

VOYAGEUR

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ensemble



After a productive board meeting retreat on April 23, 2022, CanCham board of directors and advisors gathered at "Take Your Seat, Together" exhibition at Iconsiam.

Back row: Christophe Rouleau, Jen Meckhayai, Ophat Kittitanarux, Robert Kief, Derek van Pelt, John Casella, Daniel Lin, and Michael Currie

Front row: Dan McKay, Mabel Ip, Sanjeev Chowhury, Ron Livingston, Cheryl Rego, Naphatsorn Kijmongkoltham, and Pornpimon Komthorncharoenrung

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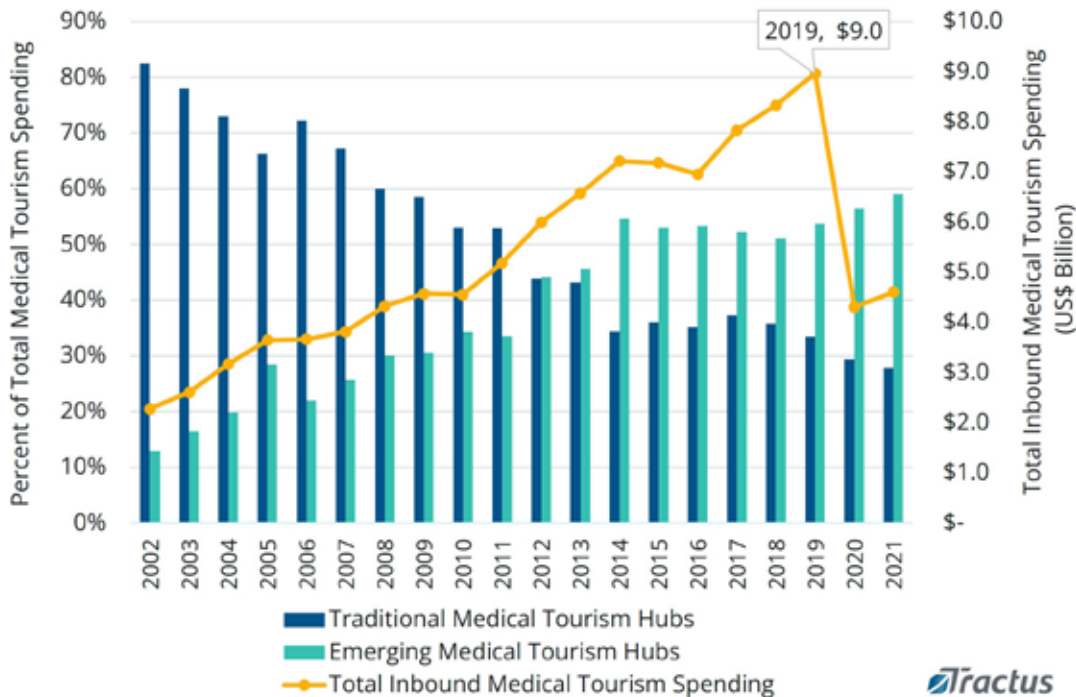
Cannabis Liberalization Will Further Strengthen Thailand's Position as a Global Medical Hub

By: **Dennis J. Meseroll**, Executive Director
Paulo Guedes Moreau, Research Analyst

Thailand is a global medical tourism hub. Its 40 million patients accounting for over US\$1.8 billion in revenue in 2019 ranked it No. 3 after Mexico and Turkey in the number of annual foreign patient arrivals, before the COVID-19 pandemic closed most country borders. Spending on medical tourism has been increasing at a compound annual growth rate of about 9.25% since 2002. The share of this revenue accruing to emerging market destinations has been increasing in countries like Thailand. Its high quality yet affordable and patient-centered care are the factors that have made it one of the world's top destinations. Quality and affordability notwithstanding, Thailand has been a top destination for leisure tourism making it even more attractive as a healthcare destination. Recent liberalization of cannabis legislation for medicinal use and potentially for recreational use on the horizon, will further enhance Thailand's attractiveness as a medical and leisure tourist destination.

