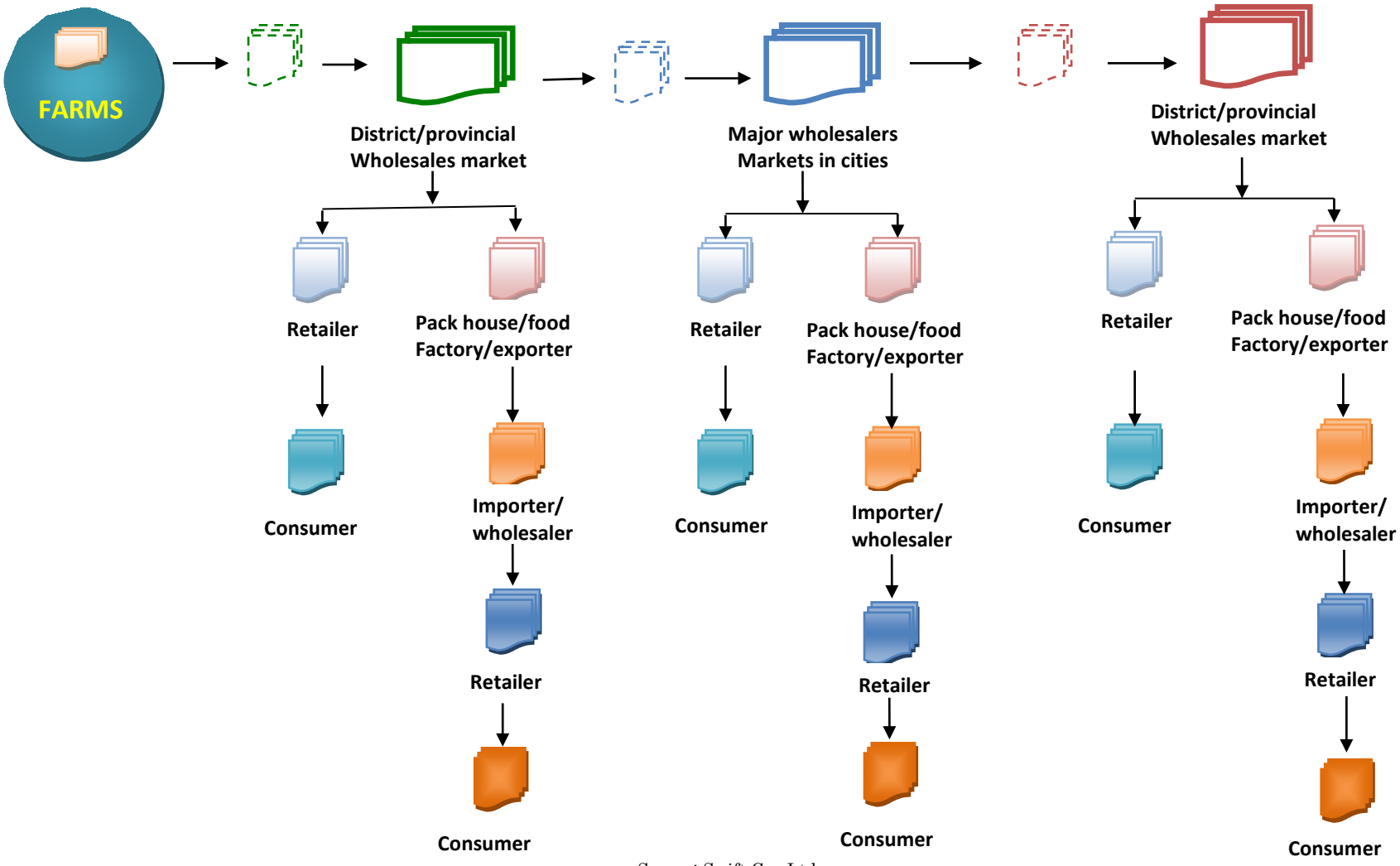
7.3 Production vs Domestic Sales on Selected Food Products

			PRODUCTION				DOMESTIC SALE			
	PRODUCT	UNIT	2010	2011	2012	2013	2010	2011	2012	2013
1	Frozen & chilled meat Chicken	ton	722,108	715,505	781,690	638,404	560,936	547,466	592,915	481,578
2	Sausage	ton	16,005	18,952	19,647	20,966	16,195	20,231	21,185	21,651
3	Ham	ton	610	653	755	740	615	945	1,304	1,155
4	Meat ball Pork	ton	531	508	505	476	533	509	505	476
5	Canned fish tuna	ton	438,864	420,165	460,927	462,486	23,328	31,800	19,463	14,883
6	Canned fish sardine	ton	36,760	52,473	63,277	49,318	11,806	6,552	7,474	7,938
7	Chilled or frozen seafood prawn &shrimp	ton	117,936	114,576	92,320	51,379	4,869	5,463	5,307	5,458
8	Chilled or frozen seafood Fish	ton	51,527	59,908	60,337	66,335	11,626	16,014	16,509	15,481
9	Chilled or frozen seafood Squid	ton	26,488	25,565	23,306	22,045	1,862	1,604	1,730	2,257
10	Canned Vegetable Com Young	ton	2,465	1,829	1,910	2,041	1,873	1,812	1,704	1,691
11	Canned fruit Pineapple	ton	211,640	344,691	269,818	233,501	593	698	875	1,982
12	Fruit juice	ton	123,629	158,539	151,664	98,619	26,973	21,460	38,394	15,491
13	Dried fruit &vegetable	ton	26,499	21,981	22,166	21,182	5,606	2,406	3,471	3,288
14	Soy-bean oil Pure	ton	76,772	85,882	70,253	55,075	77,545	82,277	70,607	54,316
15	Soy-bean oil Raw	ton	71,982	95,305	82,040	63,316	324	285	-	-
16	Palm oil Pure	ton	587,789	700,995	772,619	824,358	349,685	395,600	377,182	436,881
17	Palm oil Raw	ton	379,884	516,103	487,506	517,152	341,365	323,845	312,305	393,723
18	Coconut oil Pure	ton	13,578	10,423	11,486	12,641	12,783	9,132	9,905	12,306
19	Rice oil Raw	ton	106,679	118,527	114,786	98,020	117,711	131,737	108,612	104,813
20	Pasteurized milk	ton	195,109	220,162	250,197	292,215	155,859	172,803	204,975	235,371
21	Ice-cream	ton	76,280	79,371	94,429	100,679	66,894	72,247	85,552	78,846
22	Tapioca Flour	ton	684,586	824,342	907,097	858,350	546,835	523,296	519,977	535,778
23	Wafer	ton	12,976	14,209	13,933	16,672	11,429	12,720	11,884	13,733
24	Cake	ton	2,879	2,509	2,639	2,699	2,872	2,517	2,624	2,708
25	Raw sugar	ton	2,365,364	3,853,212	3,911,086	3,646,664	343,393	283,559	331,409	273,870
26	White sugar	ton	1,339,577	1,443,009	1,354,421	1,307,428	961,388	1,078,489	1,075,278	1,026,655
27	Molasses	ton	1,699,053	2,675,485	2,666,483	2,564,744	1,882,919	2,816,411	2,954,847	3,282,082

28	Soy sauce	liter	2,623,072	2,595,922	2,563,374	3,031,144	2,569,892	2,637,538	2,537,292	3,006,185
29	Fish sauce	ton	67,674,763	67,930,657	69,129,081	66,735,667	61,208,270	64,818,071	65,848,540	60,182,347

