

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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Required Report - public distribution

**Date:** 12/29/2016

**GAIN Report Number:** ID1642

## Indonesia

### Exporter Guide

### Exporter Guide Update

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**Report Highlights:**

Indonesian GDP declined to 4.79 percent in 2015, contrasting with growth rates above 6 percent during 2007 to 2012 period. The Bank of Indonesia expects economic growth will reach between 4.9 and 5.3 percent in 2016 and 5.2 to 5.6 percent in 2017. Indonesia has adopted policies to protect its growing domestic industry from international competition and to help secure its trade balance. Agricultural self-sufficiency is a stated goal of the Indonesian government, and is used to justify trade barriers. Opportunities exist for exporters to serve Indonesia's tourist market, Indonesia's aspirational time-sensitive urban population, and Indonesia's growing food processing industry.

**Post:**  
Jakarta

## I. MARKET OVERVIEW

### **Economic Situation**

Indonesia maintained growth rates above 6.0 percent from 2007 to 2012. GDP fell to 4.7 percent in 2015, with the Bank of Indonesia estimating that economic growth will fall between 4.9 to 5.3 percent in 2016 and 5.2 to 5.6 percent in 2017. Domestic demand will continue to be the major driver for economic growth. Despite weaker economic performance, an October 2016 Bank of Indonesia survey on economic conditions, business activity, and job availability indicated that Indonesian consumers are more optimistic. The Consumer Confidence Index and Consumer Expectation Index support this, with measures at 116.8 and 130.4 respectively.

Gross Domestic Product per capita was \$1,213 in 2005 and \$3,366 in 2015. The Indonesian middle class is growing, incomes are rising, and a new generation is seeking international food products. Middle class consumers have easier access to media and internet facilities, further exposing Indonesian consumers to various international products, activities and lifestyles. The middle class population grew from 37 percent in 2004 to 56.7 percent in 2013. This group spends \$2 to \$20 a day, as defined by the “Satu Dasawarsa Membangun Untuk Kesejahteraan Rakyat – A Decade of Development for People Welfare,” (Cabinet Secretary April 2014). These domestic consumers, along with a large expatriate community, consume a wide array of imported products. Household consumption accounted for 55.92 percent of GDP growth in Indonesia in 2015.

The Indonesian Rupiah has weakened against the dollar since July 2013. Strong domestic demand and slower exports have increased Indonesia’s trade deficit and import growth, encouraging the Government of Indonesia (GOI) to strictly limit food imports. The GOI also reduced certain fuel subsidies in June 2013 and November 2014, which led to higher fuel prices and electricity rates. As of January 2015, electricity prices are adjusted automatically based on the related indicator (exchange rate, fuel price, etc.). Inflation and protectionist policies are likely to create challenges for the expansion of U.S. food product exports to Indonesia.

Indonesia is now considered the most stable democracy in Southeast Asia. In 2001, Indonesia embarked on an ambitious and challenging decentralization effort. Today Indonesia is one of the most decentralized countries in the world with substantial funds and authorities devolved to the regional levels. In October 2014, Indonesia swore in its new president, Joko Widodo. Under President Widodo’s leadership, Indonesia’s agricultural trade policy has continued to prioritize food self-sufficiency.

### **Free Trade Agreement**

Indonesia maintains free trade agreements (FTA) with ASEAN-China, ASEAN-South Korea, ASEAN-Australia and New Zealand, ASEAN-India, Indonesia-Japan and Indonesia-Pakistan. Despite the gradual reduction in tariffs and quotas following these agreements, exporters and importers still continue to face lengthy and cumbersome custom procedures and non-tariff measures.

### **Table1. Indonesia: Free Trade and Bilateral Agreement**

Country	International Cooperation	Signed	Effective date
ASEAN - Japan	Regional	October 2003	December 1, 2008
ASEAN - South Korea	Regional	May 2006	July 2006
CAFTA ASEAN - China	Regional	2002 frame work of FTA	2010 for Brunei, Indonesia, Malaysia, Philippines, Singapore Thailand 2015 for Burma, Cambodia, Laos, Vietnam
AANZFTA	Free Trade Agreement	February 2009 by ASEAN and Indonesia January 10, 2010	
AIFTA ASEAN - India	Free Trade Agreement	August 2009 by ASEAN and Indonesia October 1, 2010	
IJEPA - Japan	Bilateral <i>Indonesia will exempt 93% import duty of 11,163 Japan products amounting of 92% of its export value and fostering the service sector and the export of workers to Japan.</i>  <i>Japan exempt 90% import duty of 9,275 Indonesian products amounting 99% of its export value and ensured the steady supply of energy and raw materials from Indonesia.</i>	August 20, 2007	July 1, 2008
Pakistan	Preferential Trade Agreement. <i>Indonesia offered reduced tariff on 216 tariff line including fresh fruit, cotton yard, garments, fans, sporting goods and leather goods.</i>  <i>Pakistan extended preferential rates on 287 tariff lines, on crude palm oil and its derivative, sugar confectionery, cocoa products, consumer goods, chemicals, table ware, kitchen ware, rubber products, wood products, glassware products, and electronic items.</i>	February 3, 2012	Ratified in November 20, 2012 in Presidential Regulation PP No 98/2012

The ASEAN Economic Community (AEC) was integrated January 1, 2016, as declared in the 2003 ASEAN Leader summit in Bali and affirmed 2007 summit in Cebu. The integrated AEC aspires to four characteristics: (a) a single market and production base, (b) a highly competitive economic region, (c) a region of equitable economic development, and (d) a region fully integrated into the global economy. Areas of cooperation include integrating industries across the region to promote regional sourcing. AEC aspires to transform ASEAN into a region with free movement of goods, services, investment, skilled labor, and freer flow of capital. This includes a vision to see the region ascend global value chains into more sustainable production activities, higher technology-intensive manufacturing industries and knowledge-intensive services (a Blueprint for Growth ASEAN Economic Community 2015: Progress and Key Achievements).

### **Key Demographic and Customer Expenditure**

Indonesia is the most populous country in the ASEAN region, with approximately 261 million people in 2017, mostly concentrated on the main islands of Java, Sumatra, Kalimantan, Sulawesi and Papua. It is home to approximately 13,500 islands and hundreds of local languages and ethnic groups. It is bestowed with vast natural resources, including petroleum and natural gas, logs, fisheries and iron ore. Indonesia is a major producer of rubber, palm oil, coffee and cocoa.

Based on National Statistical Agency (BPS) data, in 2015 the monthly average expenditure per capita for food was IDR 412,462 (\$30.73). This averages approximately 48 percent of total monthly expenditures per capita.

### **U.S. Food Product Exports to Indonesia**

In Calendar Year (CY) 2014, Indonesia was the 8<sup>th</sup> largest export market for U.S. agricultural products, with exports at \$2.91 billion (the highest U.S. export value to Indonesia ). However, in 2015, Indonesia dropped from the 8<sup>th</sup> to 13<sup>th</sup> position as export values fell to \$2.19 billion. The 2015 export decline was led by a 21 percent drop in consumer-oriented goods. This includes a decline in the export values of dairy products, fresh fruit and beef.

### **Market Access Issues**

Uneven enforcement of existing regulations and under-reporting of new regulations to trading partners and the World Trade Organization (WTO) creates confusion amongst stakeholders. In general terms, market access barriers are a result of a combination of protectionism, nationalism, corruption, and lack of soft infrastructure among inspection agencies.

Since December 2007, GOI has maintained a National Single Window (NSW) system to facilitate the movement of exported and imported products at the port. The NSW system requires all related government institutions to coordinate the process to clear exported & imported goods through an electronic system. The NSW system linked with the ASEAN Single Window (ASW) in 2009. All ASEAN countries were required to completely harmonize their NSW systems in 2012. However, the electronic system creates additional problems for Indonesian traders as confusion persists regarding unclear classifications of HS codes for the online system as well as requirements demanded by new regulations.

