



THAILAND FOOD SITUATION IN **COVID-19**

Special Guest:

MR. VISIT LIMLURCHA

Chairman of the Food Processing Industries Club
Federation of Thai Industries and President of the
Thai Food Processors Association.



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The 28th International Processing and Packaging Exhibition for Asia

**PROPAK
ASIA**

20-23 October 2020

BITEC, Bangkok



**Food ingredients
Asia**



**Food ingredients
Vietnam**



**FHT
FOOD & HOTEL
THAILAND**



informamarkets x **Digital Product**

What is Thailand's standing on food production?

Thailand known as the
“Kitchen to the World”

1st

Food exporter in the World

2nd

Food exporter in the Asia

2019 export ranking

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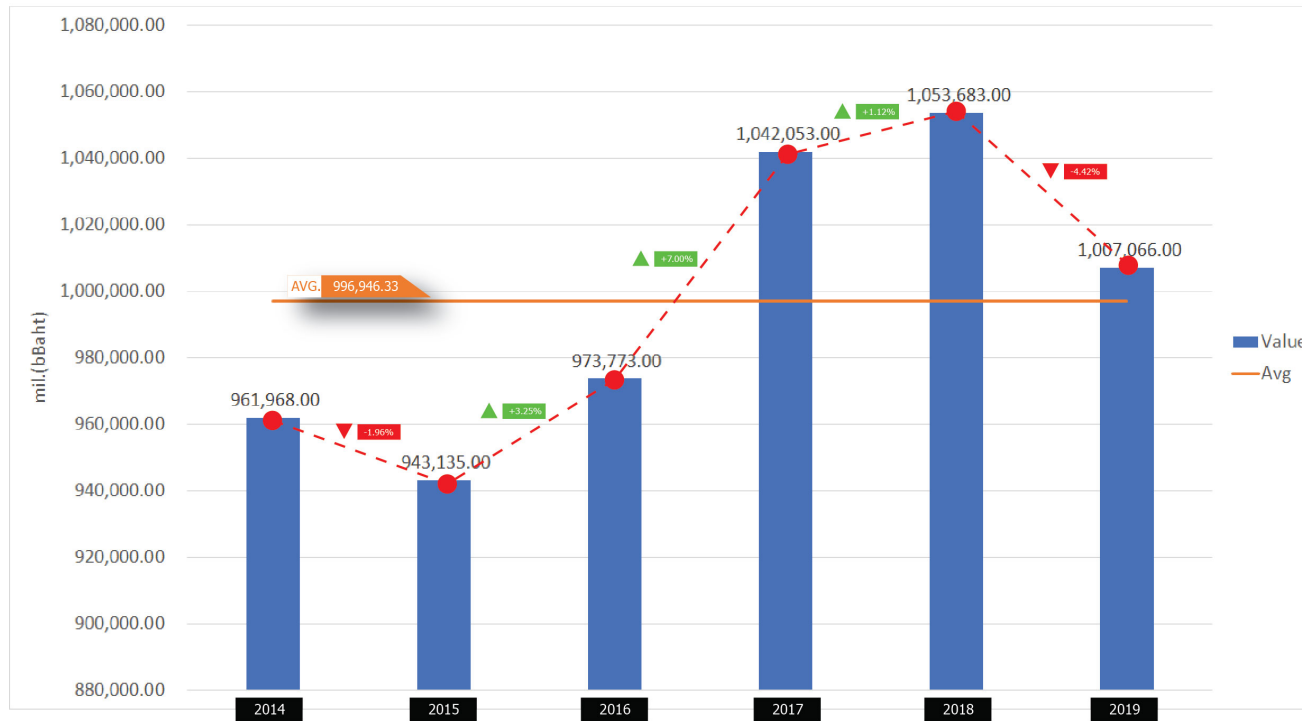