Source: The Office of Industrial Economics

7.4 Integrated Supply Chain in Thailand



Source: Swift Co., Ltd

7.5 International Trade Statistics

Thailand's export to the world

Unit: Tons – US$ Thousand

HS Code	Product Label	2010		2011		2012		2013	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
02	Frozen Meat	43,111	81,674	72,034	166,910	149,094	346,743	167,673	416,249
03	Frozen seafood	645,956	2,367,434	586,667	2,487,374	272,945	2,303,948	421,844	1,613,131
04	Dairy, eggs, honey, and ed. Products	114,545	188,752	121,930	223,090	110,147	210,659	136,593	248,744
07	Edible vegetables	4,499,719	1,071,404	4,002,561	1,278,340	4,939,357	1,370,845	6,030,509	1,570,207
08	Ed. Fruits & nuts, pee of citrus/melons	913,390	575,915	1,270,963	998,067	1,428,942	1,228,254	1,430,756	1,071,101
09	Coffee, tea, mate & spices	41,450	49,768	31,231	48,045	35,306	46,731	47,952	56,042
10	Cereals	9,451,139	5,496,742	11,121,223	6,686,702	6,886,372	4,731,753	7,215,262	4,566,190
11	Milling industry products	1,901,301	917,996	2,057,345	1,115,578	2,400,259	1,180,099	2,612,390	1,311,785
13	Lac, gums, resins, etc	12,849	27,177	7,880	23,351	11,286	47,813	10,121	47,601
15	Animal or Vegetables fats, oils & waxes	359,296	343,370	1,032,943	734,138	610,323	675,071	938,125	809,158
16	Ed. Prep. Of meat, fish, crustaceans	1,443,720	5,985,728	1,469,928	7,234,700	1,484,639	7,520,451	1,384,758	7,026,986
17	Sugars & sugar confectionery	4,837,242	2,373,068	7,002,741	3,883,822	7,937,709	4,273,418	6,644,435	3,107,640
18	Cocoa & Cocoa preparations	18,769	84,145	19,354	85,808	20,626	79,365	18,103	64,076
19	Preps. Of cereals, flour, starch, or milk	318,620	792,379	336,381	932,629	344,121	1,021,737	383,231	1,104,869
20	Processed Fruit and Vegetable Products	1,461,592	1,767,437	1,617,776	2,110,301	753,644	1,899,238	1,589,628	1,949,922
21	Misc. edible preparations	743,106	1,325,197	793,390	1,661,008	834,597	1,695,773	900,427	1,862,312
	Total	**26,805,805**	**23,448,186**	**31,544,347**	**29,669,863**	**28,219,367**	**28,631,898**	**29,931,807**	**26,826,013**

Sources: ITC calculations based on The customs department of the kingdom of Thailand statistics since January, 2013.

ITC calculations based on UN COMTRADE statistics until January, 2013.

Thailand's import from the world

Unit: Tons – US$ Thousand

HS Code	Product Label	2010		2011		2012		2013	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
02	Frozen Meat	28,440	39,842	52,947	90,823	61,668	130,765	73,957	130,183
03	Frozen Seafood	1,315,399	2,248,371	1,396,745	2,248,371	53,979	2,567,397	1,404,108	2,551,430
04	Dairy, eggs, honey, and ed. Products	182,166	556,452	203,533	728,920	233,965	701,878	196,699	721,153
07	Edible vegetables	508,514	221,953	748,057	297,478	1,280,668	368,125	1,018,015	405,341
08	Ed. Fruits & nuts, pee of citrus/melons	360,597	365,809	523,989	501,077	557,975	616,715	592,680	681,604
09	Coffee, tea, mate & spices	69,618	84,947	89,414	153,954	102,495	146,843	109,045	168,088
10	Cereals	2,143,830	511,056	1,680,647	558,188	2,840,121	880,108	2,008,245	662,520
11	Milling industry products	433,849	233,545	498,175	311,894	574,603	341,937	520,599	320,137
13	Lac, gums, resins, etc	11,528	77,822	12,276	87,921	16,041	107,571	13,399	103,788
15	Animal or Vegetables fats, oils & waxes	156,671	225,394	247,027	430,604	270,734	380,222	205,366	280,697
16	Ed. Prep. Of meat, fish, crustaceans, etc	25,202	74,820	45,842	146,605	40,514	206,574	50,665	212,504
17	Sugars & sugar confectionery	249,346	138,452	177,152	146,735	97,488	147,950	214,621	179,173
18	Cocoa & Cocoa preparations	41,871	173,779	42,169	197,415	52,960	236,739	47,249	204,146
19	Preps. Of cereals, flour, starch, or milk	120,886	398,396	146,143	500,833	187,421	622,557	145,872	610,923
20	Preps. Of vegs, fruits, nuts, etc	154,492	201,492	156,958	234,677	105,462	288,003	179,025	296,013
21	Misc. edible preparations	69,223	405,433	95,720	569,641	120,092	710,733	124,637	987,488
	Total	**5,871,632**	**5,957,563**	**6,116,794**	**7,205,136**	**6,596,186**	**8,454,117**	**6,904,182**	**8,515,188**

Sources: ITC calculations based on The customs department of the kingdom of Thailand statistics since January, 2013.

ITC calculations based on UN COMTRADE statistics until January, 2013.

Thailand Export to India

Unit: Tons-US$ Thousands

HS Code	PRODUCT	2010		2011		2012		2013	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
02	Frozen Meat	24	48	26	105	17	97	8	68
03	Frozen Seafood	333	1,812	43	607	86	586	73	712
04	Dairy, eggs, honey, and ed. Products	230	163	5	28	3	20	4	16
07	Edible vegetables	1,652	1,584	2,351	2,770	2,048	1,901	892	842
08	Ed. Fruits & nuts, pee of citrus/melons	12,510	8,550	9,095	8,651	10,208	9,883	7,013	7,080
09	Coffee, tea, mate & spices	97	117	40	134	572	141	1,302	729
10	Cereals	109	195	303	436	233	393	479	494
11	Milling industry products	20,961	8,169	849	488	275	131	7,374	3,261
13	Lac, gums, resins, etc	152	14,271	548	5,372	940	20,266	921	12,844
15	Animal or Vegetables fats, oils & waxes	22,781	17,690	54,247	50,778	42,198	38,305	202,433	148,381
16	Ed. Prep. Of meat, fish, crustaceans, etc	167	528	135	415	222	784	118	517
17	Sugars & sugar confectionery	330,843	170,364	9,783	9,446	8,813	8,932	7,315	4,421
18	Cocoa & Cocoa preparations	259	911	622	1,838	580	1,436	61	384
19	Preps. Of cereals, flour, starch, or milk	1,380	3,867	1,007	4,090	1,101	3,402	1,514	3,894
20	Preps. Of vegs, fruits, nuts, etc	6,320	7,124	5,469	7,375	5,180	8,592	6,555	8,584
21	Misc. edible preparations	6,964	12,018	7,210	15,116	2,616	9,164	3,452	11,476
	Total	**404,782**	**247,410**	**91,733**	**107,649**	**75,092**	**104,033**	**239,514**	**203,703**

Sources: ITC calculations based on The customs department of the kingdom of Thailand statistics since January, 2013.

ITC calculations based on UN COMTRADE statistics until January, 2013.

