Food Industry in Thailand

"Kitchen of the world"

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Food and Beverage Business in Thailand

Processing Industry

- ~8,500 Factories
- Employment 870,000 people
- Domestic market 1.7 Million Million Baht
- Export 971,689 Million Baht

Food Business

- 133,000 Stores
- Employment 1.5 Million people
- restaurant/fast food/café 203.5 Thousands million baht
- Street food/Kiosk 199 Thousands Million Baht

Source: NFI as of July 4, 2013
The food processing industry’s structure

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Manufacturers</td>
<td>~8,500 factories (Small 91%, Medium 6%, Large 3%)</td>
</tr>
<tr>
<td>Labour force</td>
<td>Food manufacturing 870,000 persons (11.2% of Manufacturer forces) Skilled labour 60.27%</td>
</tr>
<tr>
<td>Cost Structure</td>
<td>Production 84.3% labour 5%</td>
</tr>
<tr>
<td>Local content</td>
<td>88.54%</td>
</tr>
<tr>
<td>Capacity Utilization</td>
<td>58.73%</td>
</tr>
<tr>
<td>Export Value</td>
<td>971,689 Million baht (World ranking 12th)</td>
</tr>
</tbody>
</table>

Source: NFI as of July 4, 2013
Thailand's food production

Industry focused on the domestic market. Export-oriented industries.

Source: The Office of Industrial Economics (2013)
# Global food trade value

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global food trade (M$US)</td>
<td>772,444</td>
<td>934,678</td>
<td>825,114</td>
<td>929,073</td>
<td>1,125,471</td>
<td>1,130,216</td>
</tr>
<tr>
<td>Growth (%)</td>
<td>21.00</td>
<td>-11.72</td>
<td>12.60</td>
<td>21.14</td>
<td>0.42</td>
<td></td>
</tr>
</tbody>
</table>

**Thailand’s Food market share compared with the global food market share (overall)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>2.19</td>
</tr>
<tr>
<td>2007</td>
<td>2.4</td>
</tr>
<tr>
<td>2008</td>
<td>2.46</td>
</tr>
<tr>
<td>2009</td>
<td>2.6</td>
</tr>
<tr>
<td>2010</td>
<td>2.64</td>
</tr>
<tr>
<td>2011</td>
<td>2.73</td>
</tr>
<tr>
<td>2012</td>
<td>2.67</td>
</tr>
</tbody>
</table>

*2012, is the estimated value

Source: NFI as of July 4, 2013
2012 THAILAND’S TOP FOOD EXPORT CATEGORIES AND WORLD’S RANKING

THAILAND ranked 12th in total food exports

World’s # 1 Cassava Exports

World’s # 2 Sugar Exports

World’s $# 3 Fishery Exports

World’s # 3 Rice Exports

World’s # 4 Chicken Exports

Source: NFI as of July 4, 2013
2012 Thailand's Top 5 Food Exports:
Rice (#1), Sugar (#2), Shrimp (#3), Canned Tuna (#4) and Chicken & Poultry (#5)

2012 Exports
Bt 971,689 Million. (+0.8%)

Source: NFI as of May 23, 2013
In 2012, Thai food exports to ASEAN grew stronger than markets outside ASEAN.

**TOP 6 ~ 80% of total food exports**

- **1** +9.7% (22.4%)
- **2** +5.8% (15.3%)
- **3** -9.8% (11.5%)
- **4** -6.4% (10.9%)
- **5** -7.1% (9.7%)
- **6** +19.1% (8.8%)

Increase

Decrease

**Growth ratio (%)**

**Food export share (%)**

Source: NFI as of July 4, 2013
Thai Food Exports to ASEAN and Region* in 2012

Thailand into Asia’s largest food trade and distribution center.

Over the past five years, Thai’s food exports to countries in ASEAN and region* possessed a strong growth (approx. 100%), compared with US and EU markets, the market just grew 17% or 15% only.

Source: NFI as of July 4, 2013

* Countries in region refers to ASEAN, ASEAN+3 and ASEAN +6
In 2012, Food Trade between Thailand – Poland

Thailand’s **export** to Poland
950 million Baht.