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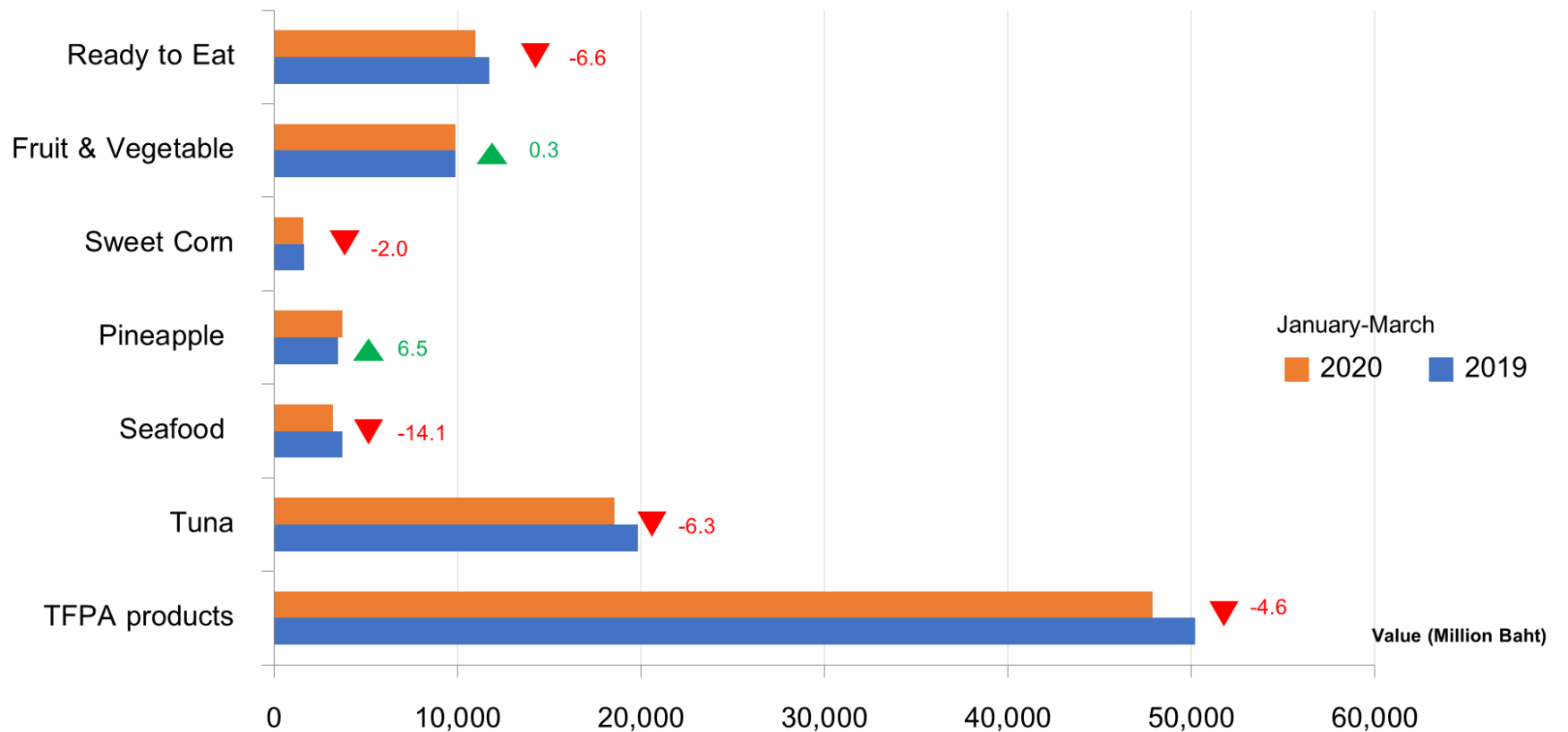
In 2019, Thailand's food export value was around USD 32.5 billion or Baht 1 trillion, while around Baht 2 trillion for domestic value.

THAILAND FOOD EXPORT VALUE



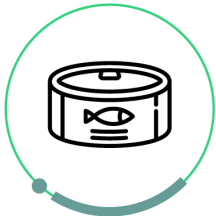
1%
growth rate
in average

Product of Thai Food Processors Association export to world in January-March 2020



What is Thailand's food production capacity?