Meanwhile, the product registration number (ML) requirements for retail food package remains time consuming and bureaucratic, although significant progress has been made. Issues pertaining to food labeling remain complicated and unclear.

For more information please refer to the 2016 sector reports on Retail, Food Service, and Food Processing Ingredients.

### **Market Opportunities**

- Indonesia's 2017 population of 261 million is relatively young, with 16.90 percent of the population between 15-24 years and 16.0 percent between 25-34 years. Nearly 57 percent of the population lives on Java. Java also has the best infrastructure, although urban areas in Sumatera,

Sulawesi and Kalimantan are developing rapidly. 53.3 percent of Indonesian people (135.9 million) are estimated to live in urban areas in 2015.

- The middle class population grew from 37 percent in 2004 to 56.7 percent in 2013. This group spends \$2 to \$20 a day (“Satu Dasawarsa Membangun Untuk Kesejahteraan Rakyat – A Decade of Development for People Welfare” - Cabinet Secretary April 2014).

**Table2. Indonesia: Population number in major urban areas in 2010**

City	Island	Population (million)
Jakarta, Depok, Bogor, Tangerang Bekasi	Java	17.7
Surabaya	Java	2.8
Bandung & Cimahi	Java	2.9
Medan & Binjai	Sumatera	2.3
Semarang	Java	1.6
Palembang	Sumatera	1.5
Makassar	Sulawesi	1.3
Samarinda & Balikpapan	Kalimantan	1.3
Yogyakarta & Solo	Java	0.9
Batam	Riau Island	0.9
Pekanbaru	Sumatera	0.9
Bandar Lampung	Sumatera	0.9
Padang	Sumatera	0.8
Malang	Sumatera	0.8
Denpasar	Bali	0.8
Banjarmasin & Banjarbaru	Kalimantan	0.8
Pontianak	Kalimantan	0.6

Source: Statistic Indonesia

- The population has become increasingly literate and Westernized during the past decade, due to the number of Indonesians who have studied and traveled abroad; easier access to international media including internet and cable television; increased numbers of smart phone and internet users (more lap top and WiFi locations); expansion of modern malls in major urban areas; growth of major international hotels, restaurants, quick serve restaurants, bakery chains; and continued growth of foreign tourists.
- Indonesians generally tend to be internet savvy and there is widespread use of social media. Facebook, Twitter, Path, Instagram, and Ask.fm are widely used as a medium to share information, especially among younger, middle class adults. In the second quarter of 2016, Facebook Indonesia reported that 88 million Indonesians were active Facebook users, with 94 percent accessing the website via smartphone. According to market researchers, Indonesia will have 102.8 million internet users by the end of 2016 (the world’s 6th largest internet user after China, U.S., India, Brazil and Japan).
- Demand for imported food ingredients is growing. Food manufacturers are continually developing new food and beverage products including snacks.
- Indonesian consumers tend to be price conscious and are susceptible to economic swings, particularly amongst middle and lower income level consumers. Overall, customers tend to prefer purchasing imported products in smaller, less expensive portions.

- There is growing interest in organics and products perceived as ‘healthy’.
- More urban women are entering the workforce and are choosing to keep working after marrying and having children. With less time available for shopping and cooking, these consumers seek time saving and convenience products.
- The number of kitchen appliances throughout the country is relatively low. In 2015 about 69 percent of Indonesians used liquid petroleum gas (LPG). Fire wood made up the second largest group at 24 percent, followed by kerosene stoves at 4 percent. Less than one percent of Indonesians cooked using electricity.
- During both Muslim and Chinese holiday seasons, consumer spending increases. The most important holiday seasons are Ramadan (the month-long Muslim fasting period in which food consumption goes up significantly), Idul Fitri (the Muslim celebration at the end of Ramadhan), and Chinese New Year. Indonesians consume significantly greater amounts of flour, sugar, eggs, baking ingredients, poultry, meats, cheeses, cakes, cookies, pastries, and fresh and dried fruits and nuts during these holidays.
- Although Christmas is celebrated by less than 10 percent of the population, stores take advantage of the season and decorate and promote festive foods such as special fruits, sweets, and pastries. Western celebrations, including Valentine’s Day and Halloween, have also become trendy among upper-scale restaurants in Indonesia.

**Table3. Indonesia: Advantages and Challenges Facing U.S. Product in Indonesia**

<b>ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS MARKET</b>	
<b>ADVANTAGES</b>	<b>CHALLENGES</b>
Large Consumer Base: Indonesia will have a population of 261 million people in 2017 with more than half of the population falling in the middle class.	Weak purchasing power of the majority of the population.
The distribution system on the island of Java is improving, providing increased access to 57% of the total population.	Infrastructure, including ports and cold storage facilities outside of the main island of Java, are poorly developed.
The availability of imported products will be accommodated by the rapid growth of the modern retail sector; Japanese, Korean, and Western restaurant chains; bakeries and a growing tourism industry.	Import regulations are often complex and non-transparent, thus requiring close business relationships with a local agent. Getting an ML number for imported retail packaged food products is complicated, but required. Labels must be written in Indonesian and attached before entering Indonesia. Consumers tend to require smaller package sizes and importers tend to require smaller shipment sizes, making it difficult for some companies to ship to Indonesia
Many Indonesian consumers are aware of the quality and safety of the U.S. products.	Prices of imported products are relatively high compared to locally produced products.
Low Duties: Duties on most foods are 5% except for 153 value added food products (GAIN report ID1530).	Consolidated shipments with products from several suppliers are often more cost effective for Indonesian retailers. This increases documentation problems.
More urban women are entering the workforce. As time becomes less available for shopping and cooking, consumers are increasingly focusing on convenience.	Product shelf life should be considered for shipments to Indonesia due to the extended transportation and inconsistent (non-transparent & unpredictable) custom clearance procedures & time.
Some multinational companies have commissary and catering services that need imported products. The food processing industry is also creating new products to accommodate	Third-country competition and promotion remains strong, especially from Australia, New Zealand and China. Food product imports from Malaysia, Philippines, Thailand and Vietnam are growing. Bilateral free trade agreements provide opportunities to

Indonesian taste preferences, requiring imported ingredients.	competitors.
The food safety control system for U.S. Fresh Foods of Plant Origin (FFPO) has been granted equivalence status by the GOI. This status allows U.S. horticultural products expedited quarantine inspection and access to the Port of Jakarta (Tanjung Priok).	The GOI will review U.S. FFPO recognition every three years. Current regulations stipulate that only three sea ports and one airport are allowed as a horticultural entry points. Approximately 39 horticultural products must have an import recommendation from Indonesian Ministry of Agriculture and an import permit from Ministry of Trade before imported to Indonesia.
97 U.S. dairy manufacturing plants are eligible to ship to Indonesia and new plants are able to apply for access.	Animal-based processed food must be certified “halal.” Import recommendations from MOA are required to obtain an ML. Besides that, animal based processed food must have an import recommendation from BPOM and MOA and also import permit from MOT before imported to Indonesia.
Indonesia also does not produce sufficient quantities of beef, dairy products, tree nuts, temperate zone fresh fruit and vegetables, and pet food.	U.S. freight costs are high relative to competing origins.

