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## Thailand

### Food Processing Ingredients

**2018**

**Approved By:**

Russ Nicely, Agricultural  
Counselor

**Prepared By:**

Sukanya Sirikeratikul,  
Marketing Specialist

**Report Highlights:**

Thailand is one of the world's leading agricultural suppliers, primarily due to its well-developed food processing sector. The country has one of the most advanced food processing industries in Southeast Asia, which enables Thailand to export value-added products to international markets. The food industry is the country's third largest industry, contributing 23 percent to the country's Gross Domestic Product (GDP). Major food exports include rice, canned tuna, sugar, meat, cassava products, and canned pineapple. According to the National Food Institute, Thai exports will grow by 8.7 percent in 2018 to total U.S. \$36 billion in 2018.

**Post:**

Bangkok

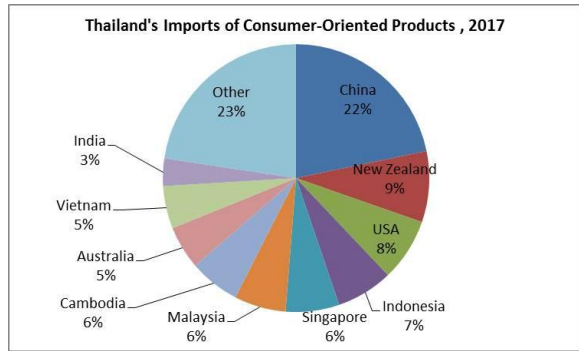
**Executive Summary**

Thailand is one of the world’s leading agricultural suppliers, primarily due to its well-developed food processing sector. The country has one of the most advanced food processing industries in Southeast Asia, which enables Thailand to export value-added products to international markets like Europe, Japan, China, and the United States. The food industry is the country’s third largest industry, contributing 23 percent to the country’s Gross Domestic Product (GDP). Major food exports include rice, canned tuna, sugar, meat, cassava products, and canned pineapple. According to the National Food Institute, Thai exports will grow by 8.7 percent in 2018 to total U.S. \$36 billion in 2018.

The macroeconomic situation and key data about the Thai economy can be found in [Thailand’s Exporter Guide Report dated January 19, 2018.](#)

**Imports of Consumer-Oriented Products**

In 2017, the United States was the 3<sup>rd</sup> largest supplier of these products to Thailand with exports valued at U.S. \$385 million.



**Food Processing Industry**

Thailand’s food processing industry has developed rapidly and is one of the most developed in South East Asia with more than 10,000 food and beverage processing factories. Most food processors are small-to-medium size and predominantly serve the domestic market. However, there are many medium-to-large food processors that produce higher-value products for domestic and export markets. Main products include frozen shrimp, sugar, poultry, canned tuna, confectionery, snacks, canned pineapple and tapioca. The main Thai processed food export markets are Japan, the United States and the EU. The Thai seafood sector is the third largest in the world, after China and Norway, with 90 percent of output being exported. The packaged food industry is highly

**SECTION I – MARKET SUMMARY**

fragmented, with the top ten companies controlling only about one-third of the sales value.

**Quick Facts CY2017**

Imports of Consumer-Oriented Products, total: U.S. \$5 billion.

**Thailand’s Food Export Ranking:**

- (Source: National Food Institute; CY2017)
- 1<sup>st</sup> Cassava products (67% of world exports)
- 1<sup>st</sup> Canned tuna (44% of world exports)
- 1<sup>st</sup> Canned pineapple (41% of world exports)
- 2<sup>nd</sup> Rice (23% of world exports)
- 2<sup>nd</sup> Sugar (16% of world exports)

Domestic Food Product Sales 2017			
Product	Unit	2016	2017
Soy sauce	liters	72,670,578	71,403,517
Fish sauce	tons	72,806,764	71,279,102
Sugar	tons	2,806,135	2,835,410
Pasteurized milk	tons	781,807	794,387
Frozen & chilled chicken meat	tons	689,136	727,156
Yoghurt drinks	tons	355,974	357,138
Fruit juice	tons	238,680	256,549
Instant Noodles	tons	206,968	208,895
Ice cream	tons	114,263	114,939
Canned sardines	tons	57,295	54,530
Cake	tons	35,095	34,526
Canned tuna	tons	34,239	34,024
Sausage	tons	27,429	21,133
Wafers	tons	17,468	18,137
Canned pineapple	tons	9,125	15,141
Frozen shrimp	tons	8,241	9,760
Cookies	tons	7,087	6,798
Dried fruit and vegetables	tons	3,199	3,684
Ham	tons	1,798	1,419

