



Thailand Market Overview

Market Summary

Thailand is the 15th largest export market for U.S. agricultural products. In 2015, U.S. agri-food exports to Thailand were valued at \$409 million while total U.S. agricultural imports of these products from Thailand were nearly \$1.4 billion.

Thailand is Southeast Asia's second largest economy with a Gross Domestic Product (GDP) of \$395 billion. Exports account for more than 54 percent of its GDP.

The best market prospects for U.S. suppliers include fresh fruits (cherries, grapes, strawberries, oranges, apples, berries), nuts (walnuts, hazel nuts, and pistachios), breakfast cereal, frozen seafood (scallop, lobster, fish, mussel), dried fruits (raisin), fruit juices, jam, vegetable oils, candy, chocolate, chocolate milk mix, dairy products (cheese, cheese spread, cream cheese, whipped cream, cheese sticks, cheese dip and ice-cream), pie fillings, processed meat, American spices, seasonings and sauces, snack foods, crisp bread, syrup, vinegar, wine, spirits, and pet food.

The best-selling U.S. food products are fresh fruits (cherries, grapes, and Washington apples (WA), frozen fries, scallops, snack foods, breakfast cereal, wine, dried fruits, popcorn, and pet foods. Products that are not currently present in the market in significant quantities, but have good sales potential, are American craft beers, seafood including Alaska King crab legs, halibut and other fish, candies and sugar confectionary, soup and broth, biscuits and wafers, stone fruits (peaches, plums, nectarines), processed meat, chocolate milk mixes, cheese, dip sauce, and other cooking products.

Market Statistics

- Total land area of 513,120 square kilometres
- Total population of 67,976.6 people, comprising 95.9% Thai. 2% Burmese and 2% of others (2016)
- 93.6% of the population are Buddhists (official religion); 4.9% are Muslims; 1.2% are Christians, and 0.3% of other religious denominations
- The median age is 36.2 years
- Thai is the official national language; English is widely spoken and understood

- GDP Per Capita is US\$5,732 (2015)
- The second largest economy in the Association of Southeast Asian Nations (ASEAN)
- Thailand remains a strong agricultural competitor as it is the world's leading exporter of natural rubber, frozen shrimp, canned tuna, canned pineapples, cooked poultry, and cassava. It is also a major exporter of sugar and rice.
- US\$1 = THB 35.23

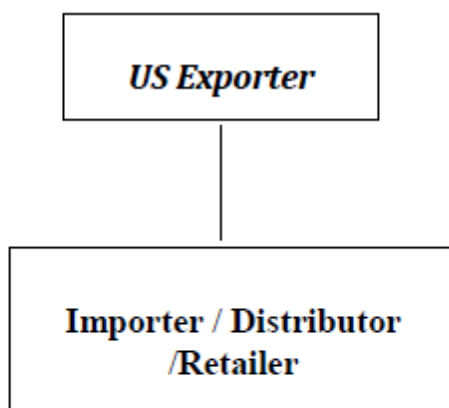
Trade:

- 15th largest export market for U.S. agricultural products.
- In 2015, U.S. agri-food exports to Thailand were valued at \$409 million while total U.S. agricultural imports of these products from Thailand were nearly \$1.4 billion.
- Duties on imported U.S. consumer-ready food products range between 30-60 percent. Tariffs on meats, fresh fruits and vegetables, and processed foods are equally high, even for items with little or no domestic production. For example, frozen potatoes are not produced in Thailand but face a tariff of 30 percent. Under a new excise tax scheme, import duties, excise taxes, and other surcharges on imported wines could face a total tax burden of between 300-600 percent. The tariff on apples stands at 10 percent, while pears and cherries tariffs are 30 and 40 percent respectively. Section IV of this report has a detailed list of bound duties on major U.S. agricultural exports.
- Thailand currently has preferential trade arrangements with other Association of Southeast Asian Nation countries (ASEAN), Australia-New Zealand, China, India, Japan, Peru, South Korea, and Chile. These agreements have created additional challenges for U.S. agricultural exports, particularly due to large tariff differentials.