## II. EXPORTER BUSINESS TIPS

### Local Business Customs

1. Agents/importers are only allowed to register imported package products for retail purpose in order to obtain an imported food registration (ML) number to BPOM. So choosing a local agent is a very important decision. Several principles to keep in mind when choosing a local agent are:
  - Conduct careful, detailed research in order to confirm claims. Prospective representatives who claim connections to important people should be treated with extreme caution. Such connections are not necessary - commercial acumen is of greater value in the market.
  - Do not grant exclusive rights to a local representative until after working with them in order to gain a clear understanding of their capabilities.
  - Pay attention to accounting standards applied in the preparation of reports supporting the financial standing of a potential representative or partner.
2. Most importers also act as distributors, whether as exclusive agents or as consolidators, and have offices or local distributors in major cities all over Indonesia.
3. Educate the importer, the retailer, and the consumer about your product. Exporters should not assume that Indonesian companies know how to promote, handle, and prepare imported products. Food processors often require assistance developing products using imported food ingredients. Support your importer, distributor, and agent by maintaining product quality.
4. Market research, especially for product testing, price comparison, and adjusting the product for local tastes is important. Importers, distributors, food service providers, and retailers can help with market research as well as understanding government regulations, which is critical.
5. While quality and price are important, they are secondary to the personal interaction with business partners. Face-to-face meetings are very important to Indonesians, though younger importers are more comfortable with establishing their relationships via electronic communication. Exporters usually must visit Indonesia 2-3 times before details are finalized.
6. Product should be packed and shipped for a tropical climate and have clear storage instructions. Few cold storage or air-conditioned facilities and delivery trucks exist. Sometimes stores turn off cold storage facilities at night to conserve energy.

## **General Consumer Tastes and Preferences**

- The majority of consumers prefer fresh foodstuffs, which are readily available in their neighborhood at affordable prices. Healthy eating is becoming more popular among educated consumers and is regularly featured in print and broadcast media. Fresh foods, fruit juices, fruit concentrated-based beverages, organic foods, sugar-free confectionary, packaged food with higher fiber content, dairy products, vitamin and calcium fortified packaged food and beverages are also preferred by middle to upper-income consumers.
- Traditional and modern snack foods, such as confectionaries, pastries, cakes, biscuits, ice cream, or sweet and savory snacks are very popular among Indonesians.
- Local flavors are generally preferred and local food manufacturers are exploring opportunities to produce new products using a combination of local and imported flavors.
- Frozen foods and instant noodles, which are easy to prepare for children, are popular among working mothers.
- Smaller package sizes are often preferred due to convenience, price considerations, and weight management concern.
- Consumers are showing a concern to food additive, high amount of MSG, fat, sugar, salt, and preservatives in packaged food.

## **Food Standards and Regulations & Export Certificates**

- According to Indonesian regulations, imported products packaged for retail sale must be registered with the BPOM to obtain a ML number. The registration process can be lengthy, bureaucratic, and costly.
- Food labeling is required. Requirements for labeling of food products are broad in scope. However, due to the different perception among government institutions and the difficulties in the implementation of this requirement, this issue always creates difficulties for the importer to work on obtaining ML number.
- Halal certification is not mandatory at this time but it will be enforced in October 2019 base on Halal Product Assurance (JPH) Law No, 33/2014. Given that almost 90 percent of the population professes the Islamic faith, it is highly recommended that halal certification be obtained.
- Currently, all beef, poultry and animal-based food products must be certified halal by a Halal certifying body in the country of origin approved by Indonesia's officially recognized halal authority Majelis Ulama Indonesia (MUI). However Indonesia's new Halal Product Assurance regulation (JPH) states that the Indonesian government will establish a new institution called the Halal Product Guarantee Agency (*Badan Penyelenggara Jaminan Produk Halal - BPJPH*) to issue halal certificates. Once formed, the BPJPH will assume the role currently fulfilled by the MUI.
- Meat products must originate from slaughterhouses that have been approved by Directorate General of Livestock and Animal Health Service (DGLAHS), Ministry of Agriculture. Each imported animal-based food shipment requires prior approval by the Minister of Agriculture and Trade. The GOI does not issue import permits for U.S. poultry.
- Certain imported fruits and vegetables must receive an import recommendation from the MOA, and an import permit from the MOT. The procedure is designed to limit the entry of imported horticultural products. Importers will not be granted import recommendations from the MOA if the imports compete with local production.
- The GOI has recognized the state of California as free from 9 types of fruit flies. Fresh fruits and vegetables originating in California area able to enter Indonesia without pre-shipment or in-

transit treatment.

- Imported processed foods which are primarily derived from horticultural products (jams, fruit juices, pickles, canned fruits, etc.) require prior approval from BPOM (for retail) or the Ministry of Industry (MOI) (for value-added processing).
- The U.S. food safety control system for Fresh Foods of Plant Origin (FFPO) is recognized by GOI. Imported U.S. FFPO therefore does not require a pesticide residue certificate of analysis (COA) and is allowed to enter port of Jakarta (Tanjung Priok).

### **General import and inspection procedures**

- The Indonesian Ministry of Trade issued regulations 83/2012 and 61/2013 (amended by MOT regulation No. 87/2015), limiting ports of entry and pre-shipment inspection for imported products falling under 505 Indonesian 10-digit harmonized tariff codes, (including 215 food and beverage lines).
- Horticultural products that arrive in Indonesian after November 28, 2012, should be inspected by a surveyor at the country of origin prior to shipment.
- Indonesian bound tariff rates on major food and agricultural items generally range from 5 to 40 percent. Import duties for a number of processed food products mostly range from 5 to 10 percent except for 153 items of imported high value products (GAIN ID1530).
- Duties are applied to all imported alcoholic beverages. Starting July 2015, the specific tariff charge moved back to ad valorem tariff. Sales tax is 2.5 percent and excise tax for imported alcoholic beverage and alcoholic concentrate ranges between Rp. 13,000-139,000/liter (approximately \$1.06 to \$11.30), depending on the percentage of ethyl alcohol content. Additional information on alcoholic beverages can be found at the following links: [ID1530](#), [ID1408](#) and [ID 1411](#).
- The government levies a 10 percent value-added tax on the sale of all domestic and imported goods. For imports, these taxes are collected at the point of import and are calculated based on the landed value of the product, including import duties. However, Customs values imported products based on their own calculation, known as the “Check Price”.
- Import documents should be concise, simple and complete. If all documentation is complete, customs clearance can be finished in two days (green line) and 5-7 days (red line and yellow line). Incomplete documentation can result in long delays. A presidential initiative was introduced in 2015 to reduce port dwelling times. Importers report that progress is slow, but that the President is monitoring progress closely.

## **III. MARKET SECTOR STRUCTURE AND TRENDS**

### **A. Retail Sector**

#### **Market Overview**

Hypermarkets, supermarkets, and minimarkets are developing rapidly in Indonesia as purchasing power increases. Development is primarily occurring in urban areas, and the prospects for the continued retail sector expansion throughout Indonesia remain promising. Land availability and permitting are a constraint to retail expansion.

#### **Figure1. Indonesia: Modern Retailer Sales (IDR Trillions)**



Source: Euromonitor

The Indonesian retail sector started a rapid expansion in 1999, when Presidential Decrees 96/2000 and 118/2000 allowed Carrefour, a French retailer, to expand retail operations in Jakarta. As other retailers followed, the Indonesian retail sector became more competitive, benefitting consumers and taking market share from traditional retail outlets. Foreign retailers in Indonesia include Carrefour (now locally owned and operated by CT Corp/PT Trans Retail and rebranded as Trans Mart), Giant, Lotte Mart (formerly Makro), Lion Superindo, Spar, AEON, Lulu, Circle K, Seven Eleven, Lawson, and Family Mart. Some modern retailer chains have multi-format outlets. Hypermarket, supermarkets, convenience shops and minimarkets are all present in Jakarta.