Source: The Office of Industrial Economics

**Food and Beverage Trends in Thailand for 2018:**

Health foods (organic, natural derived, clean foods, health snacks); Health beverages (natural ingredients, functional drinks); Ready to eat foods; Frozen meals, Food Delivery; Halal Foods; Food for aging populations; Organic foods; Vegetarian foods; Plant protein based products; Processed seafood.

**GDP/Population**

Population: 69.15 Millions  
 GDP (2017): U.S. \$455.4 Billion  
 GDP per capita: U.S. \$6,589

For more information, contact:  
 FAS Bangkok at [agbangkok@fas.usda.gov](mailto:agbangkok@fas.usda.gov)

Thailand is one of the world's leading agricultural suppliers, primarily due to its well-developed food processing sector, which enables Thailand to export value-added products to international markets like the European Union (EU), Japan, China, and the United States. The food industry is the country's third largest industry, contributing 23 percent to country's Gross Domestic Product (GDP). Major food exports include rice, canned tuna, sugar, meat, cassava products, and canned pineapple. According to the National Food Institute, Thai exports will grow by 8.7 percent in 2018 to total U.S. \$36 billion in 2018.

Thailand's Major Agricultural Product Exports 2015-2016

Products	(Millions of U.S. Dollar)	
	2015	2016
Rice and products	5,045	4,879
Natural rubber	5,662	4,735
Fruits and products	3,100	3,565
Fishes and products	3,206	3,124
Cassava and products	3,384	2,874
Sugar and products	2,870	2,539
Chicken meat and products	2,370	2,527
Shrimps and products	1,678	1,977
Vegetables and products	673	631
Residues and waste, prepared animal fodder	573	562
Other agricultural products	6,801	6,766
<b>Total</b>	<b>35,362</b>	<b>34,181</b>

Source: Office of Agricultural Economics, Ministry of Agriculture and Cooperatives

Thailand's Major Agricultural Product Imports 2015-2016

Products	(Millions of U.S. Dollar)	
	2015	2016
Fishes and products	1,966	2,352
Food crops and products	2,035	1,814
Residues and waste, prepared animal fodder	1,857	1,676
Oil plants	1,206	1,337
Fruits and products	970	1,073
Other food products	622	681
Vegetables and products	494	507
Milk and products	579	465
Cotton, not carded or combed	530	433
Beverages	364	357
Other agricultural products	2,954	3,289
<b>Total</b>	<b>13,577</b>	<b>13,983</b>

Source: Office of Agricultural Economics, Ministry of Agriculture and Cooperatives

The country is a major importer of agricultural products, including food ingredients and a wide range of food and beverage products. Thailand also produces innovative and high value products including frozen meals, canned foods, halal foods, food seasonings, food supplements, functional foods, and medical foods. Thailand exports halal products worth U.S. \$5 billion to more than 57 countries, making the country the world's fifth-largest halal food exporter. Opportunities in Thailand's food processing sector continue to grow as domestic sales of processed foods rise due to strong demand from the retail and food service sectors.

Advantages	Challenges
Thailand has a relatively well-developed food processing sector. The country is a major producer and exporter of processed food products.	Thailand is a country with abundant raw materials, making entry of traditional raw ingredients difficult.
The food processing sector's actively develops and introduces new products creating demand for new food ingredients.	Many suppliers of food ingredients in Thailand are able to produce products domestically that meet international standards and high import tariffs help protect national suppliers.
U.S. products are perceived as premium products with consistent quality.	Strong competition on the local market from domestic producers, and increasing imports from the EU and other Thailand free trade agreement (FTA) countries such as Australia, China, Korea, and Japan.
Increasing Thai exports of food products drive demand for food ingredients and the growing number of companies paying attention to quality over cost for food ingredients.	U.S. products, especially soy based products, are experiencing some issues with biotech content. There is no problem with foods destined for local consumption, but there are issues for exports to the EU and Japan.
The international food service industry is expanding with new companies entering the market. Rapid growth of the fast food sector has stimulated sales of bakery products, dairy products, meat and poultry, etc.	Local production is increasingly substituting traditional food imports. Snack food, salad dressing, sauces, jams and other processed foods that are relatively inexpensive, but have high freight costs, are increasingly produced locally.
Consumption of bakery products in Thailand is growing due to changing consumer behavior.	Low cost food ingredients from China.

