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MARKET ACCESS SECRETARIAT
Global Analysis Report

Market Overview

Thailand

July 2014

MARKET SNAPSHOT

- Thailand had a gross domestic product (GDP) of US$390.2 billion in 2013, which is expected to grow by 4.5% in 2014. The World Bank upgraded Thailand to an upper-middle income economy in 2011 due to significant social and economic growth.
- Thailand is the nineteenth-most populous country in the world with 68.2 million people. The population is expected to reach 69.3 million by 2017.
- Annual consumer expenditure was US$3,243 per capita in 2013, with food and non-alcoholic beverages representing US$908 or 28% of that total.
- The consumer foodservice industry is expanding alongside a rising middle-class population, and is forecast to reach total value sales of US$23.8 billion by 2014.
- With growing disposable incomes, Thai consumers are seeking products that offer convenience. Packaged food sales continue to grow steadily, and are expected to reach a value of US$11.9 billion by 2014.
- The top packaged food company in the market is currently Nestlé SA with a 7.1% value share, followed by Unilever Group (3.7%) and Ajinomoto Co Inc (3.6%).
- Thailand is the world's largest exporter of canned tuna, and the largest shrimp and prawn exporter.
- The agriculture sector employs 39% of the work force and is estimated at 12% of GDP. Agricultural production is the main source of national income.

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PRODUCTION

- Sugar cane remains Thailand's primary domestic crop, with overall production increasing by 31.3% over the last five years, despite a drop in 2009. Volume production grew by a compound annual growth rate (CAGR) of 7.0% from 2008 to 2012.

- Other fresh tropical fruit and paddy rice showed the largest production volume growth in 2012 over 2011 with 13.8% and 9.3%, respectively.

Crop Production and Livestock in Thailand

Top ten crops (tonnes)	2008	2009	2010	2011	2012
Sugar cane	73,501,611	66,816,446	68,807,800	95,950,416	96,500,000
Paddy rice	31,650,632	32,116,063	35,583,635	34,588,355	37,800,000
Cassava	25,155,797	30,088,024	22,005,740	21,912,416	22,500,000
Palm fruit oil	9,270,510	8,162,703	8,223,135	10,776,848	11,000,000
Maize	4,249,354	4,616,119	4,860,746	4,816,650	4,813,000
Natural rubber	3,166,910	3,090,280	3,051,781	3,348,897	3,500,000
Mangoes, guavas, mangosteens	2,374,165	2,469,814	2,550,595	2,600,000	2,650,000
Pineapples	2,278,162	1,894,862	1,966,000	2,593,207	2,650,000
Other fresh tropical fruit	1,971,044	2,281,183	1,976,456	1,955,218	2,225,347
Bananas	1,540,476	1,528,082	1,584,898	1,600,000	1,650,000

Source: *FAOSTAT Agricultural Production, March 2014*

Meat indigenous (tonnes)	2008	2009	2010	2011	2012
Chicken	1,156,134	1,152,037	1,218,884	1,256,022	1,263,358
Pork	970,331	918,035	931,053	1,046,219	1,065,577
Beef	206,211	250,028	230,178	186,751	195,928
Duck	76,416	77,304	80,006	82,002	82,752
Buffalo	32,076	33,749	46,108	36,698	23,235

Source: *FAOSTAT Agricultural Production, March 2014*

Livestock (head)	2008	2009	2010	2011	2012
Pigs	7,845,346	7,480,530	7,623,730	7,785,525	7,500,000
Cattle	6,699,999	6,647,325	6,497,996	5,891,000	5,393,000
Buffalo	1,699,469	1,670,511	1,622,646	1,588,000	1,542,000
Goats	374,029	383,796	380,277	427,567	450,000
Sheep	43,738	40,269	43,139	51,735	54,221

Source: *FAOSTAT Agricultural Production, March 2014*

TRADE

- Thailand is a net exporter of agri-food and seafood products. In 2013, Thailand's agri-food and seafood trade surplus was C$17.3 billion with imports valued at C$14.7 billion, and C$32.0 billion in exports. Thailand's agri-food and seafood imports grew at an average rate of 16.9% between 2011 and 2013.

- Thailand's top agri-food and seafood imports in 2013 were soybean meal, frozen Skipjack tuna, soybeans, food preparations, and cotton. Key supplying countries were the United States, China, Brazil, Argentina, and Australia. Canada was Thailand's 21st-largest supplier of total agri-food and seafood products in 2013, with a 1.1% share.