Canned Tuna and Sardine



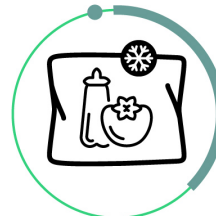
120,000 tons/mth

Frozen Fish / Shrimp / Squid



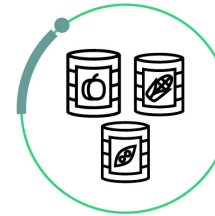
60,000 tons/mth

Frozen Fruit & Vegetable



300,000 tons/mth

Canned Fruit & Vegetable



160,000 tons/mth

Soya Sauces & Fish Sauce



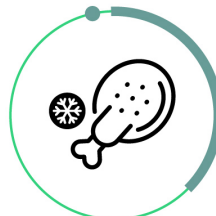
25,000 tons/mth

Snacks



25,000 tons/mth

Chilled / Frozen / Cooked Chicken



300,000 tons/mth

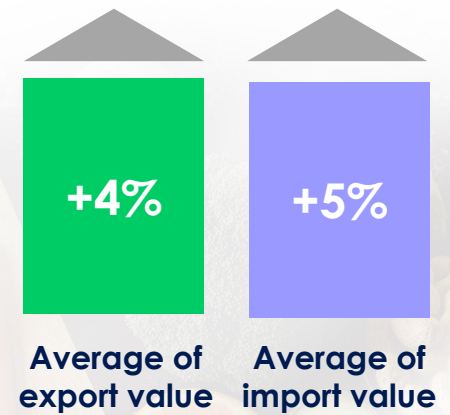
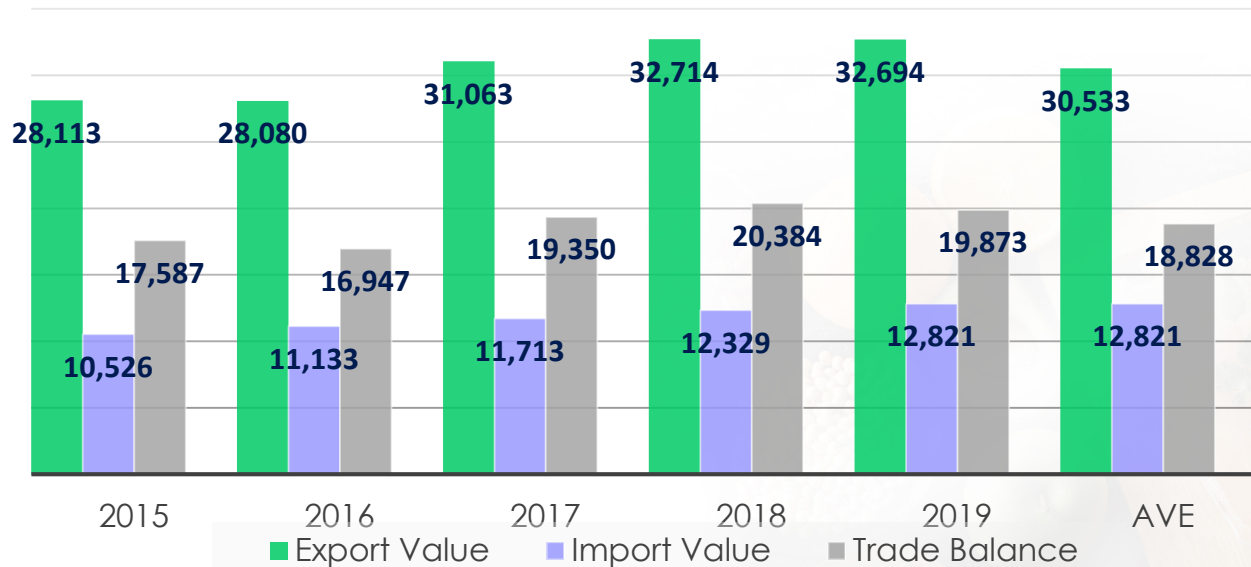
Production Capacity of Each Group of Product

Canned Tuna and Sardine	120,000	tons/mth
Frozen Fish / Shrimp / Squid	60,000	tons/mth
Frozen Fruit & Vegetable	300,000	tons/mth
Canned Fruit & Vegetable	160,000	tons/mth
Soya Sauces & Fish Sauce	25,000	tons/mth
Snacks	25,000	tons/mth
Chilled / Frozen / Cooked Chicken	300,000	tons/mth

The routine processing of each industry has run at 50%-70% of their full capacity

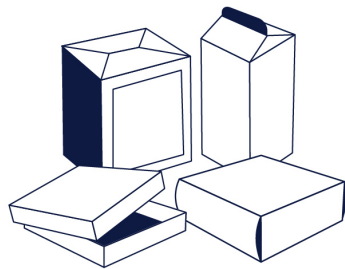
What are Thailand's food domestic consumption, export, and import value?

Thailand Food Import - Export Value (mil.USD)



Which packaging types have seen the most used in Thailand?