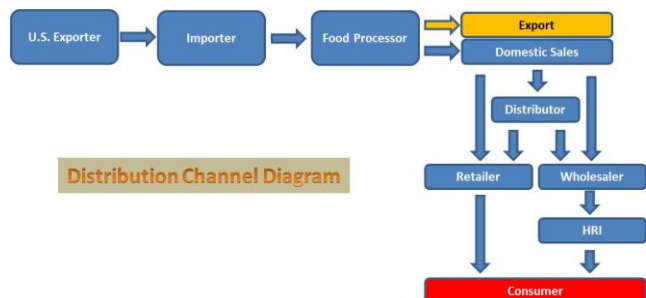
Healthy foods and beverages are becoming increasingly popular due to growing health awareness of the urban population.	Natural ingredients such as minerals, vitamins, fiber, calcium, etc. are still a niche market.
Increased foreign investment has raised standards and forced the utilization of higher quality imported food ingredients.	High import tariffs for some U.S. products have caused some importers to source products from other countries that have an FTA with Thailand.

## SECTION II – ROAD MAP FOR MARKET ENTRY

### Entry Strategy

U.S. exporters looking to sell food ingredients to Thailand should establish good relationships with local importers, distributors and agents, the key stakeholders in the imported food ingredients market. The right distributors can offer U.S. exporters valuable market insight and many importers have established relationships with relevant government authorities. Another effective entry strategy is attending local or regional trade shows to establish new contacts and to assess market potential. Post recommends U.S. exporters attend Food Ingredients Asia 2019 (<https://www.figlobal.com/asia-thailand>). The show has been well attended by Thai buyers and food processors looking for new food ingredients.

### Market Structure



There are two main channels for exporting food ingredients to Thailand. The first channel is through importers that have their own distribution network and/or distribute directly to manufacturers. The second channel is through food processors that import directly from the country of origin. However, most food processors import food

ingredients through importers to avoid having to maintain large stocks. Only major food processors import directly from the country of origin. Most imported food ingredients are marketed and distributed by exclusive or authorized distributors in Thailand. This allows food ingredient manufacturers to focus and control their technical support while leveraging the distributor’s network of wholesalers, retailers and direct end-users.

### Import Procedures

Food import procedures for Thailand are available at [Food and Agricultural Import Regulations and Standards Report published on January 11, 2018](#).

### Sector Trends

Thailand’s food processing industry has developed rapidly over the past decade and is one of the most developed in South East Asia, with more than 10,000 food and beverage processing factories. Most food processors are small-to-medium size and predominantly serve the domestic market. However, there are many medium-to-large food processors that produce higher-value products for domestic and

export markets. Main products include frozen shrimp, sugar, poultry, canned tuna, confectionery, snacks, canned pineapple and tapioca. The main Thai processed food export markets are Japan, the United States, and the EU. The Thai seafood sector is the third largest in the world, after China and Norway, with 90 percent of output exported. The packaged food industry is highly fragmented, with the top ten companies controlling only about one-third of the sales value.

