



Thailand's Investment Promotion Policy for food & agriculture sector

Piraya Kaewsuwan

*The Board of Investment of Thailand, Investment Promotion
Division 1*



Thailand's Food & Agriculture at a Glance



Note: ¹Definition is per Office of Agricultural Economics, covering HS Code 1-24, 35.05.10, 35.05.20, 40.01, 4002.80, 4002.91, 4002.99, 40.05, 44.03, 50.01 - 50.03, 52.01, 53.03

Sources: BOI, National Food Institute (NFI), Bangkok Post, DEPA's Agriculture Landscape in Thailand, Office of Agricultural Economics

Strong agricultural foundation in Thailand

Abundant natural resources | Year-round growing season | Low labor costs | Skilled workforce

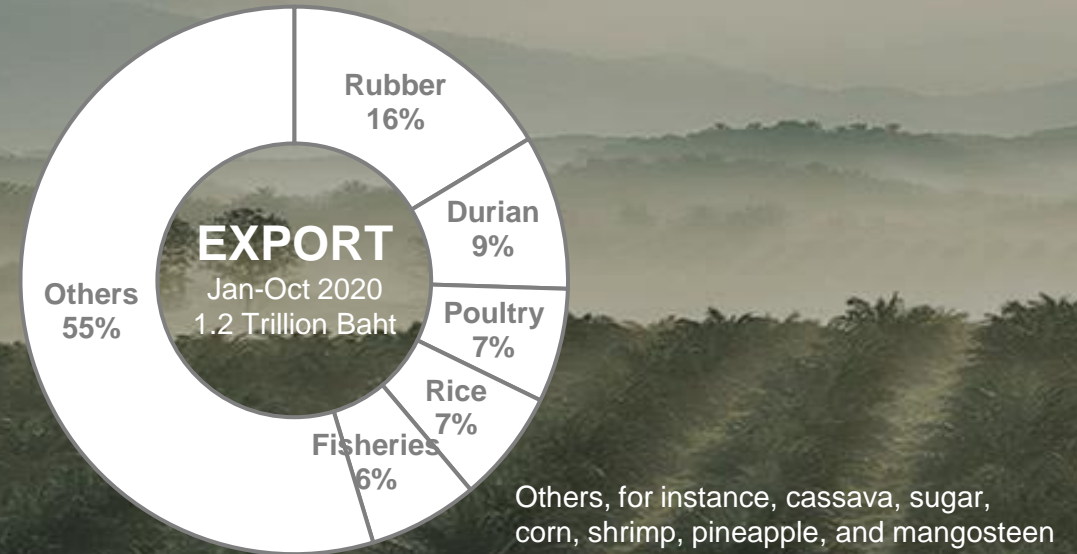
SITUATION

50% of the country's total land area is used for agriculture

80% of raw materials used in the food industry can be sourced locally at competitive prices