Packaging Sale Value during the year 2015-2019



Paper

35% - 46%



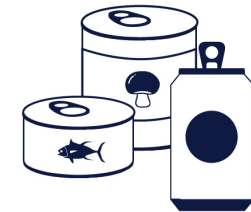
Plastic

17% - 28%



Glass

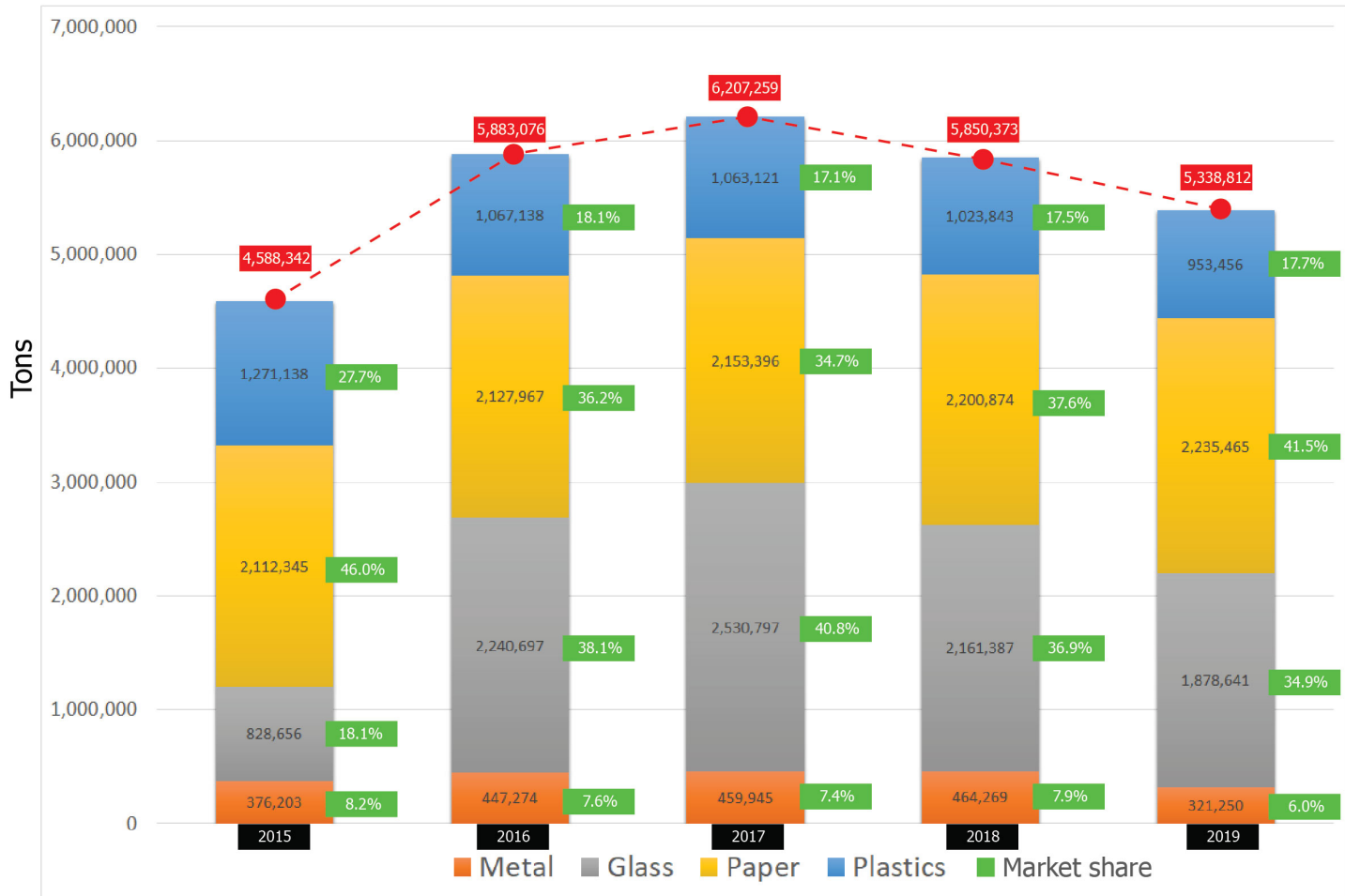
18% - 41%



Metal

6% - 8%

TYPE OF PACKAGING SALES VOLUME



Import packaging by country

China

Taiwan

Japan

Malaysia

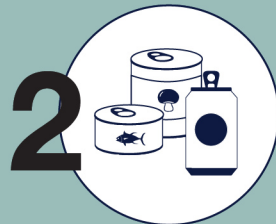
Indonesia

● Packaging imported from China



Plastics

22% - 33%



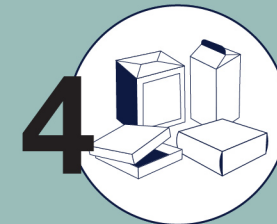