Thailand Import from India

Unit: Tons-US$ Thousands

HS Code	PRODUCT	2010		2011		2012		2013	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
2	Frozen Meat	1,716	4,698	12,203	33,233	25,558	67,153	20,285	45,374
3	Frozen Seafood	60,520	65,927	64,113	70,600	48,472	62,753	26,052	73,811
4	Dairy, eggs, honey, and ed. Products	487	2,078	353	1,566	590	2,354	1,433	5,792
7	Edible vegetables	6,386	981	9,041	2,851	28,747	4,994	23,218	4,287
8	Ed. Fruits & nuts, pee of citrus/melons	2,208	8,367	3,203	12,036	3,618	16,194	4,616	15,261
9	Coffee, tea, mate & spices	4,882	4,282	25,486	15,038	40,820	24,088	39,967	22,924
10	Cereals	2,071	3,056	42,190	12,341	269,709	89,035	121,844	43,966
11	Milling industry products	3,660	1,521	5,066	2,209	16,080	6,241	9,486	4,349
13	Lac, gums, resins, etc	1,701	5,166	1,663	10,615	1,430	16,473	1,180	10,395
15	Animal or Vegetables fats, oils & waxes	17,486	24,703	19,806	41,489	23,928	33,457	22,046	29,853
16	Ed. Prep. Of meat, fish, crustaceans, etc	122	410	227	765	513	1,081	2,340	1,798
17	Sugars & sugar confectionery	72,873	10,832	60,633	9,100	120	234	67	111
18	Cocoa & Cocoa preparations	0	1	0	2	0	1	2	38
19	Preps. Of cereals, flour, starch, or milk	18,110	9,306	18,927	9,935	17,359	10,000	7,461	4,809
20	Preps. Of vegs, fruits, nuts, etc	335	368	366	379	758	287	550	540
21	Misc. edible preparations	145	2,147	145	2,278	187	2,680	181	2,341
	Total	**192,702**	**143,843**	**263,422**	**224,437**	**477,889**	**337,025**	**280,728**	**265,649**

Sources: ITC calculations based on The customs department of the kingdom of Thailand statistics since January, 2013.

ITC calculations based on UN COMTRADE statistics until January, 2013.

7.6 A Business Guide to Thailand

7.6.1 Procedures for Establishing a Company

1. Obtain permission to use the company name. This takes 2 days
2. Receive approval from the Department of Business Development of the Ministry of Commerce for the memorandum of association. This takes 1 day and has an approximate maximum cost of THB 25,000.
3. Deposit the registered capital into a bank account. This takes 1 day
4. Create a corporate seal. This takes 4 days and costs THB 300 to 500
5. Application for the registration of the company as a legal entity. This takes 1 day and costs approximately THB 5,200 to 250,000
6. Register to obtain a taxpayer card from the Revenue Department. This takes 2 days
7. Register at the social Security Office, which takes 1 day
8. Submit to the Office of Labour Protection and Welfare details of the company work regulations. This takes around 21 days.

Source: BOI

7.6.2 Forms of Corporate Structuring

Sole Proprietorship

Sole proprietorship is an enterprise owned by a single natural person. This type of structure has unlimited liability for the proprietor. Generally, a sole proprietorship can engage in any business not prohibited by law. There are some tax advantages to Thai sole proprietorship because the proprietor can choose to either be taxed as a natural person based upon the gross receipts of the business. The Thai sole proprietorship is generally restricted to foreign nationals living in Thailand.
Partnership which can be separated into 2 categories as follows:

(1) Unregistered ordinary partnership
Unregistered ordinary partnership refers to all the partners in the company that are jointly liable without any limitation on the partnership's total obligations. If a new partner joins the unregistered partnership, he immediately becomes liable for all the obligations incurred even prior to him joining the partnership. A partnership like this is not considered a legal entity under Thailand investment law and it is subjected to tax as if it were an individual.

(2) A limited partnership
A limited partnership means a partnership where the partners' individual liabilities are limited to their respective contributions to the partnership, and one or more partners are jointly liable without any limitation on all the obligations of the partnership. This type of partnership is treated as a corporate entity for income tax purpose.

Private Limited Company

In Thailand a plc (private limited company) is the most popular form of company for businesses. Plcs are regulated by the Civil and Commercial Code. A plc requires three promoters for registration. The promoters of a private limited company must be 12 years of age or older; for a public limited company, the promoters must be 20 years of age or older, be available throughout the registration to sign any documentation, and they must also hold at least one share each in the company. Once registration is complete, the promoter is permitted to sell any stock they have. Company registration costs 500 baht per 100,000 baht of registered capital. The minimum fee is 5,000 baht and the maximum is 250,000 baht.

A Memorandum of Association document also needs to be completed. The process entails the presentation of company information, such as share value, and involves a charge that is related to the nature of the business.

A private limited company can be 100% foreign owned (except in specialist activities reserved for the Thai nationals) and the investors liability is limited to the extent of the investment.

Public Limited Company

A minimum of 15 promoters is required to register a public company and the promoters must own their shares for a minimum of two years before they can be transferred. The company requires five people for The Board of Directors, three of which must be Thai nationals. The registration of the business costs 2,000 baht per million baht of registered capital and the shares are available for members of the public to purchase.

Branch Offices or Parent Company

A branch office can be established to carry out business on behalf of an overseas company in Thailand. The branch is subject to Thai taxes and a minimum capital of five million baht must be brought into Thailand within four years of start-up. Approval for a Foreign Business License is required.

Representative Offices

Similar to a branch office but a representative office is not permitted to conduct business transactions in Thailand. The office must transfer at least 5 million baht into Thailand as working capital, of which two million baht must be remitted in the first year, and at least one million baht per year after that. The office is tax-free.

Licensing

Licensing is the permission for someone else to use your intellectual property rights: either a patent, trademark, trade secret, or copyright. Different types of license include:

Non-Exclusive License - A non-exclusive license implies that your intellectual property rights can be awarded to more than one licensee.

Exclusive License - A little more complex because, although the license may not be exclusive to one licensee, it may be exclusive to a geographic location, a certain product, or limited area of use. For instance, you may grant a licensee exclusive use of the rights in France, yet grant another licensee its use in Germany.

Patent License - The allowance of another party to use your patented product, design or process.

Trademark License - Trademark licensing means permission is awarded to a licensee to sell a product or service. However, the licensor retains more control in order to ensure that quality is maintained. Quality control is in place to uphold the image of the brand / product / service / licensor, and therefore sustain customer confidence and satisfaction.

Franchising

Franchising is the licensing out of a business name, product, technique, philosophy, trademark, etc, for a percentage of the income. The benefits of franchising a business in Thailand include: more freedom, as the franchisee takes on major responsibilities; minimal

expense; lower cost and higher profits; potential for fast growth; brand building. Disadvantages of franchising a business in Thailand include: poor quality franchisees; franchisees not declaring all income; poor performance.

Thailand is open to trade and investment and is a market for several international franchise concepts. Although there is no franchise specific legislation, brands such as McDonalds and KFC have established a presence in the country through franchising.

Representative Office

A foreign company (i.e. a company not formed under the laws of the Kingdom of Thailand and/or not more than 50% owned by a Thai National) may setup a Representative Office in the Kingdom of Thailand provided its activities remain limited to non-income producing activities. Thai Representative Offices are designed and useful for a specific purpose and are usually not valuable to most clients doing business in the Kingdom, email or call Integrity Legal now for more information about Representative Offices in Thailand.

Regional Offices

According to List 3 section 21 of the Foreign Business Act of Thailand, the activities of Thai Regional Offices are considered service oriented. Thai Regional Offices may be created by multi-jurisdictional companies in those nations in which the Corporate

Head Office is not incorporated. The law regarding Thai Regional Offices does not require that the Non-Thai Corporate Head Office have recognition as a legal entity in the foreign country in which they are also doing business. Like Thai Representative Offices, Thai Regional Offices are generally barred from engaging in revenue producing endeavors within the Kingdom.

Thai Regional Offices are suited to certain clients with special needs and are generally not meant for those wishing to set up a small to medium sized business in Thailand. Also, Thai Regional Offices are generally not valuable to those that do not wish to engage in a large amount of cross-border transactions and international business.

Joint Venture

In the general sense, Joint venture basically covers any task undertaken by two or more natural or legal entities for the purpose of creating a profit thereby. The law treats most joint ventures as a contract matter and with the exception of filing for licenses and/or tax certificates. The parties in the joint venture remain separate entities in the eyes of the law. Another way of creating a joint venture is to have two companies or individuals engage in business as either a different legal Thai company or limited partnership respectively.

