Food Industry
Opportunity and Treat
From Global and Asean Trend
17 January 2013

Prepared by:
Prasit Boondoungprasert

1. Global and Asean Major trend
2. Food Industry Challenge and Social expectation
3. Current factors affect food industry
**Major trend**

1. Growth in Food business is driven by increasing population

- **Global**
  - **Yr 2012**: 7,000 million
  - **Yr 2050**: 9,000 million

- **Asean**
  - **Yr 2012**: 600 million
  - **Yr 2050**: 760 million

*Source: UN*
2. The increase in the older population is the result of better education and health conscious.

<table>
<thead>
<tr>
<th>Population (age &gt;60 yrs old)</th>
<th>2012</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>11%</td>
<td>22%</td>
</tr>
<tr>
<td>America</td>
<td>19%</td>
<td>27%</td>
</tr>
<tr>
<td>Europe</td>
<td>22%</td>
<td>34%</td>
</tr>
<tr>
<td>Asia</td>
<td>11%</td>
<td>24%</td>
</tr>
<tr>
<td>Asean</td>
<td>8%</td>
<td>24%</td>
</tr>
<tr>
<td>Thai</td>
<td>14%</td>
<td>32%</td>
</tr>
</tbody>
</table>

Source: UN

3. The world’s population is quickly becoming urbanized as people migrate to the cities. Urbanization has driven a new types of households (smaller family with time constraints).

<table>
<thead>
<tr>
<th>%urbanization</th>
<th>2012</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>52%</td>
<td>67%</td>
</tr>
<tr>
<td>America</td>
<td>82%</td>
<td>89%</td>
</tr>
<tr>
<td>Europe</td>
<td>73%</td>
<td>82%</td>
</tr>
<tr>
<td>Asia</td>
<td>45%</td>
<td>64%</td>
</tr>
<tr>
<td>Asean</td>
<td>44%</td>
<td>66%</td>
</tr>
<tr>
<td>Thai</td>
<td>34%</td>
<td>56%</td>
</tr>
</tbody>
</table>

Source: UN
Major trend

4. Creation of regional connectivity
The launch of the ASEAN Economic Community (AEC) in 2015 will lift Thai food exports to even greater opportunity through the following factors:

- High demand from a population of almost 600 million
- Close culture
- Thailand, geographical advantage from its location in the heart of ASEAN

Food Industry Challenge and Social expectation
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1. Social responsibility and environmental conservation

In particular, the successful company are expected to conduct business in line with good corporate governance and the principles of sustainable development.

CP Group understand this social expectation and believe that this is not a requirement but it is rather a duty that the group must do.

Therefore, the first management philosophy is 3 benefits concept: Country, People and a company.

Food Industry Challenge and Social expectation

2. Food safety and food security

Food Safety and Food Security are high on International Agenda. Consumer expects high quality, hygiene and safety food with the reasonable price.

Many countries have developed integrated and harmonized food safety and quality control guidelines in accordance with national legislation and international standards to protect the health of consumers.
3. Epidemic animal diseases

Diseases circulating in animals pose threats to human health. There are factors promoting increased numbers of epidemics

- Extensive global trading and tourism patterns
- Speed of mass transportation
- Exposure to new pathogens through ecosystem disruption (human population pressures; exposure to wildlife)
Current Negative factor

1. Meat price has been decreasing last year up to now due to over supply situation which is resulted from high level of price in the past 3-4 years attracting farmers to increase production level.

2. Feed cost hits the highest level specifically corn and soymeal due to drought and high demand for alternative fuel.

3. Animal epidemics: last year animal diseases in poultry and swine are less than normal, however, there is a high level of Early Mortality Syndrome (EMS) disease in shrimp business.

4. Exports, which was hit by global slowdown last year, are likely to remain sluggish during 2013 as well due to challenging economic conditions in western economies.
Current Negative factor

5. The 300 baht minimum wage was first increased in April 2012, in several provinces including Bangkok results in almost 40% labor cost increase.

Current Positive factor

1. Frozen broiler banned from Europe since 2004 is allowed to import from 1 July 2012.

   Possibility that broiler banned in Japan will be canceled soon

2. Corporate tax has been reduced from 30% to 23% in 2012 and to 20% in 2013.

3. Lower interest rate 0.25% in 2012.
Thank you