Metal

21% - 41%



Glass

61% - 71%



Paper

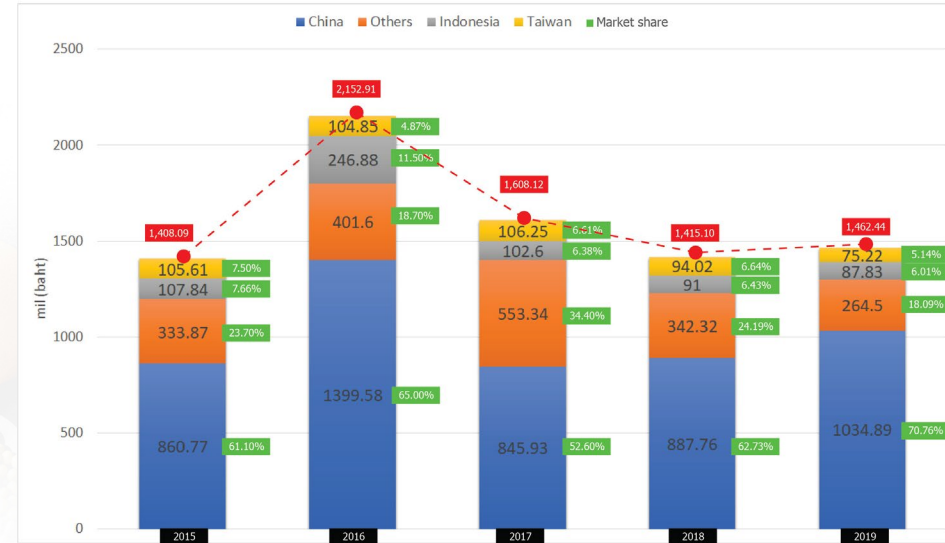
27% - 32%

Packaging Import Value

PLASTICS IMPORT VALUE

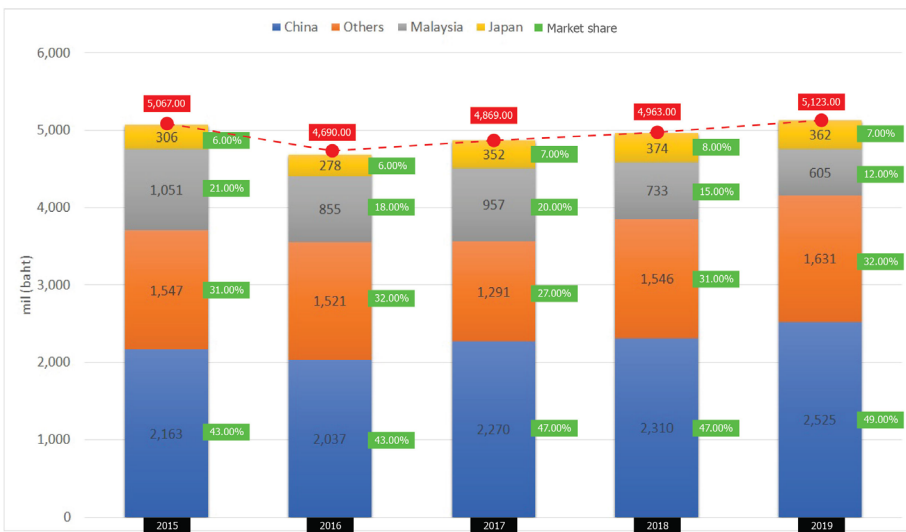


GLASS IMPORT VALUE



Packaging Import Value

PAPER IMPORT VALUE



METAL IMPORT VALUE



Where are the food & drinks processing & packaging technologies coming from?

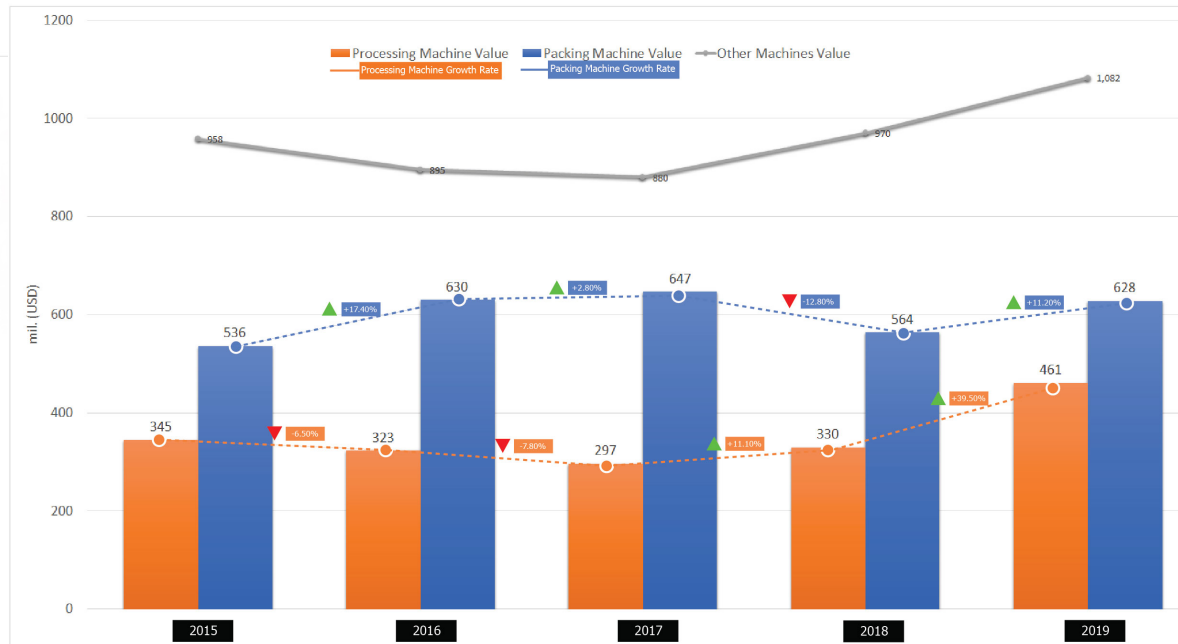
TOTAL VALUE OF MACHINE IMPORT

mil.(USD)