Convenience stores are expanding rapidly in Indonesia. Following the introduction of 7-Eleven in 2009, the stores have grown in popularity amongst young consumers and students. Convenience stores differ from Indonesian minimarkets in that they offer fewer SKUs than minimarkets while offering ready to eat foods and a dining area. Locally owned minimarkets are progressively expanding to residential and office areas throughout Java, Bali and other provinces. Minimarkets are in direct competition with traditional independent small grocers (warungs), on the basis of price, cleanliness, food safety, and comfort. Independent small grocers face this challenge by offering personalized, flexible services to their community.

There are a variety of specialty stores serving high-end consumers in major urban areas. These businesses provide greater imported goods selections. There are also shops specializing in dairy products, fresh fruits and vegetables, frozen products such as: fish and seafood, and poultry products (owned by integrated poultry companies; Bel Mart, Prima Fresh). Western as well as Japanese and

Korean – style bakeries are also growing due to new consumer awareness. The Kalbe E-store offers online retail and home delivery services for grocery and health products. Many of these stores have suffered from import registration number (ML) requirements for processed food and retail packaging issues.

**Figure2. Indonesian Retail Sales Value Share**



Source: Euromonitor

**Modern Retail Market Growth**

Hypermarkets and supermarkets offer a wide range of food and beverage products and are generally located as anchor stores in shopping centers. One way they differentiate themselves from local retailers is by marketing high-quality fresh produce, a substantial portion of which is imported. Indonesian middle and upper income level consumers are increasingly shopping at these stores. AC Nielsen reports that Indonesia’s middle class contributed to 48 percent of FMCG sales. Despite growth in the modern retail sector, the majority of Indonesians continue to shop at traditional stores located near their homes or places of work. Traditional stores sell conventional food and beverage products familiar to the majority of consumers. Nielsen reports that consumers visit traditional markets 25 times per month for traditional grocery, 12 times per month for wet markets and 19 times for vegetable vendors.

**Domestic Industry Concentration**

Local businesses dominate the market for baked goods, noodles and wheat-based products, snacks, frozen poultry products, processed dairy products such as UHT drinking milk, cheese and yogurt, processed seafood products, canned fish, soft drinks, teas, coffee mix, tropical fruits and vegetables, and fresh sea food. Businesses featuring fresh produce compete on their ability to supply competitively priced locally grown products, while businesses featuring processed food and beverages compete on brand name. There are several multinational companies in this sector, including Unilever, Nestle, Kraft, Danone, Heinz, and Frito Lay.

Local food producers are largely specialized on conventional Asian staples. As a result, many premium categories and western-style foods are underserved in Indonesia. Indonesian consumers also associate quality and safety with U.S. food products. These two points are possible advantages for U.S. businesses seeking to export to Indonesia.

### **Opportunities for Foreign-Supplied Products**

Temperate fresh fruit, processed fruits and vegetables, beef, tree nuts, and pet foods are mostly imported. Sixty percent of fresh fruit sold in hypermarkets is imported.

Western cuisine is becoming more common and western products such as breakfast cereals, spreads and baked goods are often consumed in the place of traditional rice or noodle breakfasts. Changing dietary habits are driving consumption growth of milk, yoghurt, cheese, pasta, nuggets, sausages, and red meats.

U.S. food products are sometimes less competitive in Indonesia due to high freight costs relative to competing origins and locally produced products. Consolidated shipments with products from several suppliers are highly favored and are often more cost effective for Indonesian importers. Competition remains strong from countries in the region, especially Australia, New Zealand and China. Food product imports from ASEAN countries such as Malaysia, Philippines, Thailand and Vietnam are also growing.

Since September 2008, BPOM has enforced the ML number regulation for all imported package food for retail purpose. As of January 2013, supplementary labels should be affixed prior to customs clearance (before arriving in Indonesia), be written in Indonesia and to note GMO-derived ingredients. Statements or claims on the benefit of the food product shall only be included if they are supported by scientific facts which can be accounted for.

The Ministry of Agriculture (MOA) and Ministry of Trade (MOT) have blocked the sale of imported beef to traditional markets and supermarkets, and have also limited the cuts of beef eligible for import. This was reformed in 2016, however, through MOA regulation No 34/2016. Under 34/2016, Indonesia permits imports of most U.S. beef cuts, manufacturing meat, and variety meats (heart, liver and lungs). Additionally, these products can now be sold in retail markets. Indonesian halal concerns continue to challenge U.S. food exporters.

### **Trends in Promotion and Marketing Strategies**

Expatriates and high-income Indonesian consumers are not as price sensitive as the Indonesian middle class and often look for branded, gourmet, and imported items. Organic, healthy and convenience products are starting to become more popular. Younger consumers from middle and upper income families are less cost conscious and seek variety. Small serving size packaging is rising due to price concerns.

Modern retailers use television and print media for regular and seasonal promotions while social media marketing is increasingly targeting children, teenagers and young adults. A Nielsen survey found that Indonesian consumer purchasing decisions for food is 19 percent influenced by online reviews, consumer researching is 23 percent influenced by online reviews, and 17 percent will not buy without consulting online reviews. In Indonesia, about 30 percent of consumers will share a negative product experience online.

## Trends in Tourism Sales, Holiday Gift Sales, and Internet Sales

Indonesian consumers tend to buy food gifts during holidays and after travel. Indonesian consumers use the internet to buy food products on a limited basis.

### Best Product Prospects

Fresh fruits demonstrate better growth potential than any U.S. product categories already present in the Indonesian market. U.S. fresh vegetables, processed fruit and vegetables products, tree nuts, as well as cat & dog food, have also shown growth. Some of the best-selling processed foods include frozen french fries, popcorn, corn chips, mixed fruit juices, frozen and canned vegetables, ice cream, raisins, jams, almonds, baking mixes, dressings, sauces, and seasonings. New regulations on imported meat will support increased U.S. meat exports to Indonesia.

There are good opportunities for high-value U.S. items that are not yet imported in significant quantities. These include baby foods, organic foods, and specialty fruits (especially berries).

## B. HRI (Hotel, Restaurant, and Institutional) Food Service Sector

### Market Overview

The Indonesian Hotel Restaurant Institutional (HRI) sector is extremely diverse, consisting of high-end hotels and restaurants that serve local and international cuisine, fast food outlets, cafés and bars, bakery, and low-end small restaurants, street-side restaurants known as *warungs*, and vendors that sell food to customers on the street. Catering operations serve airlines, factories, private social functions, cruise and military ships, and offshore mining and oil operations with expatriate staffs.

The HRI sector for high end customers is concentrated in Bali, Jakarta and urban areas. Jakarta has the highest number of food service outlets in Indonesia, followed by Bali, Surabaya, Bandung, Yogyakarta, Lombok, Semarang, Tangerang, Medan, Batam, Makassar, Malang, Manado, Bogor, and Balikpapan.

There are 2,197 star-rated, boutique and resort hotels with 217,474 rooms in Indonesia in 2015. These hotels are primarily located in West Java (283 hotels), Bali (281 hotels), Jakarta (228 hotels), Central Java (204 hotels), East Java (143 hotels), North Sumatera (111 hotels), DI Yogyakarta (89), South Sulawesi (78 hotels), West Nusa Tenggara (63), South Sumatera (61) and Riau (60). International hotel chains include Aston, Conrad, Crown, Fairmont, Four Seasons, Hilton, Hyatt, Intercontinental, J.W. Marriot, Kempinski, Mandarin, Le Meridien, Nikko, Novotel, Oberoi, Pullman, Raffles, Ritz Carlton, Sheraton, St. Regis, Swiss Bel, and Westin. Locally-owned boutique and resort hotels are expanding and state-owned companies are also entering the hotel business.