Thailand's Top Agri-Food & Seafood Imports from the World, 2013

Commodity	Import Value C$ millions	Top Suppliers & Market Share			Canada's Share
		1	2	3	
Soybean meal	1,589.9	Argentina 51.9%	Brazil 34.6%	India 12.9%	0.0%
Frozen skipjack tuna	1,224.1	Taiwan 19.9%	United States 17.4%	Vanuatu 12.6%	0.0%
Soybeans	1,045.8	Brazil 65.7%	United States 22.1%	Argentina 8.3%	2.7%
Food preparations	777.0	United States 49.8%	Singapore 13.7%	China 7.1%	0.5%
Cotton, not carded or combed	754.1	United States 30.8%	Australia 25.7%	Brazil 12.3%	0.0%
Non-durum wheat	615.2	United States 37.7%	Australia 22.3%	Ukraine 18.4%	9.6%
Cuttle fish and squid	289.8	Peru 25.5%	India 18.9%	China 18.8%	0.0%
Malt extract	282.2	Australia 53.4%	Malaysia 17.6%	Singapore 11.9%	0.0%
Animal feed	259.9	United States 36.2%	China 11.5%	Netherlands 10.0%	1.4%
Skim milk powder	252.5	New Zealand 26.4%	United States 18.4%	Australia 15.4%	1.3%

Source: *Global Trade Atlas, February 2014*

- Thailand's processed food imports were valued at C$9.3 billion in 2013. Canada's share was 0.5%. The United States, Argentina, China, Brazil, and Australia were the largest suppliers of processed food to Thailand in 2013, providing 42.6% of the market. Thailand's processed food imports had an annual growth rate of 4.5% between 2011 and 2013.

- Canada's agri-food and seafood exports to Thailand were valued at C$124.5 million in 2013. Top exports were non-durum wheat, soybeans, canola meal, animal feed, and potatoes. In 2013, Canada registered an agri-food and seafood trade deficit of C$553.4 million with Thailand.

CONSUMER FOODSERVICE

- The foodservice industry in Thailand grew by a CAGR of 1.7% from 2008 to 2012 and further growth of 4.8% is projected to 2017. Fast food showed the most growth over the period from 2008 to 2012 with 12.7%. Over the forecast period of 2013 to 2017, fast food will remain the best performing category in terms of sales growth (9.4%), followed by full-service restaurants (5.7%). Street stalls/kiosks are the traditional outlets and remain the largest consumer foodservice category in Thailand, accounting for 31.7% of total value sales, due mainly to middle-to low-income consumers.

- The fast-paced Thai lifestyle demands convenience and quick service when dining out but, according to Euromonitor, the negative assumption that fast food is unhealthy will impact the growth of this category.

- According to market experts, tourism is key to the viability of the Thai foodservice market, as well as to overall imported food sales through this sector. For suppliers looking to access the Thai market, most hotel, restaurant and institutional (HRI) buyers source products through distributors.

Consumer Foodservice Sales in Thailand
Historic in US$ Millions, Fixed 2012 Exchange Rate

Category	2008	2009	2010	2011	2012	CAGR 2008-2012
Consumer Foodservice by Type	20,484.4	21,077.0	21,504.9	21,323.7	21,875.4	1.7%
100% Home Delivery/Takeaway	599.2	646.4	663.0	683.3	714.6	4.5%
Cafés/Bars	5,627.3	5,854.7	6,091.7	6,308.1	6,555.1	3.9%
Full-Service Restaurants	4,806.6	4,844.7	4,783.2	4,685.3	4,831.6	0.1%
Fast Food	1,569.7	1,743.8	2,011.9	2,304.7	2,536.6	12.7%
Self-Service Cafeterias	347.9	355.4	337.3	303.4	295.8	-4.0%
Street Stalls/Kiosks	7,533.7	7,632.0	7,617.7	7,038.9	6,941.7	-2.0%
Pizza Consumer Foodservice**	249.3	276.8	273.8	274.4	296.8	4.5%

Consumer Foodservice Sales in Thailand
Forecast in US$ Millions, Fixed 2012 Exchange Rate

