

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 12/24/2015

GAIN Report Number: ID1548

Indonesia

Exporter Guide

Exporter Guide Update

Approved By:

Thom Wright

Prepared By:

Fahwani Y. Rangkuti &
Thom Wright

Report Highlights:

Indonesia faces economic challenges in 2015 and 2016. Bank Indonesia expects growth at approximately 4.7 – 5.1 percent in 2015 and 5.2-5.6 percent in 2016. 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. Indonesia has made efforts to incentivize foreign investment since September 2015, but this has not resulted in improved terms of trade for U.S. agricultural exporters. 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 a relatively healthy macroeconomic environment with positive growth rates above 6.0 percent from 2007 to 2012. There are a number of risks and challenges expected in the coming year due to domestic economic policies. The Bank of Indonesia estimates that economic growth will fall between 4.7 and 5.1 percent in 2015 and 5.2 to 5.6 percent in 2016. An economic structure with a high dependency on imports, especially imports of capital goods, raw and intermediate materials will affect the balance. Domestic demand will continue to be the major driver for economic growth.

Despite 2015's poor economic performance, a November 2015 Bank Indonesia survey on economic conditions, business activity, and job availability indicated that Indonesian consumers are more optimistic than an October 2015 survey. The Consumer Confidence Index and Consumer Expectation Index support this, with measures at 103.7 and 114.8 respectively. Consumer Confidence Index levels above and below the baseline of 100 indicate degrees of optimism and pessimism.

Gross Domestic Product per capita was \$1,213 in 2005 and \$ 3,513 in 2014. The Indonesian middle class is growing, incomes are rising, and a new generation is seeking western brands and 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. In 2014, household consumption accounted for 56.07 percent of GDP growth in Indonesia.

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 as 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 by November 20, 2012 in Presidential Regulation PP No 98/2012

The ASEAN Economic Community will be integrated on 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 will transform ASEAN into a region with free movement of goods, services, investment, skilled labor,

and freer flow of capital.

Key Demographic and Customer Expenditure

Indonesia is the most populous country in the ASEAN region, with approximately 258 million people in 2015, mostly concentrated on the five 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, the 2014 monthly average expenditure per capita for food was Rp 388,350 (\$32.64). This averages to approximately 50 percent of total monthly expenditures per capita.

U.S. Food Product Exports to Indonesia

In Calendar Year (CY) 2014, Indonesia was the 8th largest export market for U.S. agricultural products, with exports at \$2.91 billion. This actually reflects a 3.16 percent increase from the previous year. Exports to Indonesia in the consumer-oriented product category was slightly lower (-3.33 percent) than record levels in 2013. Dairy products remained the largest export in this category, followed by fresh fruits, prepared foods, and processed vegetables.

Market Access Issue

Uneven enforcement of existing regulations combined with new regulations that are frequently not properly notified to trading partners or to the World Trade Organization (WTO) creates confusion for commercial 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 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 2015 sector reports on Retail, Food Service, and Food Processing Ingredients.

Market Opportunities

- Indonesia's 2016 population of 258 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: National Statistical Agency (BPS)

- 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 September 2014, Facebook Indonesia reported that 69 million Indonesians were active Facebook users. Meanwhile, the Indonesian Association of Internet Service Provider (APJII) reported that there are 88.1 million internet users at the end of 2014.
- Demand for imported food ingredients is growing. Food manufacturers are continually developing new food and beverage products including snacks. Snacking is popular in Indonesian culture and is promoted in the media.
- The Indonesian consumers tend to be price conscious and susceptible to economic swings, particularly middle and lower income level consumers. Overall, customers tend to prefer purchasing imports in smaller, less expensive packaging.