**Table5. Indonesia: Tourism Indicators**

Description	Year				
	2011	2012	2013	2014	2015
No. of foreign tourists (mil)	7.6	8.0	8.8	9.4	10.2
Revenue (US \$bill)	8.55	9.12	10.05	11.16	11.62
Occupancy Rate (%)-rated hotels	51.2	51.5	52.2	51.8	53.9
Number of hotel rooms-rated & non	381,457	405,778	430,793	469,277	507,201

rated hotels					
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Source: Statistic Indonesia

Bali remains the most visited tourist destination in Indonesia, followed by Jakarta, Batam, and Tanjung Uban (Bintan island). A total of 10.2 million tourists visited Indonesia in 2015. GOI data indicates that in 2015, Singapore, Malaysia, China, Australia, Japan, South Korea, India, the Philippines, and Taiwan accounted for the highest numbers of tourists from the Asia Pacific region. These were followed by arrivals from United Kingdom, the United States, France, Germany and the Netherlands. Tourist arrivals are expected to reach 12 million in 2016

The rapid expansion of the airline sector and low cost carriers provides effective and efficient access to MICE destination cities such as Medan, Padang/Bukit Tinggi, Batam, Jakarta, Bandung, Yogyakarta, Surabaya, Bali, Makassar, Manado, Palembang, Lombok and Balikpapan.

Business meetings and socializing in the large cities often occurs in specialty coffee and tea shops. Consumers demand high levels of hygiene, food quality, and health consciousness from management. Eating out is a common activity across all socio-economic levels and especially as families during weekends.

### **Domestic Industry Concentration**

Fast food outlets continue to thrive, despite the dominance of roadside stalls and vendors in the food service industry. The most prevalent fast food outlets include Kentucky Fried Chicken (560 outlets as of November 2016), A&W (230 outlets as of March 2016), California Fried Chicken (275 outlets as of December 2015), McDonald's (168 outlets as of February 2016), and Pizza Hut (219 outlets plus 107 delivery outlets as of October 2016). These outlets are popular due to affordable prices, high standards and quality, and a pan-Indonesia footprint. Burger restaurants (ex: Burger King, Carl's Junior, MOS Burger, Fatburger, Wendy's) and pizza (ex: Domino pizza, Marzano Pizza) outlets from different companies have opened in Jakarta and its surrounding over the last few years. Korean fast food such as BonChon Chicken and Kyochon are also growing. Coffee shops are also growing (Starbucks, Excelso Cafe, The Coffee Bean & Tea Leaf, Kopi Tiam, etc). Chain fast food outlets and specialty coffee shops are spreading from mixed retail locations to stand-alone shops.

Food trucks are a new trend appearing in Jakarta. Like in the United States, food trucks move around to serve a variety of consumers and update their position via social media.

In addition to home delivery services provided by various restaurants, the growth of home delivery using motorcycle taxis has grown in recent years. "Go-jek" is a motorcycle service similar to Uber. While providing rides to paying passengers, it has become even more popular as a low-cost delivery service, used primarily as a means to save time in Jakarta's gridlocked traffic. Following the success of Go-jek, several other businesses have copied the concept, including GrabBike and Blu-Jek. Gojek services are currently available in the Jakarta region (Jakarta, Tangerang, Bekasi, Depok, and Bogor), as well as Bandung, Surabaya, Bali, Medan, and Makassar.

### **Opportunity for Foreign-Supplied Products**

Four and five star hotels catering to tourists and up-scale diners are more likely to serve imported food products. Cafés and bars specializing in Western and other non-Indonesian cuisine are also significant

users of imported food products. Western style fast food outlets purchase imported foods, but variety is limited. Restaurants serving noodles, Japanese food, pizza, and fried chicken, as well as bakery product outlets and coffee houses are prominent and tend to use imported beef, fresh and canned fruits, frozen potatoes and vegetables, dressing, sauces, bakery ingredients, juice and mixed drinks, whipping cream, bakery ingredients and mixes, delicatessen products, and various coffee ingredients, such as creamer, honey, and flavorings. Irreplaceable food ingredients for French, Italian, Japanese and Korean restaurants depend greatly on imported products (cheese, condiments, oils, sauces, rice, and canned foods).

**Table 6. Indonesia: Variety of Imported Food Products for the HRI Industry**

<b>Products</b>	<b>Description</b>	<b>Type of HRI Industry</b>
Fruits	fresh, frozen, canned, dried	All types
Vegetables	fresh, frozen, canned, preserved	All types
Potatoes	Frozen	All types
Dairy products	milk, cheese, butter, whipping cream, yogurt, ice cream	High-end
Bakery ingredients	baking mix, dried fruits & nuts, fillings, chocolate, whey, NFDM, yeast, food coloring, etc	Middle & high-end
Soup, soup bases, broth	canned, dried/powder	Middle & high-end
Condiments	mayonnaise, salad dressings, sauces (barbeque, chili, soy, marinating), mustard, spices, etc.	Middle & high-end
Seafood	fresh/chilled/ frozen salmon, crab, scallop, tuna	High-end
Preserved fruit, jam, spread		Middle & high-end
Cooking ingredients	vinegar, cider, vegetable oil (corn, sunflower, soybean, canola, olive), tomato paste and puree, etc.	Middle & high-end
Non-alcoholic beverage	juices, coffee, tea, and soft drinks	Middle & high-end
Alcoholic beverage	liquor, beer and wine	High end
Mixed drinks, blends	dried/powder	Middle & high-end
Beef (first grade)	fresh, chilled, frozen	High-end
Beef of secondary cuts/trimming, oxtail, tongue	frozen	All types
Beef offal/heart/liver	frozen	Small restaurants, street-side vendors and small catering services
Poultry	frozen duck, turkey	High-end
Delicatessen	processed meat and poultry	High-end

**Source: FAS Jakarta**

Caterers typically use local products, although they are likely to use imported beef offals, fresh and canned fruits, frozen potatoes and vegetables, dressings, bakery ingredients and mixes. Airlines, mining and petroleum companies, as well as star-rated hotels and independent restaurants serving private social events and weddings are more likely use more imported food products.

MOT Regulation No. 7/2013 regulates the expansion of franchise restaurants, limiting the number of outlets owned by a single company to 250. The regulation is amended by MOT regulation No. 58/2014 and states that companies with more than 250 outlets prior to the regulation are allowed to continue operations if their number of outlets exceeds 250. The regulation also requires outlets to use a minimum 80 percent of local equipment and ingredient products.

In addition to franchising rules, Ministry of Health (MOH) regulation No. 30/20013 requires quick service restaurants to provide sugar, salt, and fat content information, as well as post the health message “Consuming more than 50 grams of sugar, 2,000 milligrams of Natrium, or 67 grams of fat per person per day increases the risk of hypertension, stroke, diabetes, and heart attack”. This provision will be implemented in 2019.

### **Trends in Promotion and Marketing Strategies**

The GOI passed a number of regulations to support the tourism industry and promote new tourism destinations. Currently, the government has identified 10 priority locations for tourism development in 2016-2019. They are Danau Toba-North Sumatera, Kepulauan Seribu-Jakarta, Bromo-East Java, Labuan Bajo-East Nusa Tenggara, Yogyakarta, Wakatobi- Southeast Sulawesi, Belitung-Bangka Belitung, Morotai, North Maluku, Mandalika-West Nusa Tenggara, and Tanjung Lesung-Banten. Tourism development will be supported, in part, by increasing flight destinations and frequencies.

In August 2015, the Ministry of Transportation issued regulation PM No. 121/2015, permitting foreign flagged cruise ships to transit the ports of Tanjung Priok, Tanjung Perak, Belawan, Makassar and Benoa Bali. Passengers may embark or debark at these locations. Furthermore, Indonesia extended its visa waiver program to 169 countries per President Regulation No. 21/2016. In September 2015, Indonesia issued Presidential Regulation 105, opening 18 ports to foreign yachts and improving infrastructure for yachts. The GOI continues to prioritize the development of transportation infrastructure (roads, seaports and airports).