DRIVERS

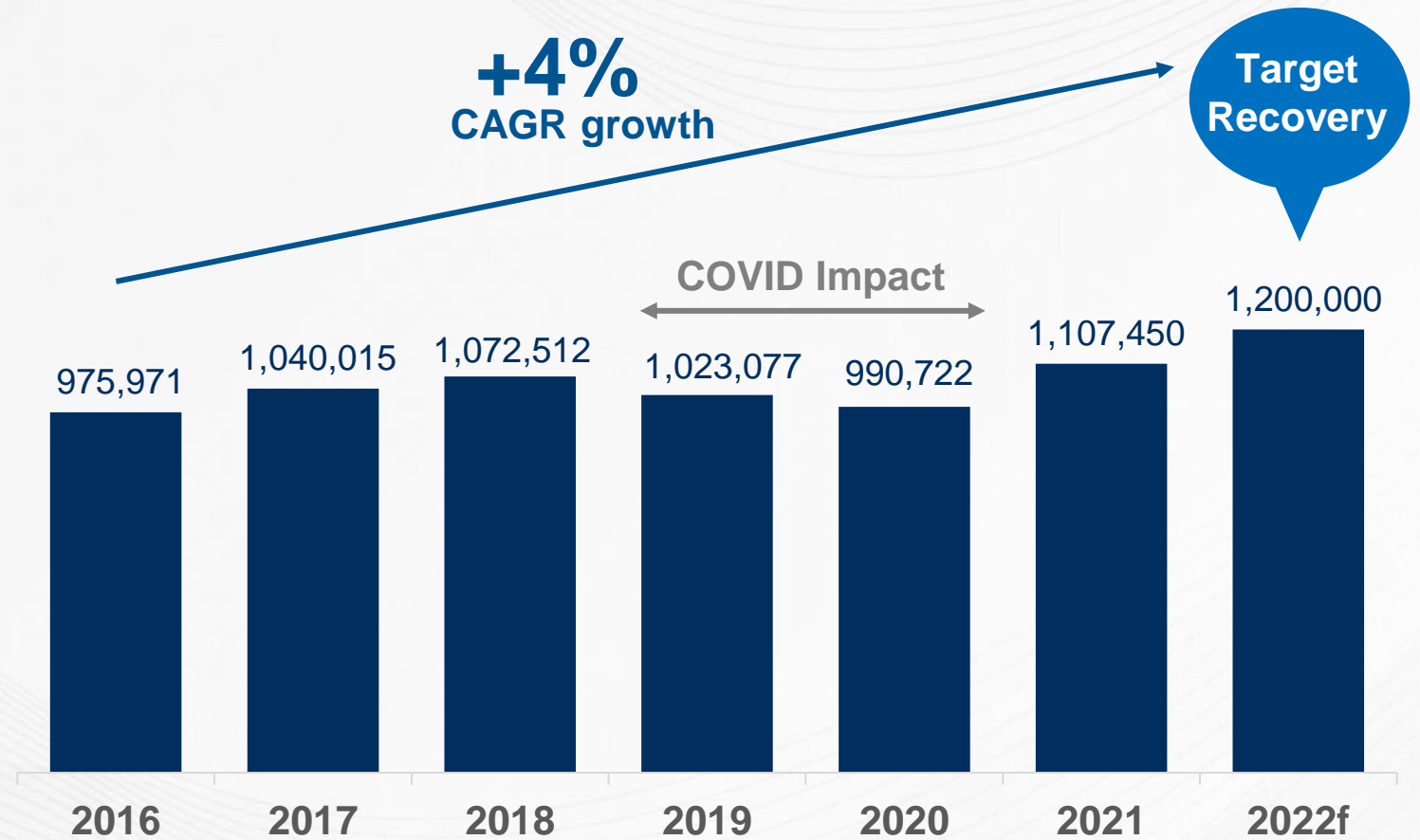
- + Customer confidence in Thailand's product quality standards contributes to strong demand for agricultural exports
- + Supportive government policies, e.g. supporting online/offline sales channels, income insurance, debt support as well as policies to stimulate domestic demand such as Rao Tiew Duay Kan and Kon La Kreung
- + Weather conditions and an improved global economy via increases in rainfall for natural water reservoirs, suitable for cultivating crops, farming livestock and aquaculture, as well as increases in agricultural product prices.



Though export value has been affected, growth is expected to normalize after the pandemic

Food Exports in Thailand

(Unit: million baht)