- There is growing interest in organic and products perceived as ‘healthy’. This includes products oriented toward digestive health, immune system health, fortified, all natural, weight management, cardiovascular health, oral and skin health.
- 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, more urban women are basing purchasing decisions on convenience.
- The number of kitchen appliances throughout the country is relatively low. In 2014 about 61.88 percent of Indonesians used liquid petroleum gas (LPG), while 0.62 percent used electricity for cooking. The remaining households used kerosene stoves (5.12 percent) and fire wood (29.68 percent).
- 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), Lebaran or Idul Fitri (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

ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS MARKET	
ADVANTAGES	CHALLENGES
Large Consumer Base: Indonesia will have a population of 258 million people in 2016, with more than 50 percent people is in middle class group	Weak purchasing power of the majority of the population.
The distribution system on the island of Java is improving, providing increased access to a population of 145 million.	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 food are 5% except for 153 items of 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 entering the workforce with less time available for shopping and cooking 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	Third-country competition and promotion remains strong, especially from Australia, New Zealand and China. Food

imported products. Besides that food processing industry is constantly creating new products to accommodate Indonesian taste preferences. More ingredients are needed.	product imports from Malaysia, Philippines, Thailand and Vietnam are growing. Bilateral free trade agreements provide opportunities to competitors.
U.S. Fresh Food of Plant Origin (FFPO) safety control system has been recognized. The U.S. horticulture products are allowed to enter Tanjung Priok – port of Jakarta.	The GOI intends to review FFPO recognition every two 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 import permit from Ministry of Trade before imported to Indonesia.
GOI approved a number of several U.S. meat and many U.S. dairy establishments to export products to Indonesia.	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.
- Currently all 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).
- Fresh Fruit of Plant Origin (FFPO) safety control system of country of origin has been recognized by GOI. All imported the U.S. FFPO do not need Certificate of Analysis (COA) of Pesticide Residue and allowed to enter Tanjung Priok port of Jakarta.

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.

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)



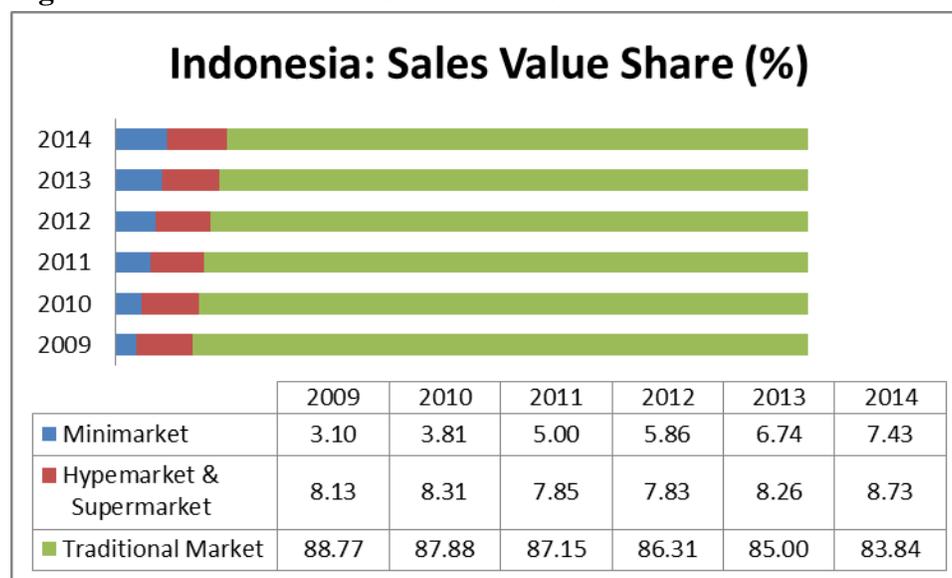
Source: Euromonitor

The Indonesian retail sector began its 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, Circle K, Seven Eleven, Lawson, Family Mart and Ministop. 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, fish and seafood, and poultry products (owned by integrated poultry companies; Bel Mart, Prima Fresh). Western-style bakeries are also growing due to new consumer awareness of western style breads and pastries. 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 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. Since 2011, the Ministry of Agriculture (MOA) and Ministry of Trade (MOT) have limited the sale of imported beef to the hotel and restaurant industry.

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.