Source: BOI

7.6.3 Restricted Business Activities under the Foreign Business Act of 1999

List 1 – Businesses that foreigners are not permitted to engage in for special reasons:

– Newspaper business, radio-broadcasting station or radio/television business.
– Farming, cultivation or horticulture.
– Animal husbandry.
– Forestry and timber conversion from natural forests.
– Fisheries, especially fishing in Thai territorial waters and in specific economic areas of Thailand.
– Extracting Thai herbs.
– Trade and auction sale of Thai antiques or objects of historical value.
– Making or casting Buddha images and alms bowls.
– Trading in land.

List 2 – Businesses concerning national security or safety that could have an adverse effect on art and culture, customs, or native manufacture/handicrafts, or with an impact on natural resources and the environment:

Group 1 – Businesses concerning national security or safety

– Manufacturing, distribution, repair or maintenance of:
  - Firearms, ammunition, gunpowder, and explosive materials.
  - Components of firearms, ammunition, and explosive materials.
  - Armaments, ships, aircraft, or military vehicles.
  - Equipment, or parts of any type of war equipment.
– Domestic land transportation, water transportation, or air transportation, including domestic aviation.

Group 2 – Businesses that could have an adverse effect on arts and culture, customs, and native manufacturing/handicrafts

– Trading of antiques or artifacts that are Thai works of art or Thai handicrafts.
– Wood carving.
– Silkworm rearing, manufacture of Thai silk, Thai silk weaving, or Thai silk printing.
– Manufacturing of Thai musical instruments.
– Manufacturing of gold-ware, silverware, nielloware, bronzeware, or lacquerware.
– Making bowls or earthenware which are of Thai art and culture.

Group 3 – Businesses that could have an adverse effect on natural resources or the environment

– Manufacturing of sugar from cane.
– Salt farming, including rock salt farming.
– Mining of rock salt.
– Mining, including stone quarrying or crushing.
– Timber processing for making furniture and utilities.

List 3 – Businesses in which Thais are not ready to compete in undertakings with foreigners:

– Rice milling and flour production from rice and plants.
– Fisheries, specifically breeding of aquatic creatures.
– Forestry from re-planting.
– Production of plywood, veneer, chipboard or hardboard.
– Production of lime.
– Accountancy.
– Legal services.
– Architecture.
– Engineering.
– Construction, except:
  - Construction of infrastructure in public utilities or communications requiring tools, technology or special expertise in such construction, except where the minimum foreign capital is 500 million baht or more.
  - Other construction, as prescribed in regulations.
– Agency or brokerage, except:
  - Brokerage or agency of securities or service related to future agricultural commodities futures or financial instruments or securities.
  - Brokerage or agency for the purchase/sale or procurement of goods or services necessary to production or providing services to affiliated enterprises.
  - Brokerage or agency for the purchase or sale, distribution or procurement of markets, both domestic and overseas for the distribution of products made in Thailand, or imported from overseas in the category of international business, with minimum foreign capital of not less than 100 million baht or more.
  - Other brokerage or agency activities, as stipulated in ministerial regulations.
– Auctioneering, except:
  - Auctioneering in the manner of international bidding, not being auctions of antiques, ancient objects or artifacts that are Thai works of art, Thai handicrafts or antique objects, or with Thai historical value.
  - Other types of auctioneering, as stipulated in ministerial regulations.
– Domestic trade in local agricultural products not prohibited by law.
– Retailing all categories of goods having of less than 100 million baht capital in total or having the minimum capital of each shop of less than 20 million baht.
– Wholesaling, all categories of goods having minimum capital of each shop less than 100 million baht.
– Advertising.
– Hotel operation, excluding hotel management.
– Tourism.
– Sale of food and beverages.

– Planting and culture of plants.
– Other services, except those prescribed in the ministerial regulations.

"Other service businesses" stated in List 3 effectively serves as a "catch-all" service category. If the foreigners provide a service, not otherwise contained in List 3, the company must still apply for and obtain a Foreign Business License prior to commencing operation. This category includes the business activity of leasing both fixed and non-fixed assets. Additionally, the activities in which representative offices and regional offices are allowed to engage in are all services that fall under this category.

Also, note that special rules apply if the foreigners plan to engage in the activities of "retail sale of goods" or "wholesale sale of goods". Both of these activities are contained in List 3; therefore, in order for a foreigner to engage in either of these activities the company must first apply for and obtain a Foreign Business License.

Thai law, however, grants narrow exceptions to the Foreign Business License requirement for those foreign companies seeking to engage in retail selling and/or wholesale selling.

For foreigners to engage in the activity of retail selling, the exception is that if the company has a registered capital of 100 million baht (fully paid up) or more, and capital for each additional retail store of 20 million baht or more, the foreigner is not subjected to the Foreign Business License.

For a foreign company to engage in wholesale selling, the exception is that if the company has 100 million baht capital or more for each of its wholesale stores, the foreigner is not subjected to the Foreign Business License.

There is a catch-all promotional category named "Trade and Investment Support Office" (TISO) which permits a variety of services, including monitoring/servicing affiliates, consultancy services, engineering and technical services, and activities related to machinery, engines, tools and equipment such as training installation, maintenance and repairs, calibration, and software design and development. There is a condition of sales and administration expenses of at least 10 million baht per year. TISO is not qualified for tax benefits.

Source: BOI

7.7 Food Law and Regulatory

Food Act of B.E. 2522 (1979)

(A) Substances that can be eaten, drunk, dissolved in the mouth or induced into the body by mouth, no matter in what form, but not including medicine, psychotropic and narcotic substances.
(B) Substances intended for use or to be used as ingredients in the production of food including food additives, coloring and flavoring materials.
The Act classifies food into four categories as listed below:

1. Specifically-controlled foods: Under this category registration is required. Legal provisions are established regarding standard quality, specifications, packaging and labeling requirements, as well as other aspects of good manufacturing practice. At present, 14 types of food have been listed in this category.
2. Standardized foods: Food produced under this category must adhere to quality standards as defined in the regulations. This category was created to standardize the production of foods that were locally produced food from small-scale or household industries in order to provide consumers the ability to differentiate such products by qualitative attributes, and encourage food producers on attaining hygienic quality of their products. Standardized foods do not require registration and consists of 31 types of food.
3. Food required to bear standardized labels: This category is less-restrictive than the first two categories, as food under this category exposes a low risk of hazard to consumers' health and does not have to follow specific quality standards for its manufacturing. However, products must bear standardized labels that provide consumer information. There are 13 food items in this category.
4. General foods: Consists of raw, cooked, preserved, non-preserved, processed or non-processed foods that are not listed in the above categories. Although registrations are not required, general food products are controlled and monitored based on hygiene, safety, labeling and advertisements.