Social networking sites such as Facebook and Twitter are growing in importance as a marketing tool for food and dining, especially in areas with high-quality internet connections. Food service operators also use social media networking to update product offerings and reach new customers. Television culinary programming is increasing in popularity. Handbills, Facebook and billboards promote home delivery and takeaway services are growing as lifestyles demand time-saving services.

### **Best Product Prospects**

The HRI industry will continue as a leading consumer of imported food items. Popular products with growth potential include meat, bakery products, fruit & vegetable juices, butter, cheese, breakfast cereals/pancake mix and tree nuts.

Opportunities for high-value U.S. food items include alcoholic beverages (beer and wine), egg yolks, dehydrated potatoes, and specialty fruits (such as berries). Many of these items are not yet present in significant quantities due to a lack of customer knowledge (dehydrated & mashed potatoes) availability (specialty fruits and pea flour), and regulatory hurdles (there is a complicated procedure to import and distribute the alcoholic beverages and egg yolk products).

GOI import regulations on animal-based foods and horticultural products limit availability of those products for the HRI industry. For example, there is demand for U.S. chicken parts, processed poultry products and fresh potatoes, but MOA and MOT regulations prevent their import.

## **C. Food Processing Sector**

## **Market Overview**

In 2015, the product value of Indonesia's large and medium food and beverage processing industry was estimated at IDR 1,238 trillion (\$92.3 billion). The value of raw materials used by large and medium processors was IDR 791.8 trillion (\$59.0 billion). According to the National Statistical Agency (BPS), there were approximately 5,700 large and medium-sized producers with 765,000 employees and 1.61 million micro and small scale producers with 3.75 million employees in 2015.

Food processing industry growth is attributable to several factors, including the introduction of new flavors and products with varying package sizes, growing middle class, aggressive promotional activities, modern retail expansion, and growing health awareness. According to Euromonitor, packaged foods sales growth ranged from approximately 0.40 (oil and fats) to 15 (snack bar) percent in volume in 2015. 2016 growth is expected to range between 2.54 (oils and fats) and 12.82 (snack bar) percent. Packaged food growth is expected to continue. Urban women entering the workforce prefer the convenience of processed food products and will help drive this trend.

Educated consumers are increasingly seeking healthier options. Food manufacturers are responding by fortifying their products with vitamin; providing organic products, healthier ingredients, lower sugar, cholesterol, and fat content. Wheat flour, dairy products, noodles, cookies, and frozen processed chicken fortified with minerals and vitamins are available in the market.

Soft drink industry growth is focused on new-to-market products, variants with attractive packaging, and novel flavors. Consumers seeking healthier options are driving demand for fruit juice, package coconut water, tea, sport and energy drink expansion, while demand for convenience is driving the development of instant coffee products.

Food processors are developing different branding and packaging for different market segments. For example, small packs cater to low income consumers or price sensitive consumer, while packaging for the food service industry is also available. Private labels are growing and are easily found on supermarket shelves. Ministry of Trade regulation in 2013 limits private label items to only 15 percent of stock keeping units (SKU).

The Government of Indonesia is encouraging the growth of the food processing industry. Imports can benefit from this, as the GOI recognizes that some ingredients are not available locally. However, efforts to curb illegal imports, the global financial crisis, and populist politics lead to protectionism. Also, Indonesian importers are sensitive to foreign exchange fluctuations, and the weakening Rupiah has adversely affected imports. Import permitting issues are responsible for trade constraints with animal and horticultural products.

## **Domestic Industry Concentration**

Food and beverage manufactures frequently target Indonesia's 68.297 million children and teenagers (5-19 years old) as a key market. Additionally, marketers are looking to the growing health-conscious consumer base.

## **Table7. Indonesia: Popular processed food products in retail outlets, 2015**

<b>Product type</b>	<b>Processed food</b>
Baby food	Lactose –free special baby formula powder
Baked goods	Bread, pastry, cakes and dessert mix
Biscuit	Bite-size packs and single serving consumption sweet biscuit; chocolate confectionery (chocolate-coated biscuit)
Breakfast cereal	Flakes, children’s breakfast cereal and hot cereal
Cheese	Un-spreadable processed cheese, cheddar and parmesan
Chocolate confectionery	Fill chocolate tablets (range of nut filled) and chocolate paste (in straw like plastic tube packaging)
Dried processed food	Package rice and instant noodle
Dairy products	Fortified flavored UHT milk drinks, fortified flavored powder milk, soymilk (non-dairy milk), condensed milk,
Processed meat and seafood	Frozen processed poultry (sausages, chicken nugget, seasoned chicken wings, karaage), frozen processed beef (meat ball, sausages, beef patty), frozen processed fish (breaded fish fingers, coated prawns, crabsticks), frozen Chinese snack (dim sum, spring rolls, croquettes), sardines in chili sauce, corned beef
Ice cream	Chocolate, vanilla, strawberry, and mix flavored
Yogurt	Drinking dairy-based yogurt
Sauces, dressing, and condiments	Soy sauces, chili sauces, mayonnaise and monosodium glutamate.
Spreads	Honey, srikaya (egg and coconut milk based), fruit flavor (strawberry, pine apple, mix fruits) jam, chocolate, peanut.
Sugar confectionery	Sugar confectionary, and mints.
Sweet and Savory Snacks	Chips, extruded snacks, cup jelly, crackers, nut, and ethnic Indonesian snack.

Source: Euromonitor

Although cold chain facilities are generally available in urban areas, many food items are sold without temperature control in traditional distribution channels. Limited capital, low awareness of the benefits of refrigeration, and the practice of buying and consuming meals on the spot are still very common and limit the development of a cold chain network.

**Table8. Indonesia: Popular soft drink products during 2015**

<b>Product type</b>	<b>Soft drink</b>
Carbonates	Cola and non-cola carbonates
Concentrate	liquid concentrate (squash and syrup); sachet energy drink and fruit-based powder concentrate,
Fruit/vegetable juice	Homemade juice, single fruit-flavored (orange, lemon, apple, grape, mango) and multi fruit-flavored drink
RTD Coffee	Fresh coffee brewed from instant packaged coffee drinks
RTD Tea	Bottle tea (black and green tea) and UHT packaged tea (black tea)

Source: Euromonitor

### **Opportunity for Foreign-Supplied Products**

Indonesia offers significant potential for U.S. ingredient suppliers. Forecasted increases in U.S. sales are attributed to continued marketing efforts, GOI support for the local food processing industry, safety concerns about competing imported ingredients, and opportunities to differentiate and promote

Indonesian products with high-quality U.S. ingredients. Additionally, ingredient demand will grow as new manufacturers enter the market and existing manufacturers expand their operations. For example, medium and large scale snack food manufacturers generally use 20 to 40 percent imported ingredients. Dairy processors mostly depend on imported dairy ingredients because Indonesia is only able to supply 25 percent of the demand. Food manufacturing expansion is expected in baking, food service, and retail sectors.

The ASEAN Economic Community integrated in January 2016. Indonesia may not optimize the full economic benefit of the AEC if it fails to adopt measures to fully integrate with the AEC.

### **Trends in Promotion and Marketing Strategies**

The growing number of more sophisticated, critical and educated Indonesian consumers is expanding the market for high value food ingredients and value-added products. Television advertisements emphasizing superior ingredients are proving to be efficient tools to reach consumers. Social media are increasingly used as a marketing tool. Live events, such as food festival provide hands-on exposure and samples to visitors.