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

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, offshore mining and oil operations with expatriate staffs, prisons, and hospitals.

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 around 1,990 star rated, boutique and resort hotels with roughly 195,000 rooms in Indonesia in 2014. Major concentrations of those hotels are in West Java (253 hotels), Bali (249 hotels), Jakarta (186 hotels), Central Java (186 hotels), East Java (127 hotels), North Sumatera (106 hotels), Riau island (79 hotels), South Sulawesi (75 hotels), and Yogyakarta (74 hotels). International hotel chains include Aston, Conrad, Crown, Fairmont, Four Season, Hilton, Hyatt, Intercontinental, J.W. Marriot, Kempinski, Mandarin, Le Meridien, Nikko, Novotel, Oberoi, Pullman, Raffles, Ritz Carlton, Sheraton, St. Regis, Swiss Bel, Westin and locally-owned boutique and resort hotels. State-owned companies are also entering the hotel business.

Table5. Indonesia: Tourism Indicators

Description	Year				
	2010	2011	2012	2013	2014
No. of foreign tourists (mil)	7.0	7.6	8.0	8.8	9.4
Revenue (US \$bill)	7.60	8.55	9.12	10.05	11.16
Occupancy Rate (%)-rated hotels	48.8	51.2	51.5	52.2	51.8
Number of hotel rooms-rated & non rated hotels	353,138	381,457	405,778	430,793	469,277

Source: National Statistical Agency (BPS)

Bali remains the most visited tourist destination in Indonesia, followed by Jakarta and Batam. A total of 9.4 million tourists visited Indonesia in 2014. GOI data indicated that in 2014, Singapore, Japan,

Malaysia, Australia, China, 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 the United States, United Kingdom, France, Germany, and the Netherlands. Tourist arrivals are expected to reach 11 million in 2015.

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 domination of roadside stalls and vendors in the food service industry. The most prevalent fast food outlets include Kentucky Fried Chicken (510 outlets as of June 2015, A&W (207 outlets as September 2015), California Fried Chicken (247 outlets as of December 2014), McDonald's (158 outlets as of September 2015), and Pizza Hut (225 retail outlets and 93 deliver outlets as of September 2015). These outlets will remain popular due to affordable prices, high standards and quality, and a pan-Indonesia footprint. More and more 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, as are coffee shops (Starbucks, Excelso Cafe, The Coffee Bean & Tea Leaf, Kopi Tiam, etc). 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 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

Products	Description	Type of HRI Industry
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 an additional 45 countries, increasing the list of eligible visa waiver countries to 90. Finally, the GOI continues to prioritize the development of transportation infrastructure (roads, seaports and airports). In September 2015, Indonesia issued Presidential Regulation 105, opening 18 ports to foreign yachts and improving infrastructure for yachts.

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 2014, the product value of the Indonesian large and medium food processing industry was \$84.2 billion (IDR1,001 trillion). During that year, the value of raw materials used by large and medium processors was \$52.79 billion (IDR 628.18 trillion). According to National Statistical Agency (BPS) figures, there are about 6,100 large and medium-size producers with 979,700 employees and 1.24 million micro and small scale producers with 2.90 million employees.

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 food growth ranged from 4.73 to 9.70 percent in volume in 2014. 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 67.88 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, 2014

Product type	Processed food
Baby food	Powdered toddler milk formula and powdered special baby milk formula has gained popularity (Baby food market led by Nestle with a 23% share)
Baked goods	Bread and pastry
Biscuit	Plain biscuit, filled biscuit and sandwich/wafer, chocolate coated biscuit
Breakfast cereal	Children's breakfast cereal and hot cereal
Canned/preserved food	Canned sardines in chili sauces, corned beef and sausages, preserved coconut milk

