

Thailand's Printing Industry

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Overview of the industry

The Thai printing industry, comprised of more than 5,000 companies, is fully integrated, with paper manufacturing, graphic arts design, pre-press houses, various printing systems and post-press houses. Thailand's printing establishments as a whole offer four major printed products – books, general printed materials, packaging, and newspaper to both local and export markets. The market size of the industry is valued in excess of US\$ 20 billion.

There are around 2,000 printing houses in Thailand, most of which are small-to-medium-scale; large-scale establishments account for less than 1% of the total number. TKS Technologies Pcl. is one of Thailand's largest and most diverse commercial printers; it operates two Kodak high-speed inkjet systems capable of printing color transactional documents.

Another thousand establishments are involved in the packaging industry. Total income for the paper packaging industry alone exceeds US\$ 1.8 billion per annum, with large and fully-integrated companies now commanding 30% of the market share. The big multinational manufacturers, such as Alcan Packaging, Strongpack Co. Ltd, SIG Combibloc, and Tetra Pak Manufacturing (Thailand) Ltd, dominate the flexible packaging, liquid carton, and glass packaging market in Thailand. Fuji-Ace, the big flexible packaging printer from Japan, also operates in Sinsakhon Printing City. In 2006, Skanem, a Norwegian company which is one of the largest self-adhesive labels producers in Europe, decided to invest in Thailand. In general, the packaging industry serves a supporting role in the growth of the other main industries in the country, such as the food, electrical and electronic appliances industries.

Although Thailand has the ability to create almost all paper products and printed materials, it still imports some text books, magazines, special high-quality paper and other special printed products. Imports of these products top US\$ 1.12 billion annually.

Exports by the Thai printing and packaging industry topped US\$ 1.6 billion in 2011, according to the Federation of Thai Industries. Enterprises will see Thailand become even more attractive as a printing-products investment location when the surrounding region forms the ASEAN Economic Community single market of 600 million consumers in 2015.

As the Thai government works to promote Thailand's status as the printing hub of ASEAN, the country is expected to see growth of more than 60% in 2007. From January to October 2007 alone, export values of printed materials grew an astounding 534% compared to the same period last year.

The demand for packaging is also expected to increase as both domestic and export markets for products of all types, particularly processed food, will expand. The Sinsakhon Printing City and Industrial Estate will facilitate the development of scale and production efficiency, taking advantage of the lower production and management costs that accompany the rise of industry clusters.

Supporting Industries and Organizations

There are 6 paper pulp manufacturers and about 100 finished paper factories in Thailand. According to statistics from the Office of Industrial Economics, the country in 2011 produced about 9.65 million tons of pulp and paper products, more than double 2006 output due to vigorous growth in the industry and Thailand's robust economy. This includes printing and writing paper, paperboard, craft paper and corrugated paper, among other lines. Thailand is also home to a number of ink factories which are capable of producing almost every kind of ink, and several printing-related associations; these include:

- The Printing and Paper Packaging Industry Club within the Federation of Thai Industries
- The Thai Printing Association
- The Thai Packaging Association
- The Thai Screen Printing and Imaging Association
- The Publisher and Book Agency Association of Thailand
- The Printing Promotion Association
- The Thai Electronic Publishing Club

"It is not wrong to say that printing and packaging are two of the most important fundamental industries in the country. The government realizes the need to promote these industries so that they are sustainable and continue to

thrive because the industries are an indicator of the country's economic growth."

Piyabutr Choivijarn, Thailand's former Deputy Minister of Industry

Excellent Manufacturing Facilities

The 144-hectare Sinsakhon Printing City and Industrial Estate – the world's first full-service industrial park for the printing and packaging industry – was developed in Samut Sakhon in central Thailand, 56 kilometers from Bangkok's Suvarnabhumi International Airport. This printing cluster includes manufacturers from every phase of the printing process – from pre-press and printing to post-press, packaging and fulfillment – all in one use of resources and reduction in manufacturing costs, including expenses incurred by damages incurred during transit and warehouse charges. The greater expertise, heightened efficiency and reduction in costs in turn allow the printing companies located there to produce a wider variety of high-quality good at increasingly competitive prices.

The number of companies the industrial estate is expected to soon reach 100. Investors engage in businesses spanning all the services provided by the printing industry and include producers of blankets, ink, rollers, and administrators of paper warehouses. Sinsakhon Printing City is well-structured for future growth, as its operations are designed to abide by international environmental standards.

The Thai printing industry is making big strides in going "green." Double A, formerly known as Advance Agro Public, has rolled out a paper product that uses trees grown along the edges of rice paddies. Cultivation of these trees for printing on paper avoids land clearing and deforestation, helping to safeguard the environment in Thailand. SCG Paper, the country's biggest paper producer, has also introduced eco-friendly products such as green corrugated cartons and a new type of paper made entirely from recycled materials.

Opportunities Abound

Thailand's per capita annual paper consumption averages about 50 kilograms, compared to more than 200 kilograms per year in more developed nations. This relatively low consumption rate suggests that there is a huge potential for growth and a number of investment opportunities in the paper and printing industry in Thailand. Such investment opportunities are as follows:

- High-quality printing, high-fidelity printing, F<- screens and other special printing techniques
- Hybrid printing systems such as the web offset printing system for in-line print mid-production and new finishing techniques
- New standards for proofs and high-resolution inkjet printers as well as color monitors delivering contract-quality proofs; and
- Upgrading or replacing outdated equipment and machinery

Why Thailand?