With the growth of modern retail outlets, consumers have better access to a wider variety of foods in general and packaged food in particular, this lead the growth of the food processing sector. Products for children's breakfasts and lunch boxes are popular, and feature affordability and convenience.

### **Trends in Tourism Sales, Holiday Gift Sales, and Internet Sales**

The preferred breads for typical Indonesian consumers include sliced white bread, and bread rolls stuffed with chocolate, cheese, or meat. Middle and upper income consumers (including tourists and expatriates) seek wheat breads and pastries contain tree nuts and fruits. These consumers are eager to try new bakery products including cheese cakes, muffins, brownies, cupcakes, and other western pastries. Indonesian consumers typically purchase these products as gifts during holidays or following travel. Ingredient demand may increase three to five times prior to the Ramadan period. Snacks are popular during the fasting month and are exchanged as gifts.

### **Best Product Prospects**

Primary ingredients such as wheat, refined sugar, soybeans, dairy, fresh fruit, and processed fruit have high demand and are frequently imported. Blending products used for enriching products such as corn starch, potato starch, dehydrated potato, garlic powder, onion powder, and chili powder are also demanded. Imported bakery dough, non-dairy creamers and coffee extracts are also growing.

The frozen processed beef and poultry industry is growing. Imports of these items are regulated by the GOI and can be challenging. There is also a possibility to supply alcoholic preparations used by alcoholic beverages manufacturers, although the GOI has set strict import regulations and high tariffs for alcoholic products.

## **IV. BEST CONSUMER ORIENTED PRODUCT PROSPECT**

Best market prospects for imported consumer oriented products, based on import statistics:

### **Table9. Indonesia: Best Consumer Oriented Products that Offer Outstanding U.S. Export Opportunities**

Product Category	2015 Import (Volume, T)	2015 Import (\$mil)	2015 Import from U.S. (\$mil)	5Yr. Avg Annual Import (Volume) Growth (%)	Import Tariff Rates (%)	Key Constraints to Market Development	Market Attractiveness for USA
Fresh fruit	427	640	93.7 (mainly apples, grapes, orange & lemon)	-5	5  20% for mandarin & mangoes	Competition with China, Thailand, Australia, and Pakistan  Current Government of Indonesia regulations inhibit fresh fruit imports, including U.S. fresh fruit	Health awareness and rising middle class pushes the demand for quality fresh products.  Lack of supply and low quality of domestic fruit products.
Dairy excl cheese	352	879	137.17 (NFDM, whey protein, lactose, and ice cream)	3.8	5	Price competition with Australia, New Zealand and European countries.  Dairy product manufacturers must be approved by the GOI before they can ship to Indonesia	Domestic dairy processing industry demand is growing.  Domestic dairy production is insufficient.
Processed fruit & vegetables	126	170	47.1 (frozen potatoes, onion powder, potato flakes, garlic, dried mix vegetables, raisin, dates, maraschino cherry)	9.3	Mostly 5  20% for product preserved by sugar	Complicated import permitting process.	Lack of processed fruit and vegetables produced locally.  Food service sector, bakery and biscuit industry are growing and need processed fruit/vegetables.
Red Meats, Fresh/Chilled/Frozen	54	257	12.6 (mainly frozen beef carcass)	-2.1	0  5% and 30% for processed meat	Competition with Australia and New Zealand	Lack of domestic supply

						<p>Importer has to obtain an import recommendation from Ministry of Agriculture (MOA) then an import permit from Ministry of Trade before importing the products</p> <p>Meat establishment must be approved by MOA before they can ship to Indonesia</p>	
Cheese and curd	20.7	87.08	15.1 (fresh cheese, cheddar cheese and other kind of cheese)	6.35	5	Cheese manufacturers in the country of origin must be approved by the GOI before they are able to export to Indonesia.	Cheese applications in food processing industry are growing.
Tree nuts	3	16	10 (mainly almond, walnut and mixture of nuts)	-4.8	5	Price concern	Snacking is very popular in Indonesian culture Bakery and food industry sector are growing and use tree nuts as one of the ingredient
Pet foods	47	55	7.4 (mainly dog & cat food)	24.2	5	<p>Competition from Thailand, France, Brazil, and Australia</p> <p>There is a certain procedure to follow in obtaining an import approval for new plant from MOA</p>	Demand exists as a niche market
Non-dairy creamer	57.33	121.73	4.9 (coffee whitener – non dairy)	0	5	Domestic Non-dairy creamer industry is growing	Coffee processing industry is growing
Fruit & vegetable Juices	14	26	2.8 (mainly mixed fruit)	5.1	Mostly 10	Competition with Brazil,	Health awareness and a

			juice and grape juice)			United Arab Emirates, Thailand, China, Austria and Australia.  Obtaining Import Registration Number (ML) procedure is complicated	growing middle class drive demand for fruit-based products.
Fresh Vegetable	639	459	3.26 (mainly potato)	4.56	5 20% for fresh/chilled potatoes other than seed, shallot other than seed and carrot	Competition with China, New Zealand, Netherlands, India Enforcement of Government of Indonesia regulations inhibit some U.S. fresh vegetables imports	Lack of supply, low quality domestic products and demand of other vegetable types.
Snack food excluding nuts	43	162	1.1 (mainly popcorn, confectionery, corn chip, potato chip)	24	5 15-20% for sugar confectionery, chocolate & food containing chocolate, bread, pastry, cakes, and biscuit	Competition with China, Malaysia, Thailand, Singapore and Belgium,  The procedure for obtaining an Import Registration Number (ML) is complicated	Expansion of modern retail outlets creates opportunity to introduce and sell snack food products  Snacking is very popular in Indonesian culture and Indonesian eager to try new products

Source: Global Trade Atlas (GTA)

## V. KEY CONTACTS AND FURTHER INFORMATION

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APPENDIX I- STATISTIC

**TABLE A. KEY TRADE & DEMOGRAPHIC INFORMATION**

Item	Import from the World (\$ millions)			U.S. Market Share (% value)		
	2013	2014	2015	2013	2014	2015
Agricultural Products	18,214	18,975	15,997	15.5	16.5	16.0
Consumer-Oriented Agr.	4,591	4,921	4,067	14.1	12.9	12.1
Edible Fish & Seafood Products	228	233	217	7.1	6.0	6.5
<b>Demographic Information: Indonesia</b>						
2017, Total Population (million) estimated	261			Annual Growth Rate in 2010-2015	1.38%	
2015, Urban Population (million)	136			Average Annual Growth Rate (world bank)	4.1%	
2010, Number of Major Metropolitan Areas (>1 mil population)	11					
2013, Size of the Middle Class (millions) *	140.85			Growth Rate in 2013	N/A	
2015, Per Capita Gross Domestic Product**	IDR 45,176,200 (\$3,366)					
2016 Unemployment Rate (Aug)	5.61%					
2015, Per Capita Average Food Expenditures **	IDR 4,949,544 (\$368.84)					
2010, Female workforce (million)	39.5					
2010, Percent of Female Population Employed	91%					
*Middle Class: 56.7% of the population (2013)						
** Average US \$1=IDR 13,419 (2015)						

Source: Global Trade Atlas & Statistic Indonesia

**TABLE B. CONSUMER FOOD & EDIBLE FISHERY PRODUCT IMPORTS**

Indonesian Imports (in millions of dollars)	Import from the World			Import from U.S.			U.S. Market Share (% value)		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
CONSUMER-ORIENTED AGRICULTURAL TOTAL	4,591	4,921	4,067	647	637	494	14.1	12.9	12.1
Snack Foods (Excl. Nuts)	124	156	162	0.8	1.0	1.1	0.7	0.6	0.7
Breakfast cereals & Pancake Mix	24	20	18	0.2	0.29	0.39	1.0	1.4	2.1
Red Meats, Fresh/Chilled/Frozen	249	445	257	16	29.9	12	6.5	6.2	4.8
Red Meats, Prepared/Preserved	18	20	24	0.4	0.5	0.6	2.6	2.7	2.7