Category	2013[E]	2014	2015	2016	2017	CAGR 2013-2017
Consumer Foodservice by Type	22,822.4	23,835.1	24,922.1	26,135.2	27,478.8	4.8%
100% Home Delivery/Takeaway	753.0	789.9	824.2	859.0	892.1	4.3%
Cafés/Bars	6,896.6	7,221.2	7,513.3	7,802.8	8,097.1	4.1%
Full-Service Restaurants	5,079.1	5,301.1	5,563.7	5,907.4	6,337.1	5.7%
Fast Food	2,812.5	3,098.1	3,386.6	3,697.1	4,024.3	9.4%
Self-Service Cafeterias	291.8	290.0	289.3	289.6	290.5	-0.1%
Street Stalls/Kiosks	6,989.3	7,134.8	7,345.1	7,579.2	7,837.7	2.9%
Pizza Consumer Foodservice**	319.6	342.2	364.0	384.4	403.3	6.0%

***Source:** Euromonitor, February 2014* ***E** = estimates based on partial-year data* ***CAGR** = compound annual growth rate*
********Pizza consumer foodservice data is compiled from three different subsectors (fast food, full-service restaurants, and 100% home delivery/takeaway) for the purposes of comparison, but remains reflected within the figures for these subsectors, and thus the consumer foodservice total. As such, pizza consumer foodservice is not counted as its own sector within the consumer foodservice total.*

RETAIL SALES

- Packaged food sales increased by a CAGR of 6.7% over the period of 2009 to 2013, with further increases of 8.3% forecasted to 2018. Within this category, the best performing segment was ready meals, registering a CAGR of 13.0% over the same period.

- Thais are aware of the importance of health and wellness. Sales of products under this category have increased by a CAGR of 9.0% over the period of 2009 to 2013. In the period 2014 to 2018, the CAGR for health and wellness products is forecasted to drop slightly to 8.3%. The naturally healthy sub-category was the best performer in 2009 to 2013 and will remain the leader during the forecast period.

Agri-Food Retail Sales in Thailand
Historic in US$ Millions, Fixed 2013 Exchange Rate

Category	2009	2010	2011	2012	2013	CAGR 2009-2013
Health and Wellness by Type	3,598.3	3,922.0	4,197.6	4,653.9	5,087.9	9.0%
Better For You (BFY)	299.0	336.8	359.0	400.2	444.1	10.4%
Food Intolerance	15.6	16.6	17.8	19.3	20.8	7.5%
Fortified/Functional (FF)	2,467.9	2,665.4	2,815.7	3,037.5	3,247.0	7.1%
Naturally Healthy (NH)	807.9	894.2	995.4	1,186.1	1,363.9	14.0%
Organic	8.0	8.9	9.7	10.8	12.0	10.6%
Packaged Food	8,496.3	9,097.4	9,657.7	10,267.3	11,010.1	6.7%
Baby Food	715.4	741.5	782.9	835.8	892.7	5.7%
Bakery	798.9	874.8	968.7	1,037.2	1,116.5	8.75
Canned/Preserved Food	202.7	220.3	248.6	256.9	268.9	7.3%
Chilled Processed Food	47.5	52.8	59.1	65.0	71.8	10.9%
Confectionery	447.2	481.1	509.8	545.4	586.2	7.0%
Dairy	2,059.5	2,176.0	2,251.7	2,405.4	2,586.8	5.9%
Dried Processed Food	1,331.6	1,460.9	1,550.8	1,612.7	1,705.3	6.4%
Frozen Processed Food	318.3	345.8	370.0	407.6	452.0	9.2%
Ice Cream	293.1	304.0	322.1	353.2	392.2	7.6%
Meal Replacement	112.4	128.6	140.8	152.1	165.0	10.1%
Noodles	438.2	470.3	509.5	525.5	561.5	6.4%
Oils and Fats	404.8	433.0	470.9	495.7	523.4	6.6%
Pasta	10.5	11.2	11.7	12.4	13.1	5.5%
Ready Meals	110.1	123.7	140.0	158.3	179.8	13.0%
Sauces, Dressings and Condiments	942.8	996.7	1,046.5	1,101.7	1,163.1	5.4%
Snack Bars	13.3	14.4	15.4	16.4	17.6	7.1%
Soup	10.3	10.8	11.3	11.9	12.7	5.4%
Spreads	61.0	63.8	66.7	69.9	72.1	4.3%
Sweet and Savoury Snacks	747.7	803.8	853.7	912.2	996.6	7.4%
Hot Drinks**	952.7	1,019.3	1,082.2	1,154.1	1,232.5	6.7%
Soft Drinks**	3,605.7	3,817.6	4,089.4	4,541.1	4,848.5	7.7%
Pet Care	382.2	424.7	482.9	556.0	636.3	13.6%