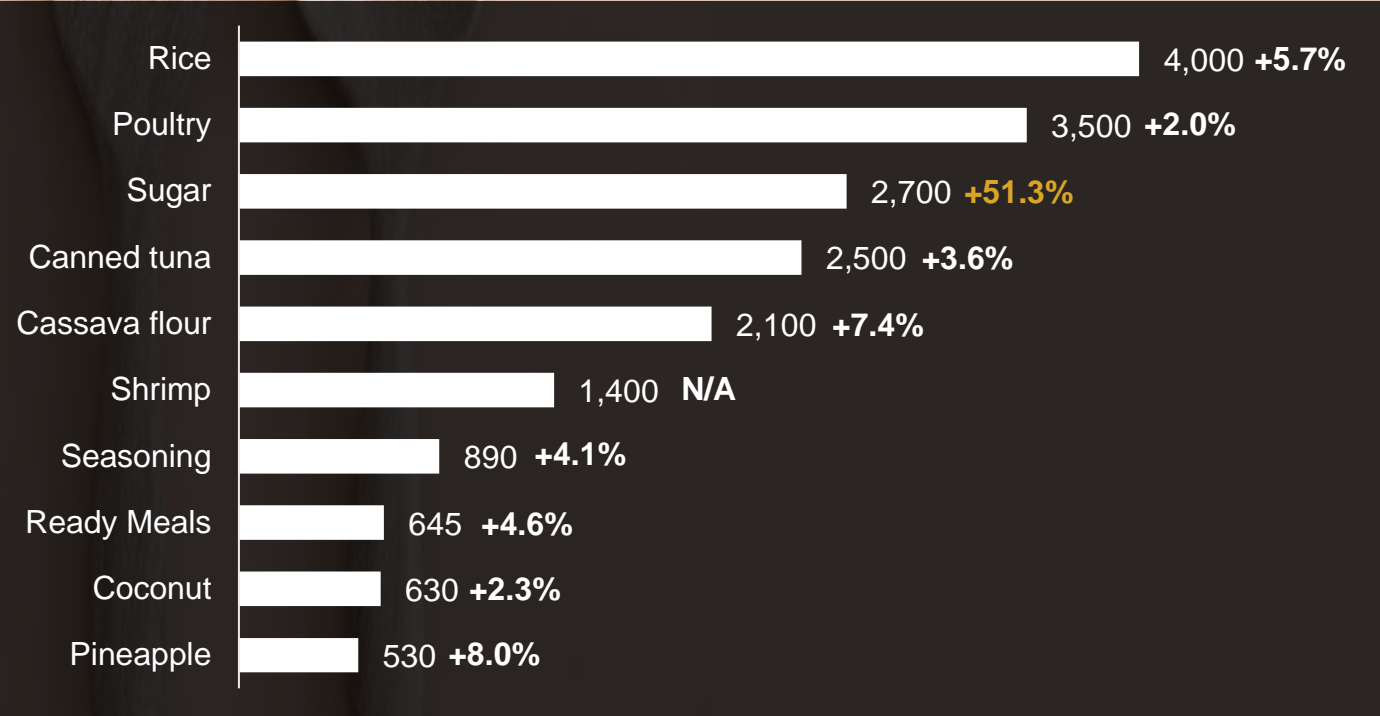


Thailand is the export hub for various types of agriculture & food



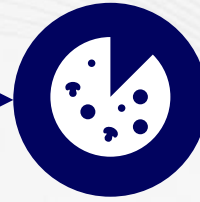
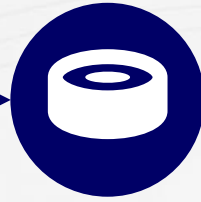
Thailand's Food Export Forecast

(Unit: USD million, in 2020 and forecast growth in 2021)



Fully integrated and robust food supply chain

Supply chain



Thailand's Landscape

Agriculture/ Minimally processed

Thailand produced over 2.6 million tons of **chicken** in 2020 and is the 4th largest exporter in the world, with over 280,000 tons of **shrimp** produced in 2020. Shrimp production is forecast to reach 300,000 tons in 2021.

Moderately processed (canning, freeze dry, etc.)

39% of aquaculture production in Thailand goes to **canned tuna** exports. Thailand exported over USD 2.3 billion in canned tuna to the US, Japan and Australia, while **canned pineapple** in Thailand has also achieved high growth (2019-2020) of 42%.

Highly processed (ready meals)

Prime production base for **ready meals**. Export value has risen 6% by volume in 2020 to key Asian countries and CLMV. The country is currently 5th globally in RTE food exports, accounting for 5.8% of the global share.

Food ingredients & seasoning

Hub for advanced food ingredients, e.g. artificial **sweeteners**, monosodium glutamate (**MSG**), **seasonings**, ingredients. The value of Thailand's sauce and preparation exports in 2020 reached USD 841 million. With over 550 manufacturers, Thailand is the 6th largest exporter in the world.

Food packaging

With over 2,000 food **packaging manufacturers**, Thailand is home to many leading Japanese, American, and European food packaging companies. Domestic production of all types of packaging is 5.6 MTA in 2021, with an export value of over 59 billion baht.

Key Players



Opportunities in the Thai Food & Agriculture Industry

Reorienting towards a **healthier** food system

FoodTech and AgriTech

Innovation and technological investments throughout the value chain, e.g. e-platform, e-commerce, application, blockchain for a lean and locally-based value chain. Maximizing food prosperity covering producers, traders, markets and consumers via direct connections.