Poultry Meat	3	2	3	0.3	0	0	12	0	0
Dairy Products (Excl. Cheese)	1,304	1,337	879	269	244	134	20.6	18.3	15.2
Cheese	61	60	53	11	15	12	19	24.8	24
Eggs & Products	10	9	16	0.4	0.1	7.9	3.6	1.6	48
Fresh Fruit	637	764	640	91	121	93	14	15.9	14.6
Fresh Vegetables	490	492	459	6.2	3.1	3.2	1.2	0.6	0.7
Processed Fruit & Vegetables	167	164	170	52	48	47	31.5	29.5	27.5
Fruit & Vegetable Juice	30	30	26	2.1	3.2	2.8	7	10.8	11
Tree Nuts	20	16	16	9.2	8.7	10.0	46	52.7	59.5
Wine & Beer	2	3	2	0	0	0	3.2	1.1	3.6
Nursery Products & Cut Flowers	2	2	2	0	0	0	2.4	0	3.5
Pet Foods (Dog & Cat Food)	41	44	55	8	6.8	7.4	20.1	15.4	13.3
Other Consumer-Oriented Products	1,366	1,313	1,243	167	146	157	12.2	11.1	12.6
<b>FISH &amp; SEAFOOD PRODUCTS</b>	<b>228</b>	<b>233</b>	<b>217</b>	<b>16.3</b>	<b>14</b>	<b>14</b>	<b>7.1</b>	<b>6.0</b>	<b>6.5</b>
Salmon	4	7	12	0.3	0.1	0	7.7	2.6	0.6
Surimi	0	0	0	0	0	0	0	0	0
Crustaceans	69	66	53	13	11	12	19.3	17.3	22.6
Ground fish & Flatfish	4	12	21	0.2	0.4	0	4.2	3.2	0.3
Mollusks	7	8	7	0.7	0.6	0.6	9.8	8.0	9.0
Other Fishery Products	142	138	123	1.6	1.2	1.2	1.1	0.8	0.9
<b>AGRICULTURAL PRODUCTS TOTAL</b>	<b>18,214</b>	<b>18,975</b>	<b>15,997</b>	<b>2,839</b>	<b>3,131</b>	<b>2,559</b>	<b>15.6</b>	<b>16.5</b>	<b>16.0</b>
<b>AGRICULTURAL, FISH &amp; FORRESTRY TOTAL</b>	<b>19,012</b>	<b>19,772</b>	<b>16,737</b>	<b>2,924</b>	<b>3,210</b>	<b>2,633</b>	<b>15.4</b>	<b>16.2</b>	<b>15.7</b>

Source: Global Trade Atlas (GTA)

**TABLE C. TOP 15 SUPPLIERS OF CONSUMER FOODS & EDIBLE FISHERY PRODUCTS**

CONSUMER-ORIENTED AGRICULTURAL TOTAL - 400				FISH & SEAFOOD PRODUCTS-700			
(\$1,000)	2013	2014	2015	(\$1,000)	2013	2014	2015
China (Peoples Republic of)	926,316	974,211	905,681	China (Peoples Republic of)	67,916	65,685	51,672
<b>United States</b>	<b>647,718</b>	<b>637,195</b>	<b>494, 219</b>	Canada	20,377	24,394	21,309
Australia	472,076	657,157	491,819	Norway	6,448	13,514	19,848
New Zealand	507,201	566,831	385,791	Japan	10,088	11,337	18,478
Thailand	298,400	336,562	309,962	Malaysia	19,437	19,893	17,214
Malaysia	369,147	336,376	296,628	United States	16,371	14,067	14,156
France	124,375	187,,614	142,863	Thailand	3,371	10,515	10,038
Singapore	178,585	174,863	140,121	Taiwan	11,527	11,216	9,577
Netherlands	166,618	143,529	94,888	Pakistan	7,303	8,812	6,965
India	105,324	104,104	82,672	Australia	4,896	4,254	5,712
Belgium	86,270	95,068	76,201	Indonesia	8,704	9,460	5,358

Germany	94,510	88,421	71,395		India	14,813	3,968	4,212
Vietnam	38,942	76,727	59,501		Vietnam	3,824	4,341	3,312
South Korea	59,767	55,873	57,754		Chili	1,585	2,178	3,105
Poland	36,964	44,974	56,068		South Korea	2,863	743	2,821
Brazil	40,737	47,575	52,039		Papua New Guinea	0	0	2,424
Argentina	30,628	42,663	27,459		Singapore	3,673	3,225	2,382
Denmark	27,536	26,548	25,707		Russia	13,943	6,662	2,350
Canada	45,733	30,152	23,999					
Other	335,109	518,138	1,063,772		Other	15,591	22,050	16,593
World	4,591,956	4,921,815	4,067,989		World	228,282	233,402	217,526

Source: Global Trade Atlas (GTA)

## APPENDIX II. CALENDAR OR TRADE SHOWS IN INDONESIA

Name of Event: **FOOD & HOTEL INDONESIA 2017**  
Event Location: Jakarta International Exhibition Center, Kemayoran, Indonesia  
Industry theme: The 14<sup>th</sup> International Hotel, Catering Equipment, Food and Drink Exhibition; The 11<sup>th</sup> International Retail Technology, Equipment, Display, and Storage Exhibition

Dates of Event: **April 5-8, 2017**  
Type of Event: International Exhibition  
Name of Organizer: P.T. Pamerindo Buana Abadi  
Phone of Organizer: (62-21) 252 5320  
Fax of Organizer: (62-21) 252 5032/018  
E-mail of Organizer: [wiwiek@pamerindo.com](mailto:wiwiek@pamerindo.com)  
Web site: [www.pamerindo.com](http://www.pamerindo.com)

Name of Event: **FOOD, HOTEL & TOURISM BALI 2018**  
Event Location : Bali International Convention Center, Nusa Dua - Bali, Indonesia  
Industry theme: The 11<sup>th</sup> International Exhibition for Equipment, Food, Beverages and Services to Support Indonesia's Tourism and Hospitality Industries; the 11<sup>th</sup> International Retail , Equipment, Display, and Storage Exhibition

Dates of Event: **March 1-3, 2018**  
Type of Event: International Exhibition  
Name of Organizer: P.T. Pamerindo Buana Abadi  
Phone of Organizer: (62-21) 252 5320  
Fax of Organizer: (62-21) 252 5032/018  
E-mail of Organizer: [wiwiek@pamerindo.com](mailto:wiwiek@pamerindo.com)  
Web site: [www.pamerindo.com](http://www.pamerindo.com)

Name of Event: **FOOD INGREDIENT ASIA 2018**  
Event Location: Jakarta International Exhibition Center, Kemayoran, Indonesia  
Industry theme: The only exhibition that unites the growing ASEAN food ingredients community in one place. The location alternates with Bangkok. The fair encompasses all ingredients.

Dates of Event: **October 3-5, 2018**  
Type of Event: International Exhibition  
Name of Organizer: UBM Asia

Phone of Organizer: (62-21) 729-2662; (66-2) 642-6911  
Fax of Organizer: (62-21) 729-3539  
E-mail of Organizer: [fiasia@ubm.com](mailto:fiasia@ubm.com); [Nongnaphat.J@ubm.com](mailto:Nongnaphat.J@ubm.com); [Maria.Lioe@ubm.com](mailto:Maria.Lioe@ubm.com)  
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