Prohibited Food and Substances

1. Substances prohibited in foods:
- Sodium cyclamate and foods containing sodium cyclamate, except for export purposes.
- Brominated vegetable oil
- Salicylic acid
- Boric acid
- Borax
- Calcium iodate or potassium iodate except to be used to adjust the nutrition that related to iodine deficiency as approved by the Food and Drug Administration
- Nitrofurazone
- Potassium chlorate
- Formaldehyde, formaldehyde solution and paraformaldehyde
- Coumarin, or 1,2-benzopyrone, or 5,6-benzo-alpha-pyrone, or cis-o-coumaric acid anhydride, or o-hydroxycinnamic acid, lactone
- Dihydrocoumarin, or benzodihydropyrone, or 3,4-dihydrocoumarin, or hydrocoumarin
- Methyl alcohol or methanol except for using as processing aids for export purpose
- Diethyleneglycol, or dihydroxydiethyl ether, or diglycol, or 2,2'-oxybis-ethanol, or 2,2'-oxydiethanol
- Foods contain melamine and its analogues (cyanuric acid, ammelide and ammeline)

2. Foods prohibited to be manufactured, imported, or sold:
- Corn and corn products with Cry 9C DNA Sequence

- Ready-to-eat gelatin and jelly, which contain glucomannan or konjac flour packed in small containers with diameter or diagonal of the widest part not larger than 4.5 cm
- All kinds of puffer fish and foods containing puffer fish meat as ingredients
- Dulcin (para-phenetolcarbamide), which is used as sweetener
- Cyclamic acid and its salts excluded salt of cyclamic acid which is sodiumcyclamate
- AF2 or furylframide as commonly called or 2-(2-furyl)-3-(5-nitro-2-furyl) acrylamide as chemical name which used as food additive
- Potassium bromate as food additive
- Food containing dulcin, AF2, Potassium bromate or cyclamic acid and its salts as ingredient excluded salt of cyclamic acid which has sodiumcyclamate as ingredient
- Food containing daminozide or succinic acid 2,2-dimetylhydrazide
- Crude extract which is non-water extraction and its derivatives from steavia or stevia rebaudiana, bertoni which is not stevioside exempt producing for export or sell to manufacturer for exporting or sell to producers who extract stevioside from stevia
- Food containing melamine and its analogues (cyanuric acid, ammelide and ammeline)
- Food containing objects other than food packed inside food packages, except for the purposes of food quality or standard preservation such as desiccator, oxygen absorber, etc., in separate packages; seasonings; or consuming accessories (such as plastic spoon, chopsticks, measuring spoon, etc.) Objects other than food may be packed with the food packages, but only if they do not pose a risk to humans or mislead consumers that those objects can be eaten.

3. Food prohibited to be imported or sold:
3.1 Foods with expiration dates or suitable periods of consumption, which has lapsed as stated in the label:
- Infant food and food of continuous formula for infant and children
- Supplementary food for infant and children
- Modified food for infant and modified milk of continuous formula for infant and children
- Cultured milk
- Cow's milk that has passed pasteurized process, for example, pasteurized fresh milk, recombined pasteurized milk, flavored pasteurized milk and pasteurized milk products, etc.
- Food with special objectives.

3.2 Beef and beef products from Great Britain, Portugal, France, Ireland, Switzerland, Belgium, Germany, Netherlands, Denmark, Italy, Liechtenstein, Luxembourg, Spain, Czech Republic, Greece, Japan, Slovakia, Slovenia, Austria, Finland, Israel, Poland, Canada, and U.S.A.; except milk and milk products, hides and skins, gelatin and collagen prepared from hides and skins and bone, protein-free tallow, dicalcium phosphate, deboned skeletal muscle meat and its products from cattle 30 months of age or less, and blood and blood by-products.

Good Manufacturing Practices (GMP)

Since July 24, 2003 under Ministerial Notification No. 193, B.E. 2543 (2000), Titled "Method of Food Manufacturing and Equipment for Manufacturing Food and Food Storage" Thailand requires that domestic manufacturers and foreign suppliers of 56 types of products adhere to GMP. These include:

- Infant food and uniform food for infant and children - Supplementary food for infant and children - Modified milk for infant and uniform modified milk for infant and children - Ice - Beverage in sealed containers - Food in sealed containers - Cow's milk - Cultured milk - Ice cream - Flavored milk - Milk products - Food additives - Sodium cyclamate and food containing sodium cyclamate - Food for weight control - Tea - Coffee - Fish sauce - Natural mineral water - Vinegar - Edible oil and fat derived from animal or vegetable - Peanut oil - Cream - Butter oil - Butter - Cheese - Ghee - Margarine - Semi-processed food - Some particular sauces - Palm oil	- Coconut oil - Mineral drink - Soybean milk in sealed containers - Chocolate - Jam, jelly, marmalade in sealed containers - Food for special purpose - Alkaline-preserved Eggs - Royal jelly and Royal jelly products - Products from the hydrolysis or fermentation of soybean protein - Honey (except where the place of manufacturing does not fall under the description of a factory under the law-governing factory) - Fortified rice - Brown rice flour - Salted water for food flavoring - Sauce in sealed containers - Bread - Gum and candy - Processed agar and jelly - Food Supplement - Meat Products - Flavoring Agents - Prepared and processed frozen food - Herbal tea - Ready to cook food of which ingredients have been clearly separated into unit packing in the container - Bakery products - Food of animal origin other than meat products prescribed in MOPH notification No. 243/2544 (2001) Re: Some Meat Products - Rice based noodles

Domestic manufacturers of these products must comply with the requirements outlined in the Ministerial Notification. Meanwhile, importers of the covered products must present an equivalent certificate of GMP for factories or plants that manufacture those products in line with the Thai GMP Law. The acceptable GMP can be any of the following: a) GMP by Thai Law; b) GMP by Codex; c) HACCP; d) ISO 9000; and e) other practice equivalent to (a)-(d).

Source: Ministry of Public Health's Food and Drug Administration

Food Registration Form (Orr 17 Form)

Form Orr.17

File No. .....

Date .....

(Only for government officer)

Application form of Food Registration

Specific Controlled Food by Ministry of Public Health in Notification No .....

Name of food in Thai.....

Name of food in other language.....

Type of food.....

Variety of food.....

Appearance.....

Kind of package	Size of package
.....	.....
.....	.....
.....	.....

List of ingredient (%)

Name	Quantity	Name	Quantity
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

Production process .....

.....

.....

.....

.....

.....

Licensed manufacturer's name .....

Production premise's name .....Address .....

Trok/Soi .....Road .....Commune No. .....

Sub-District/Tambon .....District/Amphur .....

Province .....Country .....Tel.No .....

Licensed importer's name .....

Importation premise's name.....

Address.....Trok/Soi.....

Road .....Commune No. .....

Sub-district/Tambon .....District/Amphur.....

Province.....Tel. No. .....

Manufacturing License or Import Food into Kingdom License No. .....

Issued date .....Month .....Year .....

Analysis report from .....

Together with the application, I am submitting

1) Sample of Label, 4 copies
2) Sample of Product, 1 Unit
3) Complete Application Form, 4 Copies
4) Analysis report, 4 copies
5) Other relevant information for food registration, 4 copies.

(Signature) .....The Applicant

7.8 Food Manufactures and Food Retail Company Profiles

1. **Charoen Pokphand Group**

Charoen Pokphand Foods Public Company Limited (CPF)

Address: C.P.Tower, 313 Silom Road, Bangrak, Bangkok 10500 Thailand
Telephone: +66 (0) 2625 8000 **Fax:** +66 (0) 2625 7192
Call Center: +66 (0) 2800 8000
E-mail: Consumer Center consumercenter@cpf.co.th Recruitment Center job@cpf.co.th
Press Center pr@cpf.co.th Investor Center iroffice@cpf.co.th

Website: http://www.cpfworldwide.com
Business Activity: Agro-Industry, Food Manufacturing / Distribution / Retailing/ Telecommunications

The Charoen Pokphand Group (CP) is one of Asia's largest conglomerates. It consists of three core businesses that operate in the agribusiness and food, retail and distribution, and the telecommunications industries with investment in over 20 countries. Founded in 1921, the CP Group currently employs, through its subsidiaries, over 300,000 people with offices and factories located worldwide. CP comprises Charoen Pokphand Foods, CP Retailing & Marketing and CP Inter Food (Thailand). The company utilizes its own outlets, 7-Eleven and CP Freshmart to distribute several brands of its frozen processed foods such as CP, Jade Dragon and Kitchen Joy. Charoen Pokphand Group continues to dominate frozen processed poultry and frozen processed red meat as a result of the popularity of its CP brand. In addition, the company is very active in frozen appetizers where it offers its Jade Dragon brand. Several types of dim sum products are available such as buns and dumpling. Currently, the company has four factories which produce frozen processed foods. During 2013, the company aims to expand production capacity for its ready meal, bakery and frozen processed food products. In addition, the company plans to build five new factories and to expand its production capacity for its two existing factories via a total investment of US$ 11 million. Within frozen appetizers (Dim Sum), the company will build one new factory at Chonburi province which will use automatic machines. This will use less labor and will produce up to 30 tons a day.