Cheese	Un-spreadable processed cheddar cheese, parmesan
Chilled processed food	Sausages and meat balls
Chocolate confectionery	Fill chocolate tablets (range of nut filled) and plain milk chocolate.
Dried processed food	Packaged rice and instant noodles
Drinking Milk products	Fortified flavored UHT milk drinks, fortified flavored powdered milk, fresh & pasteurized milk, condensed & evaporated milk, soymilk
Frozen processed food	Frozen processed poultry (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)
Ice cream	Chocolate, vanilla, strawberry, coffee, green tea, tropical fruit flavor
Yogurt	Drinking yogurt, spoonable yogurt with fruit flavor
Pasta	Dried pasta (macaroni, spaghetti and fettuccini)
Sauces, dressing, and condiments	Stock Cubes/bouillon, MSG, soy sauces, chili/pepper sauces, salad dressing, mayonnaise, ketchup, and ethnic cooking sauces.
Spreads and preserve	Srikaya (egg and coconut milk based), fruit flavor (strawberry, pine apple) jam, chocolate, peanut, honey
Sugar confectionery	Soft candy, mints and sweet
Sweet and Savory Snacks	Extruded snacks, nuts, chips, non-microwave popcorn, ethnic Indonesian snack, and cup jelly

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 2014

Product type	Soft drink
Carbonates	Cola and non-cola carbonates
Concentrate	Sachet energy drink and fruit-based powder concentrate, liquid concentrate (squash and syrup)
Fruit/vegetable juice	fruit-flavored drinks, nectars, juice drinks , 100% juice (fruit, vegetable or mix)
RTD Coffee	Instant packaged 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 (AEC) will be 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, leading to growth in 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 made with 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	2014 Import (Volume, T)	2014 Import (\$mil)	2014 Import from U.S. (\$mil)	5Yr. Avg Annual Import (Volume) Growth (%)	Import Tariff Rates (%)	Key Constraints to Market Development	Market Attractiveness for USA
Dairy excl. cheese	349	1,337	244.77 (NFD, lactose, whey protein, ice cream)	6	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.
Fresh fruit	540	764	121.7 (mainly apples, grapes & orange)	0	5 20% for mandarin & mangoes	Competition with China, Thailand, and Australia, Current Government of Indonesia regulations inhibit fresh fruit import to include U.S. fresh fruit	Health awareness and rising middle class pushes the demand for quality fresh products. Lack of supply and quality of domestic fruit products.
Processed fruit & Vegetables	113	164	48.5 (mostly , citrus fruit prep, raisin, dates, cherry, french fries, dehy potatoes, onion powder, potato flakes, tomato paste, dried garlic)	12	Mostly 5%,	Complicated import permitting process	Lack of processed fruit and vegetable produced locally. Food service sector, bakery and biscuit industry are growing and need processed fruit/vegetable

							s
Red Meats, Fresh/Chilled/Frozen	107	445	27.93 (boneless beef frozen carcass and pork)	13	5	Competition with Australia and New Zealand Importer has to get an import permit from MOT every quarter. Meat establishment must be approved by the GOI before they can ship to Indonesia	Lack of domestic supply
Cheese and curd	19	96	23.94 (fresh cheese, cheddar cheese,	8	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	3.35	16.50	8.70 (mainly almond)	-9	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	36	44.03	6.8 (mainly dog & cat food)	21	5	Competition from Thailand, France, Brazil There is a certain procedure to follow on getting an import approval for new plant application from MOA	Demand exists as a niche market
Non-dairy creamer	71	145	4.9 (coffee whitener-non	18	5	No concern	Coffee processing industry is

			dairy)				growing
Fruit & vegetable Juices	16.85	30.18	3.2 (mainly mixed fruit juice)	13	Mostly 10	Competition with Brazil, United Arab Emirates, China, Australia, Thailand, Austria, South Africa, Malaysia, Obtaining Import Registration Number (ML) procedure is complicated	Health awareness and a growing middle class drive demand for fruit-based products.
Fresh Vegetable	732	492	3.12 (mainly potato and garlic)	7	5 20% for fresh/chilled potatoes other than seed, shallot other than seed and carrot	Competition with China, India, New Zealand, Thailand, Enforcement of Government of Indonesia regulations inhibit some U.S. fresh vegetables imports	Lack of supply and quality domestic products and demand of other vegetable types.
Snack food excluding nuts	39.3	156.58	1.02 (mainly popcorn, confectionary , corn chip)	24	5 15-20% for sugar confectionery , chocolate & food containing chocolate, bread, pastry, cakes, and biscuit	Competition with Malaysia, China, Thailand, 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