Functional, nutrition, dietary foods

Promoting biodiversity and building farmers' resilience by supporting a **diverse and nutritious high-value food value chain**, e.g. food preservation, processed foods, food for healthy diets, and protein alternatives (plant-based and insect-based).

Ready-to-eat and ready-to-cook foods

Capturing growing domestic demand that is driven by the megatrends of urbanization and rising middle class incomes, e.g. tuna, shrimp, poultry, pineapple, rice, fruits and vegetables.

Opportunities as seen in movement of major players



Ready-to-eat products
Alternative protein
Plant-based foods

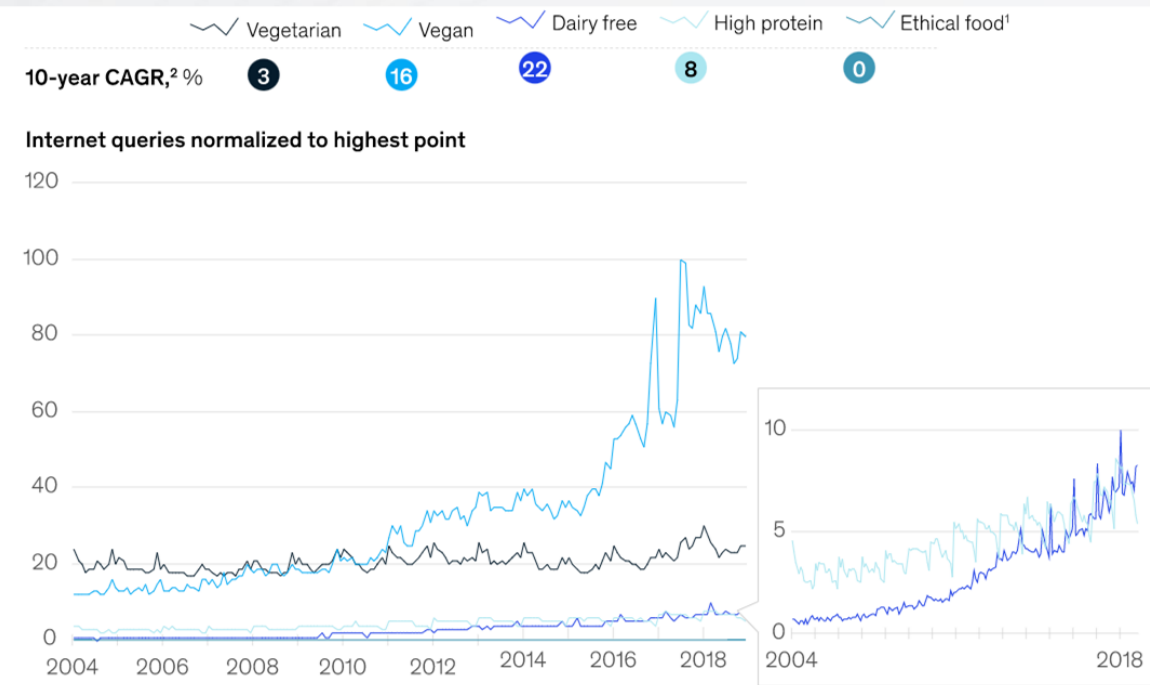
Thai Union Group PCL, the world's leading seafood producer, and V Foods, Thailand's no.1 market share ready-to-eat sweet corn and corn milk producer, partnered to develop and expand their **alternative protein and ready-to-eat, plant-based** food businesses domestically and internationally.