***Source:** Euromonitor, February 2014* ***CAGR** = compound annual growth rate*
*****Note:** Hot drink and soft drink values are based on a fixed 2012 exchange rate*

Agri-Food Retail Sales in Thailand
Forecast in US$ Millions, Fixed 2013 Exchange Rate

Category	2014	2015	2016	2017	2018	CAGR 2014-2018
Health and Wellness by Type	5,552.6	6,019.0	6,522.2	7,067.0	7,649.5	8.3%
Better For You (BFY)	486.5	530.3	574.6	620.0	666.5	8.2%
Food Intolerance	22.5	24.2	25.8	27.5	29.0	6.6%
Fortified/Functional (FF)	3,483.9	3,717.8	3,974.7	4,258.3	4,568.0	7.0%
Naturally Healthy (NH)	1,546.4	1,732.2	1,931.1	2,143.7	2,367.0	11.2%
Organic	13.3	14.6	16.0	17.4	18.9	9.2%
Packaged Food	11,864.3	12,729.5	13,625.8	14,575.2	15,586.7	7.1%
Baby Food	959.9	1,029.5	1,101.7	1,178.9	1,263.2	7.1%
Bakery	1,209.5	1,302.4	1,404.5	1,518.8	1,645.2	8.0%
Canned/Preserved Food	285.3	302.3	320.1	339.0	358.7	5.9%
Chilled Processed Food	79.6	87.1	95.0	103.1	111.4	8.8%
Confectionery	632.6	680.3	731.5	787.7	848.0	7.6%
Dairy	2,796.2	3,010.8	3,235.0	3,472.6	3,724.8	7.4%
Dried Processed Food	1,817.2	1,934.1	2,046.7	2,162.0	2,282.9	5.9%
Frozen Processed Food	502.9	552.9	602.6	654.4	707.5	8.9%
Ice Cream	420.8	454.0	491.6	534.5	582.1	8.4%
Meal Replacement	179.2	193.6	208.7	225.8	244.6	8.1%
Noodles	602.8	647.4	695.3	746.8	803.6	7.5%
Oils and Fats	559.3	594.2	632.3	674.2	720.1	6.5%
Pasta	13.9	14.9	16.0	17.2	18.5	7.4%
Ready Meals	203.0	225.1	247.1	269.6	292.9	9.6%
Sauces, Dressings and Condiments	1,234.6	1,305.1	1,377.8	1,451.9	1,529.1	5.5%
Snack Bars	18.9	20.7	22.3	23.8	25.2	7.4%
Soup	13.4	14.2	15.0	15.9	16.8	5.8%
Spreads	76.7	81.1	85.7	90.7	96.1	5.8%
Sweet and Savoury Snacks	1,091.5	1,181.6	1,270.1	1,357.8	1,447.8	7.3%
Hot Drinks**	1,304.8	1,370.9	1,439.4	1,513.7	1,593.4	5.1%
Soft Drinks**	5,242.1	5,612.7	6,010.4	6,446.8	6,918.1	7.2%
Pet Care	717.8	799.8	881.2	962.8	1,044.2	9.8%

Source: *Euromonitor, February 2014* ***CAGR*** *= compound annual growth rate*
*****Note:*** *Hot drink and soft drink values are based on a fixed 2012 exchange rate*

MARKET CHARACTERISTICS

- According to market experts, costs of entry into the Thai market can be high, but can also generally be negotiated. Furthermore, only a selection of retailers import directly from suppliers, so business relationships with distributors are important, and consolidation is key.

- Supermarket/hypermarket chains are now present in the Thai retail market, making the capacity to import quite significant for Canadian manufacturers looking to access the market.

- However, physical proximity and lower import tariffs due to bilateral agreements, will likely allow some regional competitors to maintain an advantage in terms of market share.

- Thailand's agricultural policies are underpinned by trade measures such as high import duties, that are close to double those levied on food and beverage products, as well as non-tariff measures including various sanitary and phytosanitary (SPS) import conditions, low volume tariff quotas, and high to very high out-of-quota import duties.

RESOURCES

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Market Overview: Thailand

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