Organization	Contact Person	Address	Phone	Fax
Government of Indonesia Contacts for Food & Beverage Control				
BPOM (National)	Dr. Roy	Jl. Percetakan	62-21-	62-21-425-0764

Agency for Drug and Food Control)	Sparringa	Negara 23, Jakarta Pusat, Indonesia	424- 4688; 424- 4691	
Ministry of Agriculture - Directorate General of Livestock and Animal Health Services	Prof. Dr. Ir. Muladno, MSA	Central Office of Agriculture, , C Bld, 6 th Floor, Departemen, Jl. Harsono R.M. No.3, Jakarta 12550, Indonesia	62-21- 781- 5580	62-21-781-5581
Ministry of Agriculture – Agency for Agricultural Quarantine	Ir. Banun Harpini, M.Sc.	1 st Floor, Building E, Jl. Harsono RM. No. 3, Ragunan, Jakarta 12550	62-21 781- 6481, 780- 5641 to 44 ext 1103	62-21-781-6481/ 6483
Indonesian Trade Association Contact List				
APRINDO (Indonesian Retail Merchants Association)	Mr. Tutum Rahanta, Mr. Benjamin Mailool Chairman	Jl. M. H. Thamrin No 11, Gedung Sarinah, Lantai 13 Jakarta 10350	62-21- 315- 4241, 392- 8545, 316- 1596	62-21-392-8545 Email: aprimdo@cbn.net.id aprimdo2013@gmail.com aprimdo@ymail.com
ASEIBSSINDO (Indonesian Fruit & Vegetables Exporters & Importers Association)	Mr. Hendra Yowono - Chairman	Gd. Graha Antero Lt 5, Jl. Tomang Raya No. 27, Jakarta 11440	62-21- 5695- 8893	62-21-5695-8892 E-mail: info@aseibssindo.org
ASPIDI (Association of Indonesian Meat Importers)	Mr. Thomas Sembiring - Chairman	Jl. Penjernihan I No. 50, Pejompongan, Jakarta 10210	62-21- 7033- 0972	62-21-573-9553 Email: asp_1984@cbn.net.id
NAMPA (National Meat Producers Association)	Mr. Ishana Mahisa, Ir. Haniwar Syarif	Perkantoran Grand Wijaya Center , Jl. Wijaya 2, Blok F No. 83, Kebayoran Baru, Jakarta 12180	62-21- 7248 455; 9290 7948	62-21-726 2087
APIKI (Indonesian Fish Cannery Association)	Mr. Hendri Sutandinata, MBA, Chairman	Inti Utama Building, Jl. Cipinang Indah Raya No. 1,	62-21- 819- 6910	62-21-850-8587

		Jakarta 13420,		
AIPS (Dairy Processor Association)	Mr. Sabana, Director & Mr. Syahlan Siregar (Secretary)	Wisma Nestle, 5th . Arcadia Office Park, Jl. Letjen T.B. Simatupang Kav 88, Jakarta 12520	62-21-7883-6000 ext 1501	62-21- 7883-6001
GAPMMI (Indonesian Food & Beverage Association)	Mr. Adhi S. Lukman - Chairman	Gedung Annex Lantai 2 (Kompleks PPM Manajemen) Jl. Menteng Raya No. 9-19, Jakarta 10340	62-21-7032-2626	62-21-7032-2627 E-mail: gapmi@cbn.net.id Homepage: www.gapmmi.or.id

