

Section 3. Local Manufacturing Strategies & Export

Knowledge Empowers Business – Forum 2025

A Workshop on Compliance and Global Market Access



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FOREWORDS

So, we are considering to Manufacture dietary supplements in Thailand

What do we have to do?

What are our challenges and opportunities?

FIRST DECISION: HOW TO MANUFACTURE IN THAILAND?

Before talking about BOI or factory setup, let's consider the 3 main options:

1. OEM / Contract Manufacturing

Produce via certified Thai manufacturer under your brand

2. Joint Venture with Existing Manufacturer

Co-invest in a Thai company with existing GMP license and facility

3. Set Up Your Own Factory

PROS AND CONS

A. OEM / Contract Manufacturing	<ul style="list-style-type: none"> ✓ Fastest route to market ✓ No factory setup required ✓ No Thai company needed ✓ Thai FDA registration handled by OEM (if agreed) 	<ul style="list-style-type: none"> ✗ Limited control over production ✗ Must trust OEM's quality/compliance ✗ Often no BOI benefits
B. Joint Venture with Thai Manufacturer	<ul style="list-style-type: none"> ✓ Shared investment and risk ✓ Access to existing GMP license ✓ Faster licensing and scale-up ✓ Strategic learning from local partner 	<ul style="list-style-type: none"> ✗ Need to find a reliable partner ✗ Less control than full ownership ✗ Complex negotiation and shared management
C. Own Factory (Limited Company)	<ul style="list-style-type: none"> ✓ Full control over quality, supply chain, pricing ✓ Eligible for BOI tax incentives ✓ Builds long-term asset in ASEAN hub 	<ul style="list-style-type: none"> ✗ High upfront investment ✗ Thai FDA factory inspection mandatory ✗ Slower time to market

COMPANY SETUP & LEGAL FRAMEWORK

Company Models

Thai Limited Company (51/49)

100% Foreign-Owned Company (under BOI or with special license)

Joint Venture with Thai partner (strategic but not a real entity)

Thai Foreign Business Act (FBA)

A company with >50% of shares owned by foreigner is a foreign company

The FBA set a list of activities forbidden for foreign companies

A company owned by 100% foreigners is legal, but needs a special license to operate

License is issued by DBD (FBL) or by BOI

A company operating in a FTZ or exporting 100% of its production is not subject to FBL

BOI PROMOTION – OPPORTUNITIES FOR MANUFACTURERS

What BOI offers for supplement producers

- Corporate tax exemption (up to 8 years)
- Exemption on import duties for machinery and raw materials
- Permission for **100% foreign ownership**
- Work permits and visas for foreign staff
- Land ownership (in industrial zones)

BOI Eligibility

- Must focus on health-related products or export-oriented production
- Investment must include technological process / machinery
- **1.2.11** Manufacture of natural extracts or products from natural extracts
- **1.2.5** Manufacture or preservation of food, beverages, food additives, food ingredients or dietary supplement products using modern technology
- **2.1** Manufacture of active pharmaceutical ingredients (API)

FACTORY SETUP & LOCATION STRATEGY

Industrial Zones

- Eastern Economic Corridor (EEC): Rayong, Chonburi, Chachoengsao
- Free Trade Zone (FTZ) for 100% export-oriented production
- Any other Zone compatible with the project

Manufacturing License

- Requires approved facility (GMP-standard)
- Thai FDA site inspection

PRODUCT REGISTRATION & EXPORT READINESS

Registering the product for domestic vs. export use:

- Domestic sales: full registration with Thai FDA (food supplement route)
- Export only: Thai FDA offers **simplified export-only approval**

Export Documentation & Destination Requirements

- Certificate of Free Sale
- Product test reports (if required by importer)
- Label adaptation for destination market

Takeaway Note: When you export, let your importer drive you with documentation

CASE STUDY: VITAMIN C SUPPLEMENT

We want to produce chewable or tablet-form Vitamin C in Thailand

- **Ingredients:** Allowed under Notification of Ministry of Public Health (No. 448, 2023 Re: Food Supplements).
- **Manufacturing:** Requires GMP food factory license
- **BOI eligibility:** Only if the manufacturing method is evaluated as “modern technology”
- **Labeling:** “Supplemented Food” classification — no medical claims allowed
- **Export:** Very feasible — ASEAN trade agreements + simplified export registration
- **Local market access:** Yes, subordinated to product registration