There are many reasons that printing companies should consider Thailand as a base for their operations. These include:

- The local supply of paper; Thailand's climate favors agriculture and provides the essential base for the paper pulp industry; more than 800,000 acres of land are being used in the cultivation of eucalyptus trees to supply this industry. Thailand's high-volume pulp production is complemented by its numerous paper mills, which produce world-class quality paper for writing and printing.
- Enhanced infrastructure; Sinsakhon Printing City boasts an information and consulting center, print support businesses (e.g. publishing houses and design services), 24-hour logistics center and a modern rental warehouse located on-site.
- Workforce availability; The Department of Vocational Education has teamed up with the printing industry on the Printing School Project. This program allows interested students to participate in an intensive curriculum with the latest pre-press, press and post-press technology, and ensures that the supply of skilled printers and operators will be sufficient to meet market demand.
- Quality and creativity; Thailand was awarded twenty-two medals and placed second overall in the 9th Asian Print Awards held in 2011 at Bangkok. This ranking affirms customer confidence in Thai printed products.
- Strong government support; The government is committed to promoting Thailand as the printing hub of the region. The numerous support institutions and training programs found in Thailand are evidence of this sustained support.

Attractive Investment Incentives

The development of Sinsakhon Printing City and Industrial Estate was supported by the industrial Estate Authority of Thailand (IEAT) and Thailand's Board of Investment (BOI). The development of printing industrial estates like Sinsakhon Printing City is eligible for an 8-year corporate income tax holiday and exemption of import duty on machinery regardless of zones. Also, printing-related businesses located in a promoted printing industrial estate or printing industrial zone are eligible for a 5-8-year corporate income tax holiday (5 years for zone 1, 7 years for zone 2 and 8 years for zone 3) and exemption of machinery import duty offered by the BOI.

Incentives:

1. Within promoted printing industrial estate:
 - Duty free machinery import
 - Corporate income tax holiday:
 - o Zone 1: 5 years
 - o Zone 2: 7 years
 - o Zone 3: 8 years
2. Relocation to printing IE, even if in same zone:
 - 8 years corporate income tax holiday
 - Zone-based machinery duty reductions
3. Outside promoted printing industrial estate:
 - Standard incentives according to zone

The BOI also offers many other zone-based incentive such as 50% reduction of corporate income tax for another 5 years, double deduction from taxable income of utility and transport costs for up to 10 years, and 25% deduction from net profits of infrastructure installation and construction costs.

A Deep History In Printing

Thailand's long printing history dates back to 1831 when Dr. Dan Beach Bradley, an American missionary, introduced the first printing press to the Kingdom. Since then the industry's steady and continual development has supported the economic and social development of the country as a whole. At present, the Thai printing industry is comprised of more than 5,000 companies — encompassing upstream and downstream activities — and employs around 120,000 people.

Great Support From The Government

In 2004, the Thai printing industry's master plan was formulated, which articulated the government's major policy points to support the development of the printing industry through 2014. The goals of the master plan are as follows

1. Promote a knowledge-based society — that is, a society in which human and social capital is recognized as the most valuable asset and the key to these assets is defined as knowledge and creativity
2. Raise the printing industry's growth rate such that it surpasses the overall GDP growth rate
3. Increase R&D activities in order to further diversify the printing industry
4. Promote human resource development in the printing industry
5. Promote a higher rate of reading amongst the Thai people
6. Improve competitiveness on an international scale in order to achieve the highest export value in the ASEAN region
7. Be at the forefront of competitiveness in the ASEAN region

The Thai government has also developed major campaigns to generate demand for printing materials. The goals and supporting policies are:

- 1) Transforming Thailand into a knowledge-based society by:
 - a) Raising the age for compulsory education for every child to twelve years
 - b) Creating a new curriculum to promote reading among society
 - c) Improving the layout of textbooks for nationwide distribution; and

d) Coordinating with several organizations in the printing industry to plan activities that will foster a love of reading

2) Promoting Thailand as the kitchen of the world, drawing on the international culinary esteem of which it is already held. The government has put an emphasis on exporting frozen foods which are either semi-prepared or ready-to-eat; this effort has created an increase in demand for food packaging for the export market.

3) Introducing the One Tambon One Product (OTOP) initiative to promote cottage industries. Initiated in 2001, this program involves assisting tambons or rural communities in commercializing and finding markets for their unique products. Among the thousands of examples are ceramics from Lampang Province and Thai silk from Konkaen Province. To foster continued growth for these products, the Thai government has also encouraged the development of different types of product packaging.

4) Eliminating import tariffs significantly for more than 100 items, including printing presses, accessories, parts and printing raw materials. The removal of these barriers to trade allows Thai printers to improve the production efficiency and reduce production costs, thereby better competing in the international market.

5) Sponsoring the business matching project, which allows printing industry buyers and traders to meet and negotiate business deals.