

NONGCHIK PATTANA CO., LTD

“The promotions from the BOI and the relevant government agencies in the area provide us with benefits in the income tax rates, machinery taxes, factory setup fees, and lower interest rates, which all help to reduce the costs of doing business.”

- Ms. Natthasi Manichoti, General Manager

Jointly developing the border areas

The early roots of the Nongchick Pattana Company began ten years ago with the formation of Palm Pattana Southern Border Co., Ltd, by the agro-industrial entrepreneur Mr. Somnuk Manichoti to produce palm oil and other by-products from oil palms. At the time, the problem farmers in the border provinces faced were two-fold. Firstly, they were a long distance away from the major product markets, and secondly, the simmering unrest in the border areas had prevented any sizable local markets from developing. This left the farmers dependent on middle men who would come to buy their products locally to resell in Bangkok, taking a large percentage of the profits for themselves. Mr. Somnuk believed the long term solution to the region's instability lay in furthering its own economic development.



According to his daughter, Ms. Natthasi Manichoti, the General Manager of Nongchik Pattana Co., Ltd and Palm Pattana Southern Border Co., Ltd, “*My father's view was that as we are Pattani people, the problems we face in our province such as lack of security and a poor economy must be solved locally. Improving the economy is the first priority for the villagers in order for them to be able to have work and a stable income. Once everyone is able to find work, other problems will eventually be solved. Young people will be able to get a proper*

education since their parents will have reliable earnings; thereafter other social problems will also be reduced. For that to happen, economic development is the starting point."

Ms. Natthasi recalled that when her father first founded Palm Pattana Southern Border Co., Ltd, local farmers didn't cultivate their plants very well because they had no local market and little incentive to improve. Once Mr. Somnuk established his agricultural business, farmers in the area began to pay more attention to their crops and their productivity increased.



Entering into a new market

However, for the past several years the price of palm oil has been falling, so they began to look for alternative crops that could be developed to become equally important

future economic crops in the three southern border provinces. They concluded that coconuts were the best choice, as they could be processed in various ways to make multiple products, and could also grow well in the southern region. They therefore established a second company, Nongchick Pattana Co., Ltd., and built a new factory which is capable of handling up to 10,000 coconuts per hour. Ms. Natthasi says they are currently able to process coconuts from all seven southern provinces, including Nakhon Si Thammarat, Songkhla, Pattani, Narathiwat, Yala, Satun and Phatthalung. She believes that coconuts will soon become the next locally significant crop that can provide a similar level of income to what oil palms have provided previously. Initially, the coconuts in the factory will be processed into coconut water and coconut milk for the domestic food industry, as well as exported to other countries in Asia and elsewhere. In the second phase, the factory's processing capabilities will be extended to include cold-pressed coconut oil production, and other coconut products such as coconut milk blended with other locally available fruits.



Support from public sector

Ms. Natthasi shared her past and present experience with investment in Pattani Province by explaining that *"We started from the construction business and then entered into the agricultural business because we wanted to be able to provide the community with more jobs, and since then we have continually expanded our operations. We also have been able to create trust among other investors who want to invest in the border provinces with us."*

She further noted, *"If you come to create jobs and income for the local people, and don't try to take advantage of them, then you don't have to be afraid for your investment. If you invest without caring about the environment or the local people, then you will face problems no matter where you are."*

She added that the investment in the border provinces qualifies for promotional privileges from the public sector and their policy to encourage development in the border areas. These privileges reduce the costs of doing business. "We have been granted benefits from the BOI and other relevant government agencies in the area which provides us with reductions in our income tax rates, machinery tax rates, and factory setup fees, as well as lower interest rates on loans from financial institutions."

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.