THAILAND – TAX & LABOR COST OVERVIEW 2025 (GENERAL NON-BOI CASE)

- 1. Corporate Income Tax (CIT) Standard rate: 20%**
If BOI-promoted: 0% for 3–8 years, depending on activity
Dividends paid to foreign shareholders: 10% withholding tax
- 2. VAT (Value Added Tax) Standard rate: 7% on goods and services**
Exported goods: 0% VAT (zero-rated)
Import VAT: Payable at customs, but refundable as input credit
- 3. Social Security & Payroll Taxes**
Employer contribution: **5% of salary**, capped at THB 750/month
Employee contribution: **5%**, deducted from salary
Workmen compensation fund: **0.2–1%** (depending on risk profile)
- 4. Other Taxes**
Withholding tax on service payments (to locals): **3%**
Import duties: Vary by product – BOI can grant exemption
Land & Building Tax: **0.01–1.2% annually based on usage**

THAILAND – TAX & LABOR COST OVERVIEW 2025 (GENERAL NON-BOI CASE)

Position	Monthly Salary (THB)	Notes
Unskilled worker	~10,000–13,000	Depends on province
Factory skilled staff	~15,000–25,000	Technicians, QA, etc.
Middle management	~30,000–60,000	Local team leaders
Foreign management	~80,000+	Work permit needed

AND THE MARKET ???



THAILAND VITAMIN C MARKET – 2025 OVERVIEW

Demand & Consumption

Post-COVID boom: Consumption of Vitamin C increased sharply due to immunity concerns, especially in supplements and functional drinks.

Popular formats:

- Tablets / capsules (500 mg–1,000 mg)
- Ready-to-drink shots (100 ml)
- Powder sachets

Target groups:

- young adults, women, health-conscious consumers, fitness sector

THAILAND VITAMIN C MARKET – 2025 OVERVIEW

Estimated annual consumption (2024):

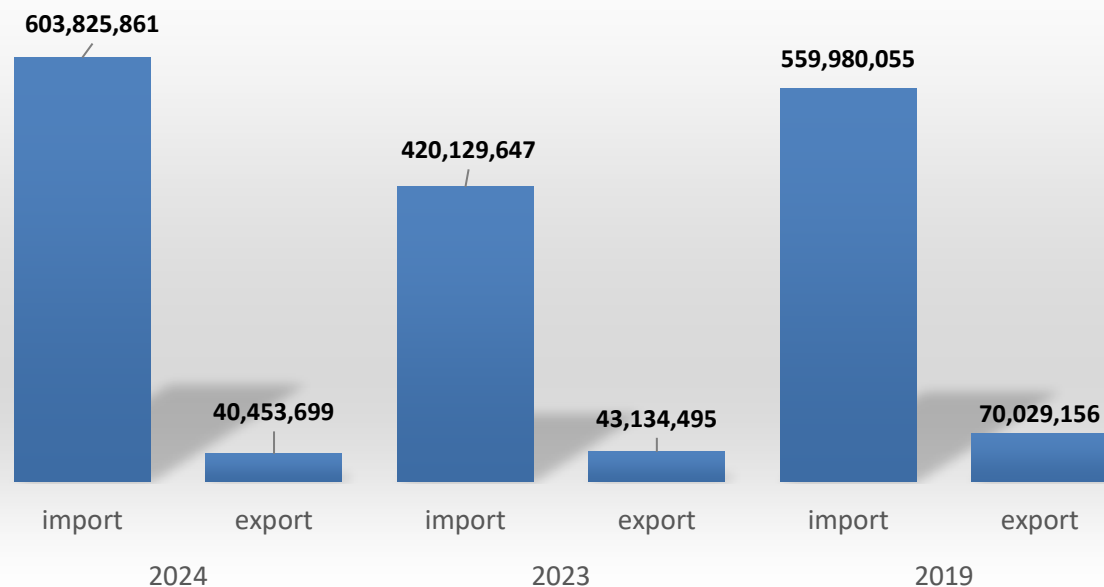
~2,500 metric tons of Vitamin C (mainly ascorbic acid)

Dominant forms: ascorbic acid and sodium ascorbate

Production & Importation

- Thailand does not produce Vitamin C locally at industrial scale
- Heavily reliant on imports from:
- China (over 90% of supply, low-cost producer)
- Germany and India (for pharmaceutical-grade materials)

2936 Vitamin C and its derivatives



2106 Vitamin Premix used as supplements in food product