The recent liberalization of cannabis legislation places Thailand ahead of its peers in ASEAN and will offer companies, both foreign and domestic, first-mover advantages. Canadian companies are especially well positioned to take advantage of investment opportunities in Thailand because of their leadership in this nascent industry sector, by virtue of being one of the first major economies to liberalize. Thailand's attractiveness as a destination for investment in the cannabis value chain is significant. On the supply side, Thailand is a major agriculture producer, and its food processing and process food export industry is one of the largest in the world. Growing conditions and costs for producing cannabis and hemp are significantly lower than other countries in the world and the existing agriculture and food processing expertise and manufacturing capacity can be leveraged to make fractionated cannabis products as well as downstream medicinal,

FIGURE 1. Total Inbound Medical Tourism Spending (US\$ Billion) and Proportion of Spending in Traditional vs. Emerging Medical Tourism Hubs (%)



Source: IMF Balance of Payments dataset, Tractus calculation, June 2022
 Note: Data on international health-related travel services is sourced from the IMF Balance of Payments dataset. Data on inbound medical tourism spending is available for 126 countries. Inbound medical tourism spending data is available for ten of the T20 economies – Brazil, Canada, France, India, Italy, South Korea, Mexico, Turkey, UK and USA. It is important to note that for most countries in this analysis, data is only available for a short time series or for a single year, making countries' comparisons across years difficult to achieve. This means that analysis of medical tourism has not been possible for several major economies, including China, Germany and Japan.



lifestyle, personal care, and functional food products. On the demand side there will be opportunities for Canadian companies to benefit from Thailand's status as both a major global leisure and medical tourist destination to cater to innovative services like medicinal cannabis tourism as the world recovers from the pandemic and international borders open again and tourism rebounds.

The "Asian Cannabis Report" (Prohibition Partners, 2019) forecast the value of Thailand's medicinal cannabis industry to reach US\$237 million by 2024. If the recreational cannabis market is included, Thailand's total cannabis market value is forecast to reach US\$661 million by 2024. The cannabis industry in Asia alone is projected to reach US\$12.5 billion in 2024 with the medical cannabis segment accounting for US\$5.8 billion. Thailand is becoming a first mover in the Asian cannabis market and companies may therefore consider Thailand as an entry point into the rest of Southeast Asia.

To date a handful of foreign companies are looking to enter the Thai market including the British giant GW Pharmaceuticals and Japan's Otsuka Pharmaceutical, which have jointly applied for cannabis-related patents. Thai civil society groups and researchers fear domination by foreign firms could make it harder for Thai patients to get access to cannabis-based medicines and for Thai researchers to get cannabis extracts. Companies wanting to enter the market will want to monitor the regulatory trends to ensure they are not blind-sided by legislation limiting investment in parts of the cannabis value chain.

MPX International Corporation (CSE: MPXI; OTC: MPX-OF), a multinational diversified cannabis company headquartered in Toronto, is an example of a foreign company gaining a first mover advantage in Southeast Asia's medicinal cannabis market through a creative joint venture with a Thai business and a partnership with a Thai educational institution.

In 2018, Canada took a major step to legalize cannabis at the federal level and now Thailand has joined the small but growing number of countries liberalizing the growing and use of cannabis and its derivatives. Canadian market and manufacturing expertise for medicinal and consumer cannabis products is of excellent value to Thai entrepreneurs seeking to gain a competitive advantage in this frontier global market. In the healthcare sector, Thai research institutions and healthcare delivery organizations are seeking opportunities to leverage liberalization to take a leading position in cannabis-based medical research as well as medically supervised treatments using cannabis-derivatives. Canadian companies can benefit by bringing new cannabis cultivation and extraction technologies, medical cannabis treatments and the opportunity to leverage Thailand's globally recognized medical and agricultural research institutions to jointly develop new products and treatments.

Already known as a global medical tourism hub, Thailand is poised to leverage its reputation for world-class healthcare infrastructure and patient-centered care to take a leading position as an innovator in medicinal cannabis products and services. Canadian companies can further accelerate this development by bringing experience and expertise and investing in Thailand's health and wellness sectors.



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