Organic Food

- Organic packaged food reached some \$9 million in 2015.
- Owing to the economy and the higher prices, some consumers do not deem organic food necessary.
- Organic breakfast cereal and baby food registered strong growth
- Rising trend of health consciousness is expected to changed Thais' eating habits
- Organic food are sold both online and in specialty stores

Import structure



Import Procedures

Imported goods may not legally enter into Thailand until the shipment has arrived at the specified port of entry and delivery of the merchandise has been authorized by the Thai Customs Department. This is normally accomplished by filing the appropriate documents, either by the importer or by a designated agent.

The Customs Department does not notify the importer of the arrival of a shipment. Notification is usually made by the carrier of the goods. The importer should make their own arrangements to be sure that they or their agent will be informed immediately of the arrival of shipment so that the documentation for entry can be filed and delays are avoided.

Product Registration: Applications for product registration should be submitted to the Food Bureau of the Thai Food and Drug Administration (FDA). The approximate amount of time required for product registration, starting from submitting the application, is about one month. However, delays are usually caused by inaccurate or unacceptable details in the documents. There is little chance for licensing a product unless the manufacturer or exporter provides the necessary details required by the Thai FDA. More information on food product registration in Thailand is available in GAIN report TH8116.

The product should be packed and shipped for a tropical climate and have clear storage instructions.

When introducing new products, several factors should be kept in mind. Middle to upper income Thai consumers have an aversion to low quality products and are attracted to branded products. They also tend to be image conscious. Existing brand loyalties are most likely to be replaced by new products that focus on good quality, better packaging, availability, promotions, and competitive prices.

For more information on Food and Agricultural Import Regulations, visit <https://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>

Contact the Foreign Agricultural Service at the U.S. Embassy, Bangkok (agbangkok@fas.usda.gov) with any questions on issues such as standards, tariffs, regulations, labeling or other concerns.

Market Entry Information

The best method for U.S. exporters to enter the market is to select the right local importer to develop their business in Thailand. Direct contact to supermarkets, hypermarkets or cash and carry companies is an option for the retailer that imports directly. The local importer will be a key partner in helping expand business opportunities and minimize the need for exporters to establish direct contact with multiple retail chains. A local importer familiar with market conditions and the regulatory environment can help exporters successfully market their products in this competitive market. U.S. exporters should be aware that many multinational retailers in Thailand charge listing fees or a listing allowance for new products. The fee will be charged in accordance with a formula based on the number of retail outlets and SKUs.

Local Business Customs & Practices

It would be advantageous for foreign businesses to hire a representative or agent with local connections who have a good understanding of Thai food and agriculture regulations and food import procedures.

Introductions: foreign companies may write directly to Thai companies, although personal introductions will always enhance a firm's credibility and acceptance. comparisons, gauging competitors, consumer preferences, etc.

Localize your products: adjust the product to local tastes, verify consumer preferences, and set a competitive price.

U.S. exporters should identify the best distribution channel (e.g. local importers, distributors, supermarkets, retailers, etc.) and establish a good relationship with their representatives as they are very useful in facilitating and promoting exports of U.S. consumer-ready foods to Thailand.

Trade fair participation is another way to raise awareness of your product.

In Thailand, some large manufacturers and retailers import raw materials or products directly while medium, small manufacturers, retailers, as well as hotels, prefer to purchase products from local importers.

Avoid topics relating to politics, the royal family, and religion. Never touch or point with your feet. It is considered rude to cross your legs and point your feet at someone. This place a great importance on appearance and politeness.

(Source: Euromonitor, CIA Fact sheet, GAIN report)

Other resources:

U.S. companies seeking more information on market entry can contact:

WUSATA for GPS program

Email: Tiffany Cassidy at

tiffany@wusata.org

USDA local contact:

Email: Sirikeratikul Sukanya at

Sukanya.Sirikeratikul@fas.usda.gov