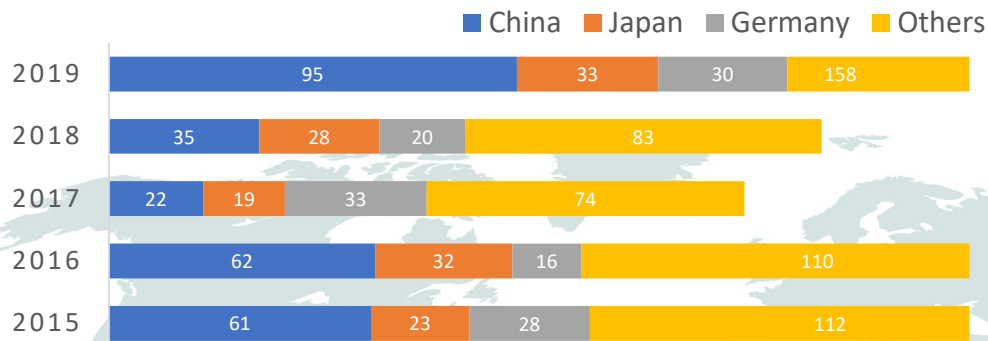
In 2019 the imported value was expanded **16.5%**, hit the highest growth rate during the past 5 years.

IMPORT VALUE OF MACHINE IN THAILAND



What are the top 3 origins or technologies of processing & packaging machines?

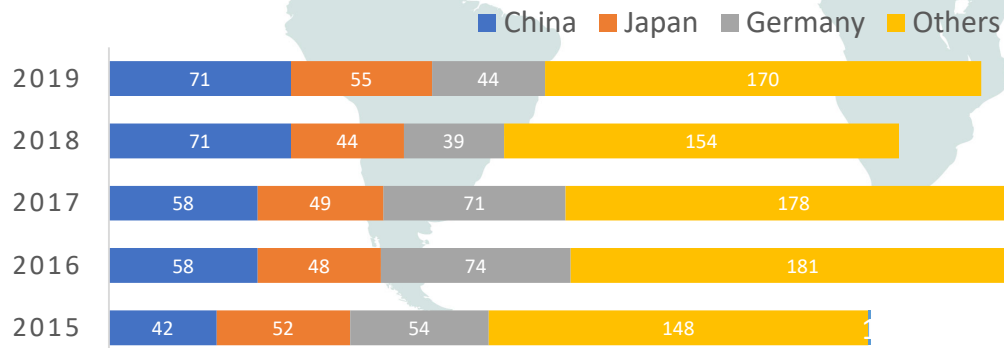
IMPORT VALUE – PROCESSING MACHINES (MIL. USD)



World import value of processing Machine (mil.USD)

2015	2016	2017	2018	2019
175	165	150	167	231

IMPORT VALUE – PACKAGING MACHINES (MIL. USD)



World import value of Packaging Machine (mil.USD)

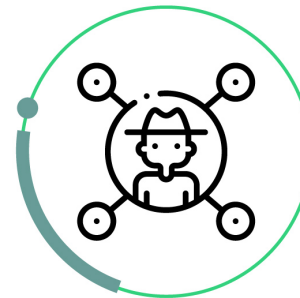
2015	2016	2017	2018	2019
270	317	325	285	314

What are the keys to Thai food industry?

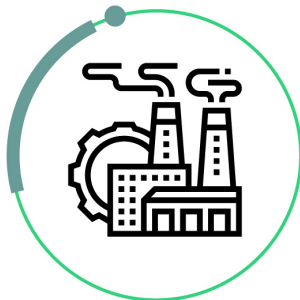
Thailand's supply chain across the value chain



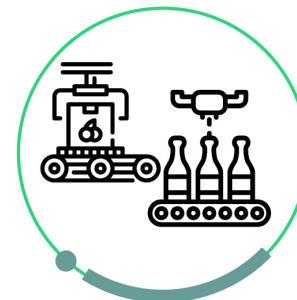
52 hectares
(**321** million Rai)
of cultivated area



55,000
community enterprises



44,000
primary process
industries



54,000
food and beverage
industries

Thailand readiness and response during crisis

Nationwide curfew and social distancing policy

Temporary ban on inbound passenger flights and state quarantine

Temporary shutdown of many high-risk location associated to COVID-19 transmission

Thailand Government Covid-19 Relief Measures Phase 3

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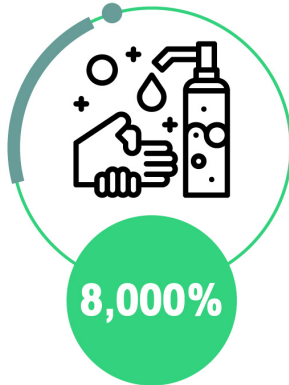


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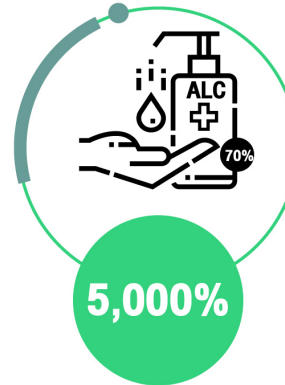


Which products are most sourced during COVID-19?