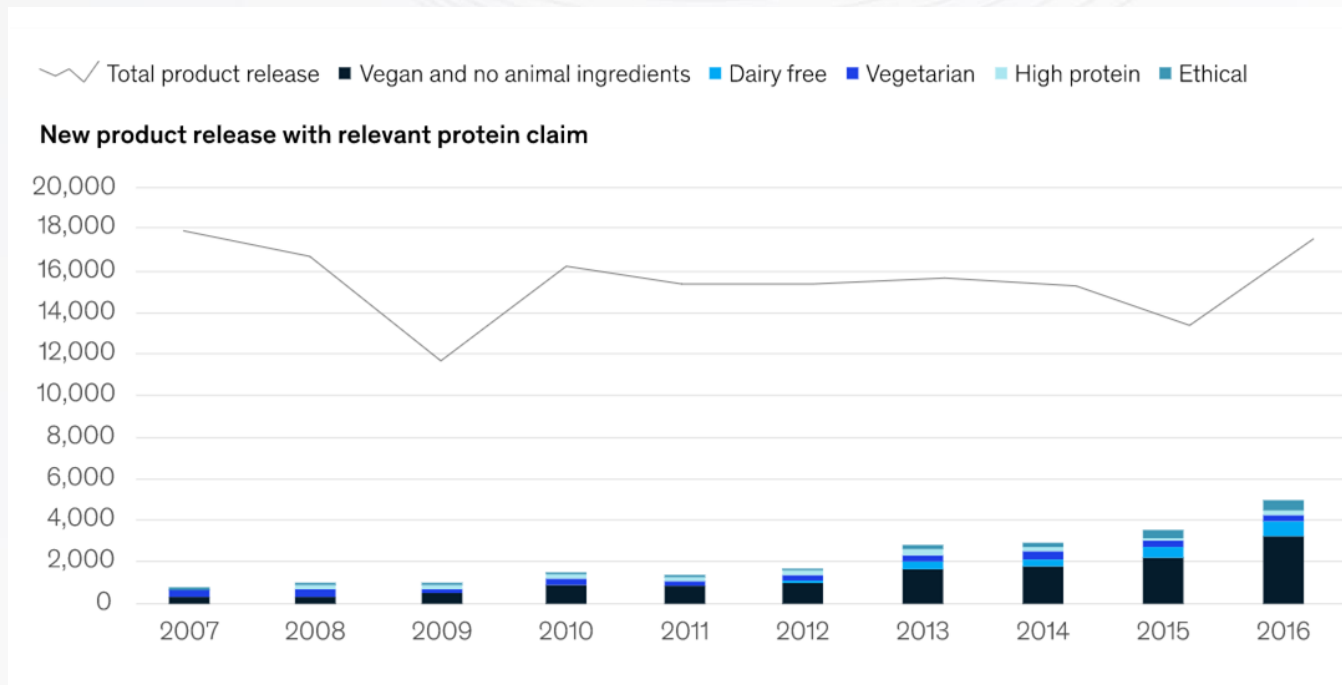
Tyson APAC launched the **First Pride plant-based** brand to dispel the myth that alternative protein tastes inferior to regular meat. All major retailers, including Lotus's, Lotus' Express, Lotus' Go Fresh, Big C, Central Food Hall, Tops, Gourmet, Home Fresh Mart, Villa, Foodland, MaxValu, and Rimping, carry this product line. Its online repeat buy rate on Shopee was 16%, with a rating of 4.9 stars.

Alternative protein opportunities are not limited to Thailand, but also to rest of the world as export markets

Consumer interest in different proteins based on Google Trends



Number of new alternative-protein products released



In Thailand, it is estimated that alternative protein in food innovation was valued at over 4,500 million baht in 2020, with forecast growth of 8%.

Supporting Institutions



FOOD INNOPOLIS

Located at Thailand Science Park, offers a fully-equipped facility of wet and dry laboratories, research, business developments, pilot plants, and rental space.



NATIONAL FOOD INSTITUTE

Provides academic and technical knowledge and updated information to promote “Value Creation” in the Thai food industrial sector.



THAI FOOD PROCESSORS' ASSOCIATION

Recommends and supports establishing domestic food regulations and international food standards.



กลุ่มอุตสาหกรรมอาหาร
สภาอุตสาหกรรมแห่งประเทศไทย

FOOD PROCESSING INDUSTRY CLUB

Supports and strengthens the relationship between its members to further improve the network to enhance efficiency in the food industry.



Institute of Food Research and Product Development (IFRPD)

Food science and technology research institute assisting the food industry with a role in providing food information to social, academic offices and communities.



FUNDING SUPPORT

Various government agencies provide such support, including The Thailand Research Fund (TRF), Agricultural Research Development Agency (ARDA), National Science and Technology Development Agency (NSTDA), and National Innovation Agency (NIA).