Top Five

- Tuna Products: 47.32%
- Pineapple Products: 27.37%
- Seasoning: 7.50%
- Vegetable Products: 3.57%
- Rice: 1.97%

Thailand’s **import** from Poland
433 million Baht.

Top Five

- Dairy Products: 43.79%
- Salmon and Other Fish Products: 29.20%
- Strach: 3.59%
- Meat Products: 2.15%
- Ceral: 1.91%

Source: NFI as of May 23, 2013
Opportunities and challenges

Thailand Food Quality to the World

Thailand hub of ASEAN

Opportunities in Thailand
STRENGTHS OF THAI FOOD INDUSTRY

> 80% of raw materials used by the food industry are locally sourced at low prices

Abundant Raw Material

Skilled & hard working Workforce

Good Quality & Safety

Size of workforce now Minimum Daily Wage Bt300

GMP and International Standard

Source: Thailand Food Industry Outlook
Food Safety Standards

- Thai food factories must apply for GMP, ISO, HACCP, TQM, Water footprint and Carbon footprint.
- For food exports, BRC, IFS, and SQF must be applied.
- Agricultural Commodity and Food Standards (ACFS)
  - Good Manufacturing Practice (GMP)
  - Good Hygienic Practice (GHP)
  - ISO 22000 (Safety on Food Supply Chain)

*BRC (British Retail Consortium) *IFS (International Food Standard) SQF* (Safety Quality Food)

Source: NFI as of July 4, 2013
Thailand’s Processed Food Industry

The **high demand** for processed foods domestically and overseas are attracting investment to Thailand’s food and agribusiness, while the strong demand for manufacturing machinery and equipment continue to attract the world’s major supplier.

Thailand was the **first** country in Southeast Asia to adopt agriculture biotechnology.
Demand of Processed food increase continuously.

Strong Growth Due To Busier Consumer Lifestyles

Market size of Processed food in Thailand is around 1.7 Million Million Baht (2012).

Source: NFI as of July 4, 2013
“Fast expansion in the current Health Food Market”

- Demand of Health food increase continuously.
- Consumers Show Growing Interest in Health and Wellness
- Market size of Health food in Thailand is around 1,200 billion baht (2012).

Source: NFI as of July 4, 2013
Demand of Functional food and beverage increase continuously.

Market size of Functional Food in Thailand is around 47,457.3 million baht (2012).

Market size of Functional Drink in Thailand is around 32,388.3 million baht (2012).

Source: NFI as of May 23, 2013
Popular Functional Drink Products in Thailand

- **Digestive Health**
  - Probiotics
  - Prebiotics
  - Liver health ingredients
    - Colostrum
- **Immune Support**
  - Probiotics
  - Antioxidant
  - Vitamin C
  - Echinacea
  - Vitamin D
  - Elderberry extract
- **Heart Health**
  - Plant sterols/stanols/esters
  - Omega-3
  - Bio-active peptides
  - Squalene (Amaranth grains)
  - Soluble fibre
  - Antioxidant
  - Soy proteins
- **Weight Control**
  - Fibre for satiety
  - Oil-in-water emulsion for satiety
  - CLA for fat burning
  - L-Carnitine for fat burning
  - Sweeteners
  - Green tea extract
- **Beauty From Within**
  - Collagen
  - Coenzyme Q10
  - Lycopene
  - Lutein
  - Green and white tea
  - Aloe Vera
  - Grape seed
- **Oral Health**
  - Xylitol
  - Probiotics
  - Antioxidant
  - Cranberries
  - Herbal extracts
  - Ginseng
  - Lecithin
  - St John’s wort
  - Co-enzyme Q10
- **Brain Health**
  - Omega-3
  - Antioxidant
  - Ginkgo biloba
Key Trends of Food Industry in Thailand

Future Market Growth Driven by Health Trends and Convenience.

Modern Trade Channels Continue Expansion

Industry Players Prepare for Advent of Asean Economic Community in 2015

Tendency for Obesity and Weight Gain in Thailand