

## Rāpopoto – Summary

- Thailand has a large agritech import market, valued at over NZ \$3.8b per year. New Zealand sales of agritech-related products to Thailand amounted to just over NZ \$12m in 2020.
- The focus of the agritech industry is on solving issues in the industry, with the aim of: increasing crop yields and labour productivity; reducing chemicals in crops; improving access to financing and financial literacy of farmers; improving cold climate vegetable production; and establishing better farm management processes.
- Opportunities exist for New Zealand exporters of agritech related to precision agriculture, use of drones and satellite imagery, big data for crop management, front- and back-end financial management for farmers, and post-harvest logistics and traceability.

## Pūrongo – Report

New Zealand Trade and Enterprise (NZTE) commissioned research to examine opportunities for exports of agritech products to Thailand.

Agri marketplace and Fintech	Animal technologies	Crop protection and input management	Imagery
Indoor agriculture	Plant science	Precision agriculture	Sensors and smart farm equipment

## Overview of New Zealand – Thailand trade

### General trade

Thailand is New Zealand's eighth largest two-way trading partner. Trade between the two countries has been increasing under the Australia – New Zealand – ASEAN Free Trade Agreement. Total trade in goods between the two countries was approximately NZ\$2.94 b in 2020. According to the UN COMTRADE database, New Zealand exports to Thailand in 2020 were approximately NZ\$ 869m. Top product exports to Thailand from New Zealand were: dairy products; edible fruits and nuts; and paper and paperboard.

### Thai agritech market

Thailand is a food production hub: the broader food industry contributes roughly 23% of Thai GDP. Thailand is one of the world's largest net food exporting countries, with a food trade balance of NZ\$23.9b in 2016.

Although Thailand is a large agricultural powerhouse, farm productivity is an issue. Several factors contribute to low productivity, including: small-scale farms, which prevent economy of scale for farmers; declining and ageing pool of farm labour; and low farm income. Additional challenges in the agriculture sector include: improving farmers' access to financing and financial literacy; improving cold climate vegetable production; and establishing better farm management processes.

There is a nascent agritech sector in Thailand, but imports are important: in 2019, the total value of the Thai import market for agritech related inputs was THB 78.8b (NZ \$3.8b). New Zealand sales of agritech-related products to Thailand amounted to just over NZ \$12m in 2020. Plant genetics, fencing and supplies and equipment, pumping water and irrigation, farm tools and hardware were the largest components of these exports.

## New Zealand exports of agritech-related products to Thailand in 2020

**NZ\$ 12 million**

### Key findings

#### Smart farming

- The development of smart tools and apps for farmers to use on a day-to-day basis has received a high amount of interest and support from both the Thai government and venture capitalists. It is an area that dominates the agritech discussion in Thailand.
- Opportunities exist for: precision agriculture techniques for rice production; rice biotechnology; agricultural drones; vertical farming inputs (e.g., seeds); and post-harvest, logistics, and traceability.

#### Dairy production

- In 2020, the Thai domestic milk industry was worth approximately NZ\$3.53 billion. 60-65% of national demand is met by domestic production, with New Zealand the largest source of the remaining supply in both milk powder and UHT form.
- Areas for opportunity include: climate control to improve milk quality; breeding to improve productivity; dietary supplements to improve herd health; data management tools; and supply chain improvements (planning; sourcing and traceability).

## Value of Thai domestic milk industry in 2020

**NZ\$ 3.5 billion**

#### Organic products

- Land and water constraints have led to high production costs for organic agriculture, so existing opportunities are related to efficient agricultural production via new technologies or more value-added products.
- The market for high-value products includes organic rice, processed ready-to-eat foods, dairy products, fresh and canned seafood. Producers see potential markets both in Thailand with higher-end consumers but also regional export markets.

#### Cassava and starch

- Thailand is the world's second largest cassava/tapioca producer after Nigeria, and supplies around 66% of the world's global market.
- Opportunities exist for: technologies and approaches for water efficiency; and technologies to enable bioenergy, biomaterials, and biochemicals.

#### Aquaculture

- Thailand has two main forms of aquaculture production – inland freshwater and coastal/marine aquaculture. Farmed shrimp make up almost half of total aquatic yields.
- Opportunities exist for: technical solutions to water pollution and effluent management; aquatic animal health management; and IT systems to improve traceability of aquatic products.

#### **Navigating market entry**

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### **General observations**

- Medium- to long-term commitment is needed to succeed in the Thai market. This includes an ongoing 'on the ground' presence, developing relationships and working with target customers to trial and customise products for the local market.
- While larger farms may be more open to investing innovation, there are younger farmers with an appetite for investing in cost-effective agritech solutions.

### **Key players**

- Key organisations involved in the development and support of agritech initiatives include: the Ministry of Agriculture and Cooperatives (MOAC), which tends to work directly with farmers; Digital Economy Promotion Agency (DEPA), which is charged broadly with promoting Thailand's digital economy; and the National Innovation Agency (NIA), which works closely with start-ups in the agritech space.
- Working in the Thai system is highly relationship-driven, and developing relationships takes time. While in some cases agents and local distributors can help bridge this relationship gap, it has been noted that many of these intermediaries are often region-specific and often sector-specific, as opposed to nation-wide.

### **Policy and legislation**

- The Thai government has a very well-articulated 'Thailand 4.0' policy for innovation and advanced manufacturing, which specifically identifies agriculture as one of its key priority industries.
  - Under the Thailand 4.0 policy, there are a number of initiatives which make it easier for foreign firms to invest in Thailand. These include relaxed foreign ownership restrictions, expedited work permits, and company tax incentives via the Thai Board of Investment. There are also additional incentives for properly qualified agritech related initiatives.
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