Hand Wash Gel



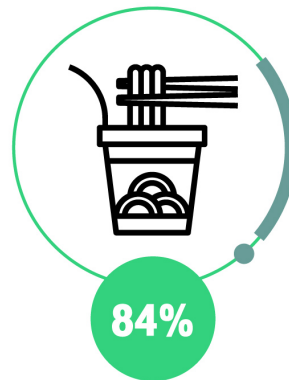
Alcohol Gel



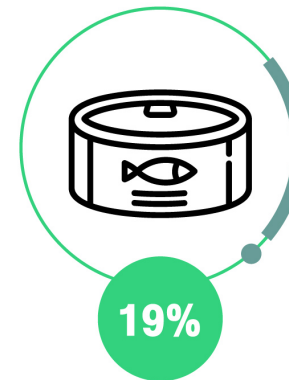
Mask



Instant Noodle



Canned Fish



Products Growth

Source : TNN online

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Food safety issues during different crisis i.e. 2011 flood and 2020 COVID19

2011 flood

- Food industry faced the serious issue on clean water supply,
- Flood water spread through almost provinces in Thailand
- Flood water spread through almost provinces in Thailand
- Many factories inundated in water. Raw material and finished goods were ruined.
- Factories where positioned at high level of flood
- Inadequate supplied of water-filter and its spare parts,

COVID-19 CRISIS

Personal and food hygiene control are the key issues on food safety control

- COVID-19 crisis is available on material supply although the transportation has some logistics restriction.
- Food factories still able to run their production under strict control condition
- The virus is person-to-person transmission or direct infected from touching the virus.
- The strictly control measures are the key issues on food safety control.

What are government & bank policies to assist business operations?

THAILAND: COVID-19 RELIEF MEASURES FOR COMPANIES AND EMPLOYEES



Low interest loans (at 2% interest for a period of 2 years, not over 20 million Baht per customer) in the total amount of 150 billion Baht.



Suspending the principal, reducing the interest rate for the debts of the Government Saving Bank and Government Housing Bank.



The **Social Security Fund will provide a credit line** (at 3%, for a period of 3 years) in the amount of 30 billion Baht



Reducing withholding tax from 3% to 1.5%.



SMEs participating in **low-interest credit measures** to help entrepreneurs. Having a single account, 1.5 times deduction can be made for interest expenses that occur between 1 April, 2020 and 31 December, 2020,



Allowing SMEs to **deduct 3 times the salary expenses paid** in April 2020 to July 2020. For employees who are insured under the law on the Social Security Fund and receive wages of not more than 15,000 Baht per person per month.



Dissemination of VAT refunds to domestic entrepreneurs within 15 days after filing the form.



Reducing contributions to the Social Security Fund by employers and employees.

Technologies that will likely be most needed post-crisis

Resulting from social distancing measure, the new social norms at post-crisis will focus on the growth of e-commerce, the technology will be needed for supporting this.

Cashless society or cashless economy

Internet banking, mobile banking

Mobile payments

Digital work solution for work from home

Drones and robots much more utilized in the areas such as security surveillance, screening procedures, food delivery, etc.

Delivery service application

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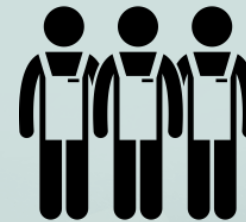


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The importance of automation in crisis in relations to manpower

The comparison of labors requirement in business between September 2016 and September 2017



Most of business need much more labors in 2017 than in 2016.

It defined that greater lack of labors situation, especially in food industry.

Therefore, the automation replacement will be the solution on lack of labor issue.

Are contracted productions affected?

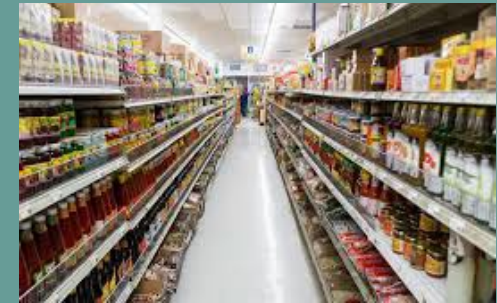
Current situation of Thai fresh produce impacted by the transportation and delivery problem at many destination countries.



A lot of premium grade product which some got GI certified are stuck in the country.



