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### **The Increasing Investments in Thailand's Food Sector Reflects the Confidence in Thailand Despite COVID-19 Outbreak: BOI**

From January 2019 to June 2020, international and local investors have filed 116 investment promotion applications for food processing and drinks manufacturing projects in Thailand, representing a total value of 18.8 billion baht (ca. 600 million US dollars), the Thailand Board of Investment (BOI) states.

In the first half of this year alone, some 5.84 billion baht worth of investment applications were filed for the sector, despite the impact of COVID-19 on business, thus demonstrating Thai and international food companies' confidence in Thailand's resilient, innovation-focused food sector.

These new investments cover the manufacturing of products including seasonings, plant-based proteins, semi and ready-to-eat food, frozen meats and fruits, processed salmon, cricket powder, healthy drinks, UHT yogurt, etc.

Thailand, with a population of almost 70 million, is Southeast Asia's second largest economy and is one of the fortunate few countries in the world that can produce far more food than it consumes – including the world's most sought-after staple, rice. The country is also at the center of the ASEAN economic community, a trade grouping of 650 million consumers.

Also known as the "Kitchen of the World," Thailand's food sector is backed by its geographical location, rich natural resources, a top-quality local workforce, supportive investment-focused government policies, and a reputation for quality and product safety.

The exquisite taste of Thai gastronomy is well known to international consumers. Thai specialties, such as aromatic Thai curries, stir-fries and fiery tom yam soups, are devoured hungrily in tens of thousands of Thai restaurants around the globe.

Thanks to Thailand's effective management of the COVID-19 crisis, the country's food factories remain open and food supply chains intact. And even as economies around the world ground to a halt, international demand for many Thai food products actually increased.

In May, Thailand's agricultural and agro-industrial exports grew by 2.5 percent despite overall merchandise shipments falling due to severe disruptions in the global economy. Frozen and processed fruit and vegetable exports jumped by 83 percent.

Overall, the proportion of food exports to total shipments from Thailand jumped from 16 to 22 percent – a level that will likely be sustained in a post-COVID world, according to Pimchanok Vonkorpon, director-general of the Commerce Ministry's trade policy and strategy office.

"Food will undoubtedly be the star product of Thailand in the years to come," Pimchanok said.

Success stories in Thailand's food sector comprise leading global names as well as local champions.

Thai Union Group, today a leading seafood producer and owner of such iconic international brands as Chicken of the Sea and John West, started four decades ago in 1977 with the takeover of a fish processing factory. Thai Union, which supplies one in five cans of tuna sold in the world and has annual revenues exceeding \$4 billion, saw its sales rise by 6 percent in the first quarter of 2020.

"We believe in the future of Thailand and the future of the food industry in Thailand. We also believe in the opportunities in the world market and that's why we are confident to make investments, especially in innovation and sustainability," Thai Union President Thiraphong Chansiri said in an interview.

Ajinomoto, a company with operations in 24 countries, opened its first factory outside of Japan in Thailand in 1960 to make monosodium glutamate and was the first foreign investor to receive Thai government support. Today, Ajinomoto operates 11 factories in Thailand employing 7,000 and has branched out into the manufacture of instant noodles, amino acid-based products for athletes, canned coffee, processed and frozen food, sold in both local and international markets.

Other multinational food companies with major investments in Thailand include Nestle of Switzerland, Cargill, Kellogg's and McCormick of the U.S. and Yamamori of Japan.

Thailand's 10,000 food processing companies stand out as reliable suppliers of safe and plentiful food. Thailand is the world's number 1 exporter of canned tuna, canned pineapple, sweet corn, coconut milk, cassava, and durian. Thai exports rank 2nd in the world in rice and sugar and among the top 5 in chicken and shrimp. Although not a predominantly Muslim nation, it is the 9th largest exporter of halal products. It is also the 11th biggest global supplier of ready-to-eat meals.

Food industry revenues account for more than 20 percent of Thailand's GDP and last year the value of food exports totaled \$33 billion.

Under the government's "Thailand 4.0" strategy to become the innovation hub of Asia, high-tech food processing is one of the key industries the government has selected to

promote. The BOI is offering a suite of incentives to investors in this sector, including exemption of corporate income tax for up to 8 years and so-called smart visas that enable investors and key employees to stay in the country for up to four years.

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