Sales of Packaged Food by Sector 2013-2017 (in U.S. \$ millions)

Products	2013	2014	2015	2016	2017
Baby Food	824	806	790	799	825
Baked Goods	720	735	754	787	840
Breakfast Cereals	57	56	55	56	57
Confectionery	599	603	605	620	646
Dairy	2,531	2,561	2,589	2,671	2,806
Edible Oils	627	586	568	567	581
Ice Cream and Frozen Desserts	383	382	392	411	436
Processed Fruit and Vegetables	60	59	58	58	59
Processed Meat and Seafood	443	457	471	497	535
Ready Meals	175	188	202	220	245
Rice, Pasta and Noodles	1,581	1,579	1,548	1,555	1,602
Sauces, Dressings and Condiments	1,104	1,101	1,102	1,129	1,182
Savoury Snacks	976	1,015	1,055	1,121	1,205
Soup	11	11	11	10	11
Spreads	69	69	67	68	70
Sweet Biscuits, Snack Bars and Fruit Snacks	328	330	333	346	363
<b>Total</b>	<b>10,488</b>	<b>10,537</b>	<b>10,601</b>	<b>10,915</b>	<b>11,461</b>

Source: Euromonitor

confectioneries, juice, and other beverages.

Demand for food products is shifting to a wider array of processed foods available in large supermarkets from unprocessed foods found in fresh markets. Thailand's exposure to international foods has led to significant changes in consumer attitudes and consumption patterns. Moreover, the rapid urbanization and the growing number of women in the workforce have also increased demand for processed foods and ready to eat meals. Frozen food products, particularly frozen meals, desserts, and seafood, show the biggest growth. As a result, many retail food outlets are increasing their product lines of ready-to-eat food products.

Demand for these ready-to-eat products are also fueling interests in western processed foods as they are perceived as higher quality than domestically processed food.

With rising demand for processed foods, Thai food processors must import large quantities of food ingredients that are not locally available. An aging society is another factor that food manufacturers should take into consideration when developing new products to be aligned with consumer needs. Urban dwellers, in particular, have less time for food preparation due to longer working hours and a greater presence of women in the work force.

## Major Segments in the Food Processing Industry

Major food processing companies in Thailand include Thai food processors such as Charoen Pokphand Foods (CPF), Thai Union Group, and Kingfishers as well as multinational food processors like McKey Food Services, Dole, Mondelez, Unilever, Nestle, Ajinomoto, and McCommick. Thailand's processed food sector uses a variety of inputs including fruits, vegetables, shrimp, seafood, poultry, rice, grains, cereal products, sugar

Domestic Food Product Sales 2017			
Product	Unit	2016	2017
Soy sauce	liters	72,670,578	71,403,517
Fish sauce	tons	72,806,764	71,279,102
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Pasteurized milk	tons	781,807	794,387
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Source: The Office of Industrial Economics

**Instant Noodles** - The instant noodle market in Thailand was estimated at U.S. \$460 million with an annual growth rate of 4 percent in 2017. The market is dominated by [Thai President Foods](#), [Thai Preserved Food](#), and [Wan Thai Foods Industry](#). Thai President Foods with a 48 percent market share is the biggest player in the noodles sector with its brand “MAMA”. Thai Preserved Food with a 25 percent market share directly competes against Thai President Foods with its “Wai Wai” brand. The average annual consumption of instant noodle is 49 packs per capita. The premium instant noodle market segment has high growth potential and makes up 10 percent of the U.S. \$460 million instant noodle market.

**Ice Cream** - Thailand’s ice cream market totalled U.S. \$436 million in 2017. The combined market share of the three leading manufacturers ([Unilever Thai](#), [Nestle](#), and [F&N Dairies](#)) is over 80 percent. The best opportunity for U.S. ingredients is in the premium ice cream market segment which has 60 percent market share. There are ample opportunities for the ice cream market to grow in Thailand as ice cream consumption per capita is only 1.70 liters. Most ice-cream manufacturers are investing in product research and adding new ingredients to ice cream, to market it as low fat or containing healthy ingredients.

**Sweet and Savory Snacks** - Demand for sweet and savory snacks in Thailand has continued to grow driven by aggressive advertising and marketing activities. Thailand’s market for sweet and savory snacks totalled U.S. \$952 million in 2017 with a growth rate of 5.4 percent. The snack market is divided into potato chips (32.9 percent), extruded snacks (31.7 percent), nuts (13.8 percent), fish snacks (7.8 percent), cuttlefish snacks (5.1 percent), prawn crackers (4.1 percent), rice crackers (3.8 percent), and popcorn (0.8 percent). Per capita annual snack consumption is 1.39 kilograms. The snack industry is high competitive. [Pepsi-Cola \(Thai\)](#) (Frito Lay) is the market leader for potato chips while [P.M. Food](#), manufacturer of fish snacks under the “Taro” brand, is the leader in fish snacks. [Taokaenoi Food and Marketing](#) is the leading manufacturer of processed seaweed snacks in Thailand, with over 70 percent of market share. Thai consumers have moved towards healthier snack products over the past couple of years, thus, many manufacturers invest in research and development, source new food ingredients, and reformulate their products to reduce the salt, sugar and fat content of their products.