Thailand has plenty of foods and agriculture products, we rather want to share them to global consumers than let them become food waste.



Future investment

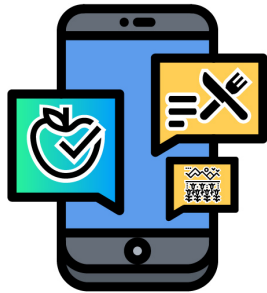
Which section under food & drinks industries need technologies the most?



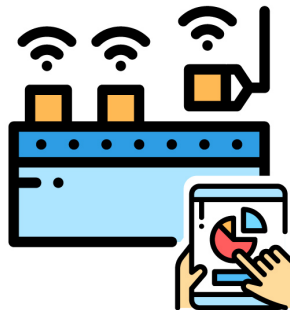
The rising of healthcare trend,
consumers are more aware
of food safety and quality



The trend of social and environment responsibility,
tracking back to the originating of raw
materials also be interested in them.



**The technology of full traceability system
across food value chain,**
from farm to table, to response
consumers concerned is needed.



**Technology development
to reduce the cost**
will be more helpful for small and
medium scale business operators

The next big thing (technology), who has already adopted and its results

Big Data



AI

McKinsey & Company, who predict that 70% of companies will have adopted AI by 2030, divides the technology into five broad categories:

Computer vision

Natural language processing : enables devices and apps to translate human instructions into actions

Virtual assistants

Robotic Process Automation : adds physical actions to the mix.

Advanced machine learning : teaches them to recognize patterns and alter their behavior accordingly

The technologies that have emerged from the combination of Big Data and scalable AI strategies

- **Predictive analytics** (i.e. inferring future behavior from past data)
- **Recommendation engines** (providing suggestions based on past buying or viewing activity)
- **Hyper-personalized virtual assistants**

Why Thailand is still one of the best locations to expand business to Southeast Asia?

1.

Easiness of application procedure

Thailand is being reported as the 17th easiest place for doing business in the entire world.

2.

Sufficient infrastructure

Thailand has got good infrastructure with modernized transportation facilities. Even it has got upgraded communication facilities as well as IT networks which ensure optimum business and living conditions.

3.

Convenient regional transportation

Thailand is popularly known to be the hub for transportation. The convenience would be more improved as more investment would be given importance for transportation and that may lead to the growth of the business.

4.

Ease of Internet connectivity

The wired network in Thailand is pretty easy to get online even in smaller towns. The wireless network has seen a real surge in popularity and implementation however is much easier to put the infrastructure in place.

5.

Open and welcoming economy

Thai business community always loves to welcome foreign investments and companies who have a desire to establish companies in the country.

6.

Reasonable taxation

The reasonable corporate tax which people need to pay to the Thai government. It may range from 30% to 10% depending on the amount of profit made by the company.


7.

A skilled and well-educated workforce

There are growing number of well educated and qualified of Thai citizens. And the majority of Thai locals would be able to communicate properly in English, with a large number being fluent.

BOI office- Eligible activities for promotion by business categories

ELIGIBLE ACTIVITIES FOR PROMOTION BY BUSINESS CATEGORIES

 <p>Agriculture and Agricultural Products Activities Eligible For Promotion Section 1</p> →	 <p>Mining, Ceramics and Basic Metals Activities Eligible For Promotion Section 2</p> →
 <p>Light Industry Activities Eligible For Promotion Section 3</p> →	 <p>Metal Products, Machinery and Transport Equipment Activities Eligible For Promotion Section 4</p> →
 <p>Electronic Industry and Electric Appliances Activities Eligible For Promotion Section 5</p> →	 <p>Chemicals, Paper and Plastics Activities Eligible For Promotion Section 6</p> →
 <p>Services and Public Utilities Activities Eligible For Promotion Section 7</p> →	 <p>Technology and Innovation Development Activities Eligible For Promotion Section 8</p> →

Source: www.boi.go.th

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BOI office: Tax and Non-tax incentive

Tax Incentive

- Exemption/reduction of import duties on machinery.
- Reduction of import duties for raw or essential materials.
- Exemption of import duties on materials imported for R&D purposes.
- Exemption of corporate income tax on the net profit and dividends derived from the promoted activity.
- Exemption of corporate income tax on net profit and dividends derived from the promoted high technology and innovation activity.
- A 50 percent reduction of the corporate income tax.
- Double deduction from the costs of transportation, electricity and water supply.
- Additional 25 percent deduction of the cost of installation or construction of facilities.
- Exemption of import duty on raw or essential materials imported for use in production for export.

Non-Tax Incentives

- Permit to take out or remit money abroad in foreign currency.
- Permit for foreign nationals to enter the Kingdom for the purpose of studying investment opportunities.
- Permit to bring into the Kingdom skilled workers and experts to work in investment promoted activities.
- Permit to own land.



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