The Charoen Pokphand Group in India:

Charoen Pokphand (India) Private Limited

Business Profile	prawn/fish feed
Address	130, Opp. Grindwell Norton Ltd., Budigere Cross Road, Virgonagar Post,

	Bangalore-560049, Karnataka, India
Contact Information	**Senior Vice President :** **Mr. Preeda Chunwong** Tel: +91-80-2847219, 28472195 Fax: +91-80-28472662 Website: www.mycpindia.com

C.P. Aquaculture (India) Private Limited

Business Profile	prawn/shrimp feed
Address and contact (registered office)	47/D4 Gandhi Mandapam Road, Kotturpuram, Chennai 600 085, Tamil Nadu, India Tel: +91-44-24475948; 24472880 Fax: +91-44-24472880
Address and contact (factory)	104, G.N.T. Road, Nallur & Vijayanallur Village, Sholavaram Post, Red Hills, Chennai-600067, Tamil Nadu, India **Senior Vice President:** **Mr. Boonyarit Yeesarn** Tel: +91-44-26419465/ 67/ 68, +91-44-26419545/ 46/ 47 Fax: +91-44-26419466/ 9544 Email (sales): aqua_mkt@mycpindia.com, cpimkt@vsnl.com Website: http://aqua.mycpindia.com/

Charoen Pokphand Seeds (India) Private Limited

Business Profile	producing hybrid maize seeds
Address	1021/1, Service Road, Geetanjali Layout, H.A.L. 3rd Stage, New Thippasandra, Bangalore-560075, Karnataka, India
Contact Information	Tel: +91-80-25294874 Email: cpseedsindia@gmail.com

2. **Siam Makro**

Address: 3498 2nd Fl., Lardprao Rd., Klongchan,
Bangkok 10240 Thailand

Tel.: +66(0)-2723-1000 Fax: +66(0)-2734-2141
Website: http://www.siammakro.co.th
Business activity: Consumer & Electronic Goods, Consumption Goods, Fresh & Frozen Goods

The first membership-based cash & carry retail store in Thailand was established in 1988 and registered under the name "Makro." In August 2013, Siam Makro was acquired by the Thai company "CP All" in order to strengthen its business operations and its subsidiaries, especially in the area of new product sourcing and catering products to customers' demand. As of June 2013, 60 traditional format Makro stores existed in Thailand with 11 stores located within the greater Bangkok area and 49 stores in the provinces. Makro operates five different store formats in Thailand, which are:

1) Classic Store: Typical cash & carry structure designed to serve professional customers with store sizes ranging between 5,500-12,000 sqm. Its customer base consists of small retailers, hotels, restaurants, and caterers (HoReCa), and other institutional business operators.

2) Eco Store: These stores are designed to serve HoReCa customers located in tourist areas like Phuket, Samui, and Krabi. The majority of the selling space is dedicated to food products.

3) Eco Plus Store: These stores are designed to serve food professionals, both HoReCa and small food retailers. Most of the selling space is dedicated to food products for the HoReCa and small food retailers. The format is expected to be the main concept for future expansion.

4) Siam Frozen Shop: These are small stores with approximately 100-150 sqm that are positioned as frozen food specialty stores selling mostly frozen products to HoReCa customers. The company now has two outlets in Chiang Mai and Udonthani.

5) Makro Foodservice store: These newly launched specialty stores with approximately 1,000-5,000 sqm provides specific food service solutions for the full spectrum of HoReCa customers, ranging from small street vendors, fine dining restaurants, and 5-star hotels. The first store was launched in Hua Hin in January 2012. These store formats include walk-in fruit and vegetable cold-rooms; a seafood section with live, fresh, and frozen seafood; and gourmet section for meats, cheeses, bakery, and wines.

Makro used to be the only major cash and carry retailer in Thailand targeting professional customers, small retailers, hotels, restaurants, and catering institute customers. However, in early 2011, Big C launched its "Big C Jumbo" cash and carry store to expand their food professional customer base. These store formats usually encompasses an area of 10,000 sqm and carries 12,000 to 15,000 SKUs. It carries approximately 80 % food and 20 % non-food items.

3. **Dole Thailand Ltd.**

	10th Floor Panjathani Tower
Address:	127/10-11 Nonsee Road
	Chongnonsee, Yannawa, Bangkok, 10120 Thailand
Tel:	+66 (0) 2686-7676
Fax:	+66 (0) 2686-7600
Website:	www.dole.com
Business Activity:	Food Manufacturing / Distribution / Services

Dole Thailand is majority owned by Dole Food Company, a US listed company. Dole Thailand was established in 1972. It operates two facilities based in Hua Hin and in Chumphon and has a regional head office in Bangkok. Dole is a major employer in those areas and is the largest pineapple processor in Thailand.

Dole manufactures canned pineapple, mango, tropical and other local fruits, pineapple juice and other concentrates, tropical fruit purees, pouched products, individual quick frozen IQF fruits, and a range of deciduous and citrus fruits in plastic cups and jars. Dole is a BOI promoted company that focuses on developing new value added packaged fruit products.

4. **S&P Syndicate Public Company Limited**

Address: 2034/100-107, 23rd - 24th Floor, Ital Thai Tower, New Petchburi Road
Bangkapi, Huaykwang Bangkok 10310

Tel: +66(0) 2785 4000 / +66(0) 2785 4040

Fax: +66 (0)2-785-4040
Email Address:

- Order Food & Bakery: callcenter@snpfood.com
- Suggestion/Complain: crm@snpfood.com
- Joy Card & Joy Kids Membership: joycard@snpfood.com
- Public Relation: pr@snpfood.com
- Career: recruitment@snpfood.com
- Others: webmaster@snpfood.com

Website: www.snpfood.com
Business activity: Restaurant and bakery shop chain operator; producer of cakes, breads, baked goods, Thai desserts prepared frozen foods and bakery products; provider of home delivery and outside catering services; investor and operator of Thai restaurants abroad.

S&P Syndicate Public Company Limited and its group of companies operates a restaurant and bakery business, which includes the distribution of products under the "S&P" name, including "S&P", "Patio", "Patara", "Vanilla", "Golden Dragon", and "Bluecup" coffee. Overseas restaurants the operation of Thai restaurants abroad under the names "Patara", "Siam Kitchen", "Thai" and "Patio".

The company produces and distribute bakery products, frozen prepared foods, sausage and ham products, pasta, food colorings and essences used in the food industry. These are sold under the names "S&P", "Delio", "Patio", "Vanilla", "Bluecup" and "Royallee". The products

are distributed through the Company's own restaurants and bakery shops, Other services include home delivery of foods and outside catering.

2. **Thai Union Group**

Address: 72/1 Moo 7 ,Sethakit 1 Road, Tambon Tarsrai, Amphur Muangsamutsakorn, Samutsakorn 74000 Thailand
Tel : 66(0) 3481-6500 (Automatic 7 Lines)
Fax : 66(0) 3481-6886

Website: www.thaiuniongroup.com

Business activity: Tuna Shrimp Salmon Sardine and Mackerel Cephalopod Other Seafood Ready-to-Eat Bakery Pet Food

Thai Union Group, also known as Thai Union Frozen Products Public Company Limited (or the acronym TUF), is a Thailand based producer of various fish based food products. As the Thailand's largest canned-and frozen-seafood producer, it has processing plants in Thailand, Indonesia, Vietnam and the United States. Its 2010 purchase of MW Brands of France from Trilantic Capital Partners added plants in France, Portugal, the Seychelles and Ghana. Its fishing fleet consists of nine vessels, giving it a capacity of 500,000 metric tons (490,000 long tons; 550,000 short tons) of whole round fish, making it the world's largest canned-tuna producer. Its brands include Chicken of the Sea and John West Foods.