**Bakery** - [President Bakery](#) is the leading baking company in Thailand. White bread remains the most popular bread type in Thailand, followed by whole wheat and multi grain bread. Other major bakery companies include [CPRAM](#), [C&W Company](#) and [S.T. Bakery](#). The bread sector is a mature market and faces growing competition from other breakfast and lunch food products. Many bakery manufacturers have distribution channels through modern retailers such as Big C, Tesco Lotus, Tops Supermarket, and 7-11, as well as operate their own bakery chains such as S&P, Yamazaki, BreadTalk, Gateaux House, and Saint Etoile by Yamazaki. Thai bakery processors mainly use locally available raw materials and import specialty ingredients that cannot be sourced domestically. Sales of bakery products are forecast to grow by 5 percent to reach U.S. \$870 million in 2018.

**Fruit and Vegetable Juices** - The market value of Thailand’s ready-to-drink fruit and vegetable juices reached U.S. \$389 million in 2017. The highest growth is in the 100 percent fruit juice segment recorded with 8 percent growth in 2017. The leading juice manufacturers include [Tipco](#), [Malee](#), [Unif](#), and [Doikham](#). The premium market segment includes both UHT and pasteurized beverages with 2017 sales of U.S. \$145 million for 64 million liters. The average annual consumption of fruit juice is 4 liters

per capita. Orange juice is the most popular flavor followed closely by apple, guava, grape, tomato, and pineapple.

**Ready-to-Eat Products** - In 2017, the ready-to-eat market reached sales of 51,000 tons and U.S. \$245 million. CP All continues to lead this market with a 42 percent market share. The company has succeeded by selling ready-to-eat-meals through its 7-Eleven convenience store outlets, which is the category's main distribution channel. [Charoen Pokphand Foods](#) led product sales in other distribution channels through its CP brand, followed by [S&P Syndicate](#) with its Quick Meal, frozen food line. The growth rate of the ready-to-cook and ready-to-eat market in 2017 was 10 percent.

### **SECTION III – COMPETITION**

In 2017, Thailand's food ingredient imports exceeded U.S. \$2.5 billion, a 16 percent increase from the previous year. The United States is the fourth largest supplier of these products. U.S. products with the highest growth were dairy ingredients, dried fruits, and nuts. The food ingredient market continues to grow due to increases in population, purchasing power, dual income families and new product development. Although domestic ingredients hold the greatest share of the market, these items tend to be low-value. High-value raw and semi-processed products such as grains, vegetable oils, starches, dairy ingredients, specialty bakery ingredients are generally not available locally and must be imported.

Due to Thailand's agricultural resources, most food processors can source inputs domestically. However, local production facilities lack many higher-value and technology-based ingredients. Importers report that U.S. food ingredient exporters are generally less competitive in terms of price, service, and delivery time, but offer high quality products and consistent service. In order to avoid price competition with other exporting countries, U.S. exporters need to focus on product innovation, services, technical support, quality, and position their products in the middle-high price range. Trade shows such as Food Ingredients Asia and market promotions are highly effective ways to promote U.S. food ingredients and compete with similar products from Europe, Australia, and Canada. U.S. suppliers must be prepared to lend considerable technical support to food processors and distributors to develop products that will boost demand for their ingredients.