Supportive Government Policies

BOI's Investment Incentives

Tax Incentives

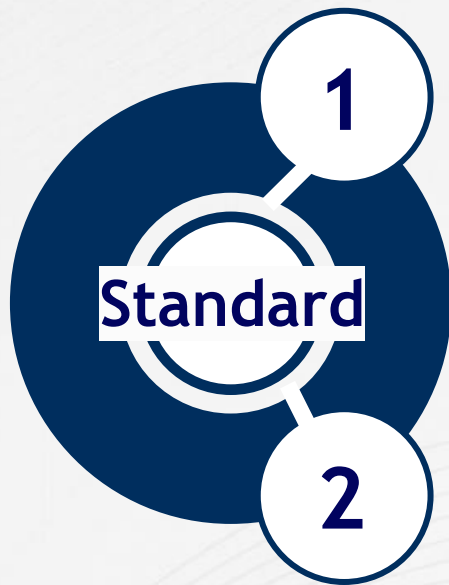
- Corporate income tax (CIT) exemption up to 13 years
- 50% reduction in corporate income tax after expiry of the tax exemption period
- Exemption of import duties on machinery
- Exemption of import duties on raw materials (used in the manufacture of exports and for R&D purposes)

Non-Tax Incentives



BOI Investment Incentive Scheme

Standard Incentives



Activity-based Incentives

- Bio and Medical Industries
- Advanced Manufacturing Industries
- Basic and Supporting Industries
- Digital, Creative Industries, and High Value Services

≤ 8-YEAR CIT EXEMPTION

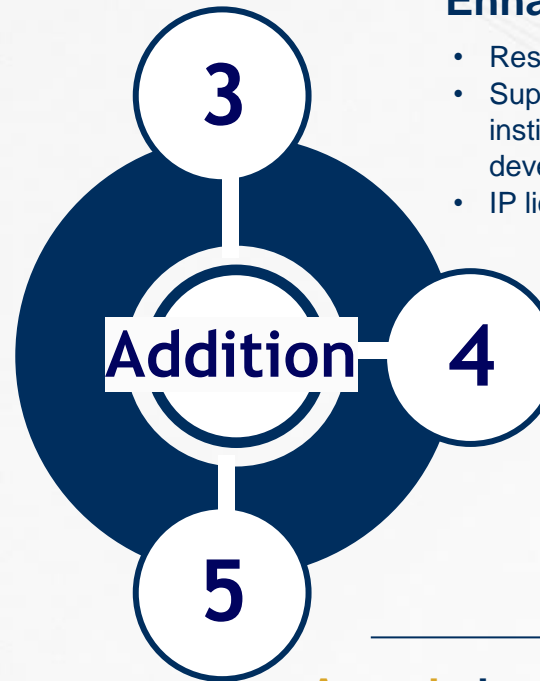
Technology-based Incentives

- Biotechnology
- Nanotechnology
- Advanced Materials Technology
- Digital Technology

10-YEAR CIT EXEMPTION



Additional Incentives



Merit-based Incentives for Competitive Enhancements

- Research & Development (R&D)
- Support academic/research institutes, or technology and HR development fund
- IP licensing fee
- Advanced technology training
- Development of local suppliers
- Product and packaging design
- Donations to technology & human resource development funds

Area-based Incentives

- EEC 3 provinces
- SEZ 10 provinces
- Southern border provinces
- 20 provinces with the lowest income
- Industrial Estates/Zones
- Science and Technology Parks (TSP, Food Innopolis, Space Krenovation Park)

Agenda-based Incentives

- Investment promotion measures for companies listed on the Stock Exchange Of Thailand (SET) and the Market for Alternative Investments (MAI)
- Efficiency enhancement measures
- Measures to Support Grassroot Economy Development



Standard Product-Based Incentive Packages

		Exemption : CIT	Exemption: Import duties on machinery	Exemption: Import duties on raw materials	Non-tax incentives
<div>8 years</div> <div>CIT exemption</div> <div>0 year</div>	A1	8+ years Merit*	✓	✓	✓
	A2	8+ years Merit	✓	✓	✓
	A3	5+ years Merit	✓	✓	✓
	A4	3+ years Merit	✓	✓	✓
	B1	- + Merit years	✓	✓	✓
	B2	- years	-	✓	✓

Incentives are based on several key factors including the level of technology, role in the supply chain, and location.