3. **Prantalay Marketing Public Company Limited**

Address: 1100 Wichianchodok Rd., Mahachai, Samutsakhon 74000 THAILAND

Tel: Local customer line
+66(034) 820-700

HR department
+66(034) 820-820-465 Ext. 79

Purchasing department
+66(034) 820-820-625-9

Marketing department
+66(034) 820-465-6

Fax: +66(034) 821-085 /+66(034) 820-734 **Email**: contact@prantalay.com

Business activity: frozen and fresh food, food services

Prantalay Marketing Public Company Limited was founded in 2003. The Company produces and markets food products, specializing in frozen seafood products, to suit the changing consumers' lifestyle. The Company runs two brands including "Prantalay" and "Pranprai".

Pranprai offers a great selection of both frozen and non-frozen ready-to-eat product, for instance, Pranprai Rice Soup with Chicken or Pork, Hainanese Chicken rice, Five-spice stewed pork shank, BBQ pork and crispy pork with rice. The Company also offers some international menus such as Spaghetti carbonara, Spaghetti with chicken sauce and Kimchi. The latest innovative product under Pranprai brand is Mobile Meal with 3 flavors. The products are available at Tesco Lotus, Big C & Big C Extra, Tops supermarket, Home Fresh Mart, Gourmet Market, Golden Place, Foodland, Tang Hua Seng, Rimping and top department stores throughout the country.

4. **Malee Sampran Public Company Limited**

Address Abico Tower, Floor 2-4, 401/1 Phaholyothin Road, Lamlukka Pathum Thani

Telephone +66(0)-2992-5800

Fax +66(0)-2992-5817-9

Website http://www.malee.co.th

Business activity: Food Drink & Tobacco

Malee Sampran Public Company Limited is a Thailand-based company engaged in the manufacture and distribution of canned fruits, fruit juices and drinks. The Company has two categories of products: processed fruit, which includes canned pineapples and mixed fruits, canned pineapple pouch packs, concentrated pineapple juices, canned sweet corns, mixed fruits and canned seasonal fruits, and drinks, which include ultra-heat treatment (UHT) and pasteurized milk, fruit juices and veggies, teas, corn milk, coffees and drinking water in the form of can, UHT containers, plastic bottles and polyethylene terepthalate (PET). It distributes its beverage products under the trademarks of Malee, First Choice, Malee I-Corn and Chokchai Farm. The Company has subsidiaries including Malee Enterprise Company Limited and Agri Sol Company Limited.

5. **Big C Supercenter Public Company Limited**

Address: 6th Floor, 97/11 Rajdamri Road, Lumpini, Pathumwan, Bangkok 10330
Tel. +66 (0)-2655-0666.

Website: http://www.bigc.co.th

Business activity: Discount Stores, Grocery Stores, Hypermarkets

Big C, or Big C Supercenter, is a grocery and general merchandising retailer headquartered in Bangkok, Thailand. It is the leading hypermarket chain in Thailand, managed under the umbrella of Groupe Casino. It has operations in three countries, namely Thailand, Vietnam and Laos.
The company was founded by Central Group in 1993 and opened its first store in Wong Sawang intersection, Bangkok, under the brand of Central Superstore, a Central Department Store subsidiary.

Big C has three hypermarket formats: Big C Supercenter, Big C Extra, and "wholesale professional-oriented" format called Big C Jumbo. Big C Supercenter targets low to middle income customer segments. Big C Extra targets middle to high income customer segments offering a wider range of premium fresh and dry food items as well as a wide selection of imported products, including Casino private label products. Big C Supercenter and Big C Extra offer over 100,000 SKUs of consumer products and food items. Their sizes vary from 4,000 to 12,000 square meters (sqm) and the sales mix is approximately 60 percent food and 40 percent non-food items. Big C Jumbo stores use a wholesale membership format that target hotels, restaurants, caterers, small and medium size retailers, companies and institutions, and households that buy in large volumes. Big C Jumbo's sales mix is approximately 80% food and 20% non-food items. Big C Market stores utilize supermarket formats that target low-to-middle income customer segments. These stores have smaller selling areas ranging between 750 to 2,000 sqm and a smaller number of items ranging from 10,000 to 15,000 SKUs. Mini Big C stores use convenience store formats that target low-to-middle income customer segment and carries up to 4,300 SKUs with an average size of 160 sqm and a sales mix of 90 percent food and 10 percent non-food items.

6. **Tesco Lotus**

Address: 629/1 Navamintr Road, Nuanchan Buengkoom, Bangkok 10230

Tel: +66 2797-9000
Fax: +66 2797-9802

Affiliates
Tesco Stores (Thailand) Limited
Tesco Card Services Co., Ltd.
Retail Property Co., Ltd.
Tesco Global Employment Co., Ltd.

Business activity: Retail / Wholesale / Sourcing

Website: www.tescolotus.com

Tesco Lotus is a hypermarket chain in Thailand operated by Ek-Chai Distribution System Co., Ltd.Tesco Lotus started from the Lotus Supercenter chain started in 1994 by the Charoen Pokphand Group with the first store opening in Seacon Square. In 1998, the British supermarket chain Tesco took a stake to create "Tesco Lotus". CP Group sold most of its shares in Tesco Lotus in 2003. CP operates a chain of "Lotus Supercenters" in China which have a similar logo to the old Tesco Lotus logo, although the companies are not connected. Tesco Lotus stores currently operate in 5 formats with 1,400 stores: Extra, Hypermarket, Department Store, Talad and Express. Extra, Hypermarket and Department store formats have an extensive fresh food, ambient food and grocery offer as well as a non-food offer including electrical appliances, apparel, toys, stationery and household goods. Talad is a "supermarket format" selling mainly groceries and Express is a convenience "mini-supermarket" format with 1,100 stores. Many of the products on the shelf are Tesco house brand products. Its biggest competitor in the Thai market is BigC.

The bigger stores are often set in Malls and have food courts and many other shops and stalls available as well as a large car park. Temperatures are kept at a relatively cool 26C. Tesco Lotus also offers a range of retail and financial services including bill payment, personal loans (Tesco Premier), a Tesco Visa credit card and as Tesco General Insurance Broker, a range of insurance products. Most recently, in April 2013, Tesco Lotus introduced online shopping.

In 2000. Tesco Lotus started producing own brand products as an economical alternative for customer by selecting qualified producers that have good quality control systems and standards. With a customer oriented mindset and a commitment to provide products with safety and quality, “Product Assessment Center” was established in 2002 at Tesco Lotus Bangkapi store. It was also the very first center in Thailand’s retail business setting. The purpose of this center is to allow consumers to get involved in product testing and suggest their comments for product direction and development. Tesco Lotus Bangkapi is also the center for product testing. In 2007, the name “Product Assessment Center” was changed to “Tesco Research Centre”. To date, Tesco Lotus owns a total of 3 Tesco Research Centers.

7. **Central Food Retail Company Limited (CFR)**

Address: CentralPlaza Chaengwattana Office Tower 17/F
99/9 Moo-2, Chaengwattana Road
Bang Talad, Pakret, Nonthaburi 11120
Tel: +66 (0) 2831-7300
Fax: +66 (0) 2831-7357
General Email:maross@tops.co.th

Website: www.tops.co.th /
www.centralfoodretail-segafredo.com / www.centralwinecellar.com
Business activity: Retail consumer products, beverages, alcoholic and non alcoholic products, health/hygiene products & services

Central Food Retail Company Limited (CFR) is the largest supermarket chain in Thailand operating since 1996 and is one of the business units under Central Retail Cooperation Limited (CRC). The company is currently operates 212 branches nationwide with 129 stores in Bangkok and 83 stores located in upcountry. It supplies an abundance of premium food products including fresh meat, seafood, a wide selection of cheese, fruit and vegetable, ready-to-eat food and many other consumer products from top local and international producers. Cooking tips, recipes, expert advice and a personal chef service are also to be found here.