## Thailand Food Ingredient Imports from the World

Partner Country	Value in Thousands of U.S. Dollars	
	2016	2017
World	2,199,123	2,539,889
China	280,148	365,449
Singapore	274,627	307,965
New Zealand	223,678	255,867
United States	245,140	234,825
Indonesia	150,123	229,505
Vietnam	169,864	208,474
Australia	140,719	164,376
Malaysia	100,507	117,802
Netherlands	93,638	77,929
Germany	75,402	70,832
Other	445,277	506,863

Source of Data: Thai Customs Department

## Thailand's Food Ingredient Imports from the United States

Unit: U.S. Dollars

Description	2016	2017
Food Preparations	162,121,009	163,277,717
Milk And Cream, Concentrated Or Sweetened	10,218,464	11,089,204
Almonds, Fresh Or Dried, Shelled	16,612,390	10,272,602
Raisins	9,208,118	8,774,636
Cheese And Curd	5,812,963	8,148,941
Malt Ext; Food Prep Of Flour Etc Un 40% Cocoa Etc	4,475,255	4,852,646
Mucilage & Thickner W/N Modified, Frm Veg Prd Nesoi	3,553,114	4,430,331
Vegetable Saps And Extracts	3,029,762	2,689,256
Yeasts	2,259,087	2,618,358
Walnuts, Fresh Or Dried, Shelled	7,430,985	2,613,007
Onions, Dried (Powder Etc), Not Further Prepared	2,058,635	2,326,262
Essential Oils Of Mints	3,301,970	1,999,494
Milling; Malt; Starch	2,130,109	1,870,916
Mucilages/Thicknrs Frm Locust Bean/Seed, Guar Seed	1,545,283	1,747,236
Other Dried Fruits	1,113,628	1,242,682
Coloring Matter Of Vegetable Or Animal Origin	939,205	1,023,941
Peanuts, Prepared Or Preserved, Nesoi	1,026,857	872,193
Nuts Nesoi, Fresh Or Dried, Shelled Or Not	940,887	596,736
Gum Arabic	471,909	525,001
Lentils, Dried Shelled, Including Seed	127,454	370,095
Other food ingreditns	6,762,760	3,484,103
<b>Total Food Ingredients</b>	<b>245,139,844</b>	<b>234,825,357</b>

Source: Thai Customs Department

## Section IV - Best Product Prospects

### Products Present in the Market which have Good Sales Potential

- A growing aging population has increased demand for healthy and functional food ingredients including dried fruits, nuts, pulses, plant based proteins, proteins and amino acids, vitamins, minerals, prebiotics and dietary fiber, probiotics, carotenoids, essential oils, omega-3 and 6 fatty acids. Also growing demand for organic ingredients, gluten free, plant based ingredients, and protein boost food ingredients.
- Bakery (both premium and mass market) ingredients including wheat flour, bread improver, dough blend, wheat flour, milk and cream, butter, cheese, dried fruits, potato starch, nuts, pastry fillings, sugar, colors & flavors, etc.
- Emulsifying, foaming, stabilizing and thickening agents. These products are used in frozen foods, bakery products, ice cream, evaporated milk and confectionery products.
- Colors and flavors. These products are used in non-alcohol beverages, ice cream and other dairy products, confectionery products, snack foods, bakery, instant noodles and a wide range of processed meats.
- Sweeteners which are used in non-alcohol beverages and the confectionery industry. Beverage manufacturers are reducing sugar content to minimize the impact from new excise tax.
- Concentrated fruit juice due to growing demand for new flavors.
- Fish fillets for processed seafood products.

### Products Not Present in Market with Good Sales Potential

Products that can be substituted for traditional ingredients such as preservative-free ingredients that provide extended shelf life and nutrient/functional ingredients. Thai consumers prefer foods that are flavor-intensive, palate-pleasing and healthy.

### Products Not Present Because They Face Significant Barriers

Pork products, chicken, and novel ingredients that have a history of use less than five years.



## **Section V - Post Contact and Further Information**

The Foreign Agricultural Service in Bangkok maintains up-to-date information covering food and agricultural import opportunities in Thailand and would be pleased to assist in facilitating U.S. exports and entry to the Thai market. Questions or comment regarding this report should be directed to the Foreign Agricultural Service in Bangkok at the following addresses:

U.S. Department of Agriculture  
Office of Agricultural Affairs  
U.S. Embassy  
Bangkok Thailand 10330  
Tel: + 662 205-5106  
Fax: +662 255-2907  
Email: [agbangkok@fas.usda.gov](mailto:agbangkok@fas.usda.gov)  
Website: [www.fas.usda.gov](http://www.fas.usda.gov)

**End of Report.**