BOI incentives for the agri-food industry

Eligible to receive up to an 8-year corporate income tax (CIT) exemption on business operating in:



Manufacture of **Medical Foods** and Food supplements



Adoption of **Advanced Technologies**

e.g. fruit ripeness sensor, radio frequency pest control, nuclear magnetic resonance in grading, packing, storage



Manufacture of **biomolecules** and bioactive substances using microorganism, plant cells or animal cells



Seed industry and improvement of plant, animal or microorganism breeding using **biotechnology**



Manufacture of **oil or fat** from plants or animals, except soybeans



Manufacture of **food, beverage and seasoning ingredients** excluding alcoholic beverages, caffeinated drinks, bakery products and candies



Adoption of **smart farming** systems such as the use of sensors, drones, or greenhouses



Investment in **plant factories**



Manufacture of **animal feed** which comply with food safety standards such as ISO 22000



Investment Incentives for Food (1)

Activities	Group	CIT Exemption	Exemption of import duties on machinery	Exemption of import duties on raw materials used in production for export	Non-tax incentives
<p>1.17 Manufacture or preservation of food, beverages, food additives or food ingredients using modern technology (except for drinking water, ice cream, candy, chocolate, gum, sugar, carbonated soft drinks, alcoholic beverages, caffeinated beverages and flour or starch made from plants, bakery products, instant noodles, essence of chicken and bird's nest)</p> <p>conditions</p> <ol style="list-style-type: none">1. Project with only mixing or dilution process shall not be promoted.2. Project with fermentation process must use starter cultures that have supporting study or research.	A3	5 years	✓	✓	✓

Investment Incentives for Food (2)

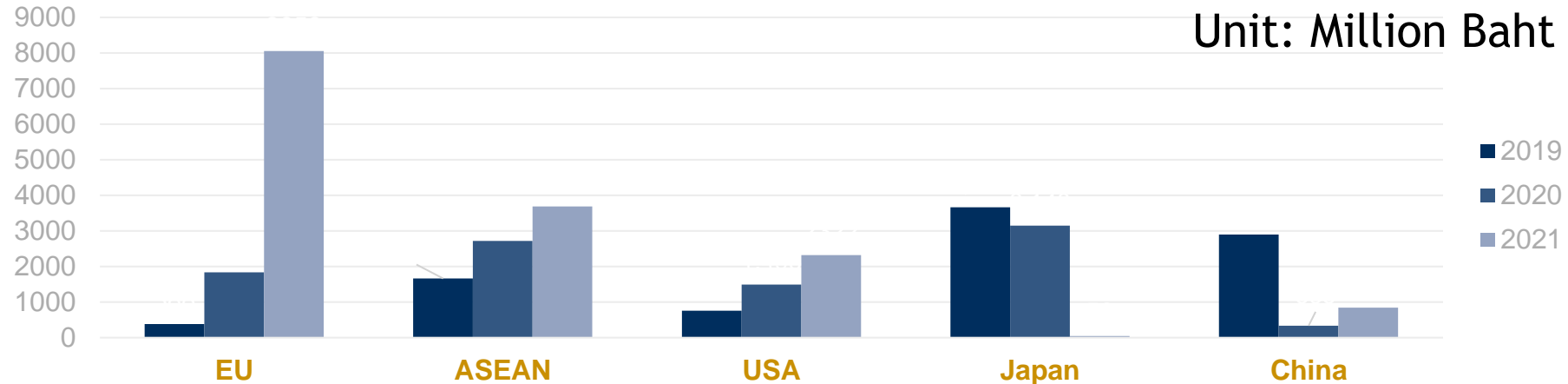
Activities	Group	CIT exemption	Exemption of import duties on machinery	Exemption of import duties on raw materials used in production for export	Non-tax incentives
1.22 Manufacture of animal feed or animal food ingredients					
Case 1					
1. Project must be certified by food safety management system standard, such as ISO 22000 or other standards accepted by Global Food Safety Initiative (GFSI), etc. within the full operation start-up period as indicated in the promotion certificate.	A3	5 years	✓	✓	✓
2. Project must have traceability system.					
3. Project must present the evidence of submission or preparation of the application for certification to exercise the privilege of corporate income tax exemption.					
Case 2					
1. Project must be certified by international standards, such as HACCP and GMP, etc. within the full operation start-up period as indicated in the promotion certificate.	A4	3 years	✓	✓	✓
2. Project must be juristic persons which have never been certified by any international standards for the manufacture of animal feed or animal food ingredients.					
3. Project must have traceability system.					
4. Project must present the evidence of submission or preparation of the application for standard certification to exercise the privilege of corporate income tax exemption.					
Case 3 If case 1 and 2 are not in action.	B1	-	✓	✓	✓
7.11 Research and development	A1	8 years	✓	✓	✓