The company is comprised of several different formats to suit the lifestyle of the variety of customers, including Central Food Hall, the Best Food Hall in Asia, Tops Market, the best International supermarket in Thailand, Tops Super, the everyday supermarket for the smart shopper, Tops Daily, a mini-supermarket for everyday needs, Central Wine Cellar, the best wine shop in Thailand and Segafredo Zanetti, premium coffee.

Central Food Retail focuses on offering a wide range of quality food and wine, at good value, with friendly services, in modern and convenient locations, to create the most stylish & unique shopping experience. The company has grown its loyalty members with more than 3.2 million members registered on SPOT Rewards Card.

8. **The Mall Group Co Ltd**

Address: 144,Ramkhamhaeng Rd.,Hua Mak, Bang Kapi; Bangkok 10240

Tel: +66-2-310-1943 **Fax**: 66 2 310 1562

Website: http://www.gourmetmarketthailand.com/

www.themallgroup.com

Business activity: Retailing

The Mall Group is one of Thailand's largest mall operators. Its main rival is the Central Group. The Mall's brands include "The Mall", The Emporium, Siam Paragon, The Mall SkyPORT, The EmQuartier, The EmSphere and BLÚPORT. The company is based in Bangkok.

The company also has two super market brands Home Fresh Mart and Gourmet Market. The Mall Group has positioned the Gourmet Market brand as a premium-end supermarket while Home Fresh Mart targets more budget-minded consumer

The Mall Group Company Limited operates department store chains in Thailand. The first department store was built in 1981, under the name 'The Mall'. Later, the company expands

their markets by building high-class department store, under the name 'Paragon' and 'Emporium' in 1997 and 2005, respectively.

7.9 National Research Programs

The Agriculture and Food Cluster consists of 7 research programs:

The Rice Program aims to increase the rice industry's competitive capability throughout the production chain while reducing environmental impact. Key operation plans include:

1) Developing technologies to increase rice production efficiency, i.e. breeding rice varieties that are resistant to pests and can adapt to climate change caused by global warming, transferring high-quality grain production technology to farmers, developing and transferring agricultural equipment and machine production technology for higher efficiency and lower planting and harvesting costs, and developing ICT that to monitor rice disease and pest outbreaks.
2) Improving milling and drying efficiency, reducing energy use and milling waste for SMEs.
3) Developing production process technology and rice-based products.
4) Improving logistics efficiency.

The Tapioca Program aims to increase the Thai tapioca industry's competitive capability throughout the production chain while reducing environmental impact. Key operation plans include:

1) Developing technology to increase tapioca production efficiency, managing tapioca varieties, soils, water, doing R&D work in biotechnology for breeding, and developing agricultural machinery technology to be used in managing, planting and harvesting tapioca.
2) Improving tapioca starch production efficiency in order to reduce energy use during production processes.
3) Developing technologies/processes involved in the production of modified tapioca starch and tapioca products, in particular focusing on new technologies for tapioca starch modification, processing technology that creates new tapioca products and creating new added values for the industry.

The Rubber Program focuses on R&D that leads to solutions or new opportunities for the Thai rubber industry. Key operation plans include:

1) Breeding drought-resistant rubber varieties using DNA marker technology.
2) Developing natural rubber production technology innovations in order to increase efficiency, and reduce energy use and pollution. Examples of such innovations are the block rubber machine innovation, the block rubber production technology innovation, the new rubber milk preservation technology innovation and the rubber sheet smoking plant furnace innovation.
3) Improving the Thailand's tyre industry competitive capability by increasing the efficiency of production machinery and upgrading tyre testing to meet international standards and doing R&D work to improve the quality of Thai-made tyres.

4) Improving Thai rubber product industries' competitive capability, i.e. increasing machine and equipment efficiency in the rubber glove industry, creating a device that uses an electron beam to vulcanize rubber and creating innovation for safe rubber products.

The Seed Program aims to form a 50:50 research collaboration with the private sector through the use of biotechnology to breed new varieties. Key operation plans include:

1) Evaluating germplasms and studying important genes in target plants, namely chili, tomato, maize and cucumber.
2) Developing biotechnology for breeding.
3) Developing diagnostic and disease management technology.
4) Developing greenhouse technology aiming at the creation of a seed greenhouse industry in Thailand.

The Plants for the Future Program focuses on sugar cane and oil palm and on breeding new varieties with desired traits, i.e. the ability to adapt to the world's changing temperatures and giving higher yields. Key operation plans include:

1) Breeding energy plant varieties and global warming-adaptable plant varieties using modern technology, creating plant breeders who are knowledgeable in biotechnology and building an infrastructure conducive to technology development.
2) Increasing yield per area unit by applying suitable technology and agricultural area management.

The Animal Production and Animal Health Program aims to build animal production technology strengths by using local resources/raw materials. Key operation plans include:

1) Developing/breeding pig and shrimp varieties that are suitable for local environment.
2) Developing animal feed and using local raw materials to cut costs and reduce substance accumulation/contamination.
3) Developing technology to control disease control and increase diagnostic efficiency.

The Food Innovation Program aims to develop high quality and safe food products for consumers and add value to products. Key operation plans include:

1)Building risk assessment capability

2)Developing products and improving production process efficiency to add value to products

Source:

8 Interview with National Food Institute

1.How do you evaluate the food processing industry in Thailand, e.g., production capacity, sales volume, technology?

If we compare the country in AEC, Thailand is the best in this industry. Right now, we have the project ***"Kitchen of the World"*** *that the Government is also supporting. Thailand has many comparative advantages such as production capacity and technology, raw material and labor. Thailand also has the good standard in this industry. However, we have some trouble in OEM process because it's depending on importers and traders.*

2, What are opportunities and challenges in the food processing industry?

Thailand ranks at the top in the region and the industry's growth appears significant. We should increase exporting the products to other countries and add more values to products.

We do not have the high technology or innovation in this industry, thus it requires a lot of support from the Government.

3, How do you evaluate the domestic consumption? Do changes in lifestyle influence the future of the food processing industry?

Health food is in the trends for Thai people and the world.

Health food means using fewer chemicals while processing. Consumers now favor organic foods. Packing should be improved to be more convenient for customers.

4, How do you predict the future of the Thai food processing industry?

It's depending on the consumers. Right now health food is very popular while junk food is less favored.

Packing and canning should be improved in some certain products, for example, canned fruit should be changed from can to cup. For Ready to eat and ready to cook products, the package should be easy to open and more convenient.

Thai food processing industry is labor intensive, hence the industry might face labor shortage as many Thai laborers now prefer working in other industries such as services. In this circumstance, it predicts that food processors will invest more in automatic machines in order to cope with labor issues.

Some leading processors have expanded their factories to others country because Thailand has FTAs and because AEC will be launched soon. All makes the product distribution and sales much easier.

5, What are opportunities for Indian companies and investors if they consider investing in the food processing industry in Thailand?

India has a lot of ingredient and spices. Thai companies can joint venture with Indian companies by importing raw materials from India, processing them in Thailand and re-exporting them back to India.

Many Indians are vegetarian, which presents vast opportunities for doing food business in India.

6, How does the FTA between Thailand and India and AFTA with India affect bilateral trade between India and Thailand regarding processed food products?

Doing business under the framework of FTA is much easier given tax reduction. Investors of both countries should concentrate on priority industries of Thailand and India. All in all, joint venture is a good option for Indian and Thai entrepreneurs.

End of the interview

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