



**TROPICAL CANNING
(THAILAND) PUBLIC CO., LTD.**

“Investors and businessmen always see risks in every opportunity. With support from the BOI, the risks are still visible, but with the BOI’s exemption of import duty on machinery, and their corporate income tax exemption policy, our costs are reduced, so we can more quickly make a rational decision to invest.”

**Mr. Kampol Watcharan,
Managing Director**

A Leading Thai Exporter of Canned Foods for over 40 years

Tropical Canning has been located in Hat Yai since its original founding in 1976. The company started as a joint venture between Thai and Malaysian shareholders engaged in producing seafood-based food products, primarily frozen seafood. In 1980, the company began manufacturing and exporting canned seafood. In 1990 its securities became registered on the Thailand Stock Exchange, and it became a limited public company in 1994. In 1997 it was accredited with meeting the Good Manufacturing Practice (GMP) standard from the Department of Fisheries, Ministry of Agriculture and Cooperatives, and was further certified as meeting the Hazard Analysis and Critical Control Point (HACCP) standard from the same ministry. Presently, the company exports about 90% of its production, particularly to the USA, Canada, Europe and Australia, with the remaining 10% being sold domestically in Thailand. About 70-75% of the company's production lines currently produce canned seafood while 25-30% produce canned pet food.

Mr. Kampol Watcharanimit, Managing Director of Tropical Canning (Thailand) Public Co., Ltd

shared that “*Apart from canned tuna which is our key product, we have also been producing canned pet food for over 30 years. With the growing demand of pet food in both domestic and international markets over the last 3 years, the company has increased our production capacity of pet food to respond to this higher demand*”. In addition to canned tuna, the company exports canned clams, canned crab, canned sardines and canned salmon.



Mr Kampol added “*The growth of seafood products is about 3-5% per year, which is lower than the growth of demand for pet food products that grow by double digit percentages. It is expected that 3 to 4 years from now, the production ratio of canned pet food to canned*

seafood will grow to almost 50%, because the production ratio of pet food to seafood has already seen an increase from 10-15% previously to approximately 25-30% in just the past 2-3 years.”

Why Thailand

Originally founded to sell frozen seafood to Malaysia, the company found itself with a plentiful supply of local raw materials which exceeded demand. Said Mr. Kampol, *“The efforts to export additional frozen seafood products to Malaysia couldn’t address the challenge of an oversupply of seafood availability at that time. Therefore, the company initiated the canned processing of seafood and became one of the first manufacturers of canned seafood products for export from the south of Thailand.”*



Vision for the Future

Tropical Canning's goals for the future are to continue to focus on reducing costs and increasing product quality. Tips on the company's strategic thinking for these investments has been shared by Mr. Kampol. *“The break-even point of imported machinery is a key consideration for decision making, especially for entrepreneurs in labor-dependent*

industries. But quality is another important consideration. In a production line, there are challenges for quality control if we don’t use automated machinery. For example, in our business we produce many lines and brands of products. There is always the possibility that products A and B are mistakenly mixed due to human error. With automatic machinery, products are packed and conveyed sequentially with a high degree of accuracy. This can reduce the amount and number of defects and improve the overall product quality being provided to our customers.”

Supporting Policies from the Government

In Mr. Kampol’s view, receiving BOI support to promote improvements in production efficiency by upgrading technology and machinery helps Thai entrepreneurs to gain a key competitive advantage, because their product standards will be improved. “Quality” will become the strength that differentiates a Thai manufacturer from other manufacturers in countries with lower labor costs.

Attractive BOI Incentives

The Thailand Board of Investment (BOI) offers a wide range of tax and non-tax incentives for projects that meet national development objectives. Tax-based incentives include an exemption or reduction of import duties on machinery and raw materials, as well as corporate income tax exemptions of up to eight years. Non-tax incentives include permission to bring in expatriates, own land and take or remit foreign currency abroad.

Additional information about specific activities

relating to the Food Processing Industry can be found by clicking [here](#) or contacting the BOI's Investment Promotion Division 1.

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