Please see additional conditions in the attached link below: https://www.boi.go.th/upload/content/BOI_A_Guide_EN.pdf

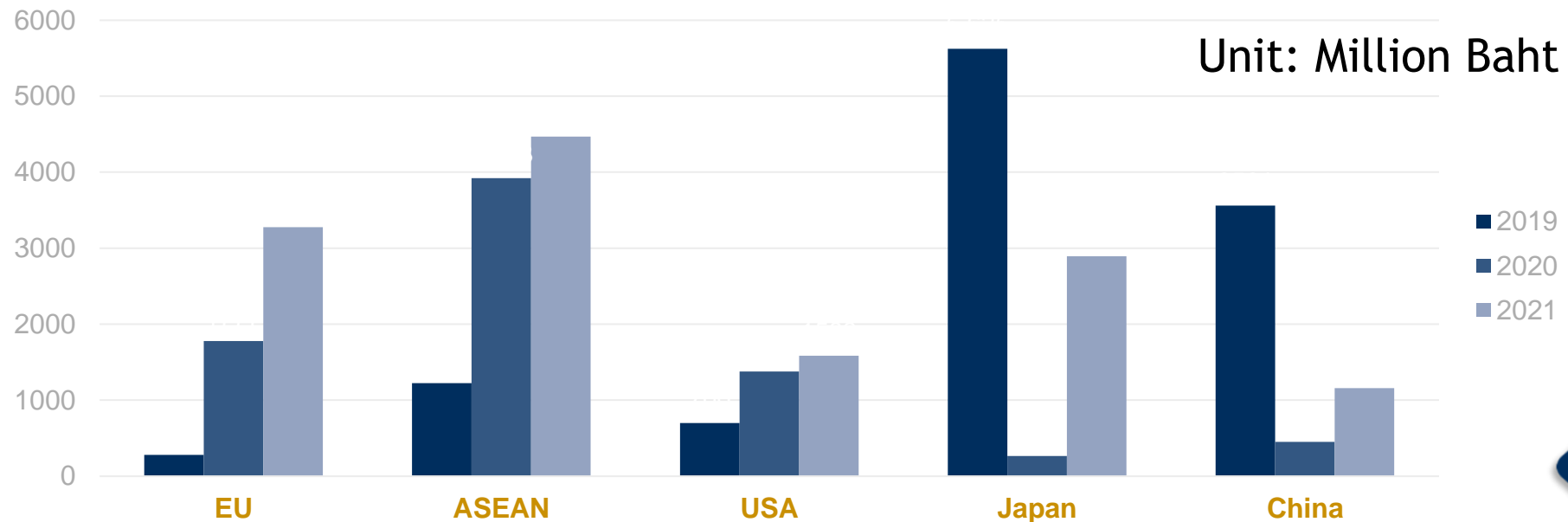
Source: Thailand Board of Investment *No designated maximum exemptible CIT

Foreign Direct Investment in agri-food industry (2019-2021)

Submit Application



Application Approved



BOI Support Services

One Start One Stop Investment Center (OSOS)

More Convenience
Increased Efficiency
Less Time



- Comprehensive information and advice on establishing operations in Thailand
- One-Stop for visas and work permits in 3 hours
- Easy and speedy procedures for new investors
- Database of useful contacts: public and private organizations
- Other applications for investors

18th Floor, Chamchuri Square Building
319 Phayathai Road, Pathumwan
Bangkok 10330, Thailand

Tel: 66 (0) 2 209 1100
Fax: 66 (0) 2 209 1199
Email: osos@boi.go.th



Thailand (Head Office)

555 Vibhavadi-Rangsit Road
Chatuchak, Bangkok 10900, Thailand

Tel. +66 2553 8111
Email. head@boi.go.th

<https://www.boi.go.th>