U.S. Cooperator and MAP Participants

Organization	Contact Person	Address	Phone	Fax
AgriSource Co., Ltd Regional representative for USA Dry Peas, Lentils & Chickpeas; US Dry Bean Council	Tim Welsh, Managing Director	Ambassador's Court, 4 th Floor, No. 416, 76/1 Soi Lang Suan, Ploenchit Road, Bangkok, Thailand 10330	(66-2) 251-8655 /6	(66-2) 251-0390 E-mail: agsource@loxinfo.co.th
Lieu Marketing Assoc. Pte. Ltd Regional representative for: California Table Grape Commission, Pear Bureau Northwest, Raisin Administrative Committee, US Apples USA Apple Export Council, Wine Institute of California	Richard Lieu, Director	48 Toh Guan Road East # 02-129 Enterprise Hub Singapore 608586	(65) 6515-6113	(65) 6278-4372 E-mail: gabaric@singnet.com.sg
Peka Consult, Inc. Country representative for Washington Apple Commission, California Table	Kafi Kurnia, Leonard Tjahjadi	Jalan Prapanca Raya 18 A Kemang Jakarta 12160	(62-21) 721-1358	(62-21) 721-1357 E-mail: peka@indo.net.id

Grape Commission, Pear Bureau Northwest, Sun- maid Raisin, Sunkist Growers, US Potato Board, Natural Delights				
Agribusiness- Connect Asia – representative for U.S. Dairy Export Council	Tony Emms, Dalilah Ghazalay	1 North Bridge Road, #06-10 High Street Centre, Singapore 179094	(65)- 6334- 7030; 6822- 7030	(65)-6248-4531 E-mail: tony@dairyconnect.biz ; dali@dairyconnect.biz
U.S. Meat Export Federation	Joel Haggard Senior Vice President, Asia Pacific Region	101 Leighton Road, 8 th Floor, Zoroastrian Building, Causeway Bay, Hong Kong	(852) 2890- 7408	(852) 2576-7345 E-mail: hongkong@usmef.org www.usmef.org
	Sabrina, ASEAN Director	627A Aljuned Road, 04-04, Biztech Centre, Singapore 389842	(65)- 6733- 4255/6	(65)-6732-1977 Email: Singapore@usmef.com.sg
USA Poultry & Egg Export Council	Margaret Say Regional Director	# 15-04 Liat Towers, 541 Orchard Road, Singapore 238881	(65) 6737- 1726	(65) 6737-1727 E-mail: usapeec_sing@pacific.net.sg
U.S. Wheat Associates	Matt Weimar Regional Vice President for South Asia	# 15-02 Liat Towers, 541 Orchard Road, Singapore 238881	(65) 6737- 4311	(65) 6737-9359 E-mail: mweimar@uswheat.org
American Soybean Association	Timothy Loh Regional Director	#11-03 Liat Towers, 541 Orchard Rd., Singapore 238881	(65) 6737- 6233	(65) 6 737-5849 E-mail: asaspore@pacific.net.sg
PT Swaco Prima Windutama Country representative for American Soybean	A. Ali Basry, Director	Jl. Grand Galaxi Boulevard Blok RGG no. 19, Perum. Grand Galaxi City,	(62-21) 2210- 3640, 9561- 8444,	(62-21) 2210-3640 E-mail: asagrain@indosat.net.id

Association		Kel. Jakasetia, Kec. Bekasi Selatan, Bekasi 17147	9196- 8444	
U.S. Grains Council	Kevin Roepke, <u>SEA</u> <u>Regional</u> <u>Director</u>	50 Jalan Dungun Damansara Heights 50490 Kuala Lumpur, Malaysia	(60-3) 2093 6826	E-mail: usgkl@usgc.com.my

APPENDIX I- STATISTIC

TABLE A. KEY TRADE & DEMOGRAPHIC INFORMATION

Item	Import from the World (\$ millions)			U.S. Market Share (% value)		
	2012	2013	2014	2012	2013	2014
Agricultural Products	17,764	18,214	18,975	14.8	15.5	16.5
Consumer-Oriented Agr.	4,200	4,591	4,921	11.3	14.1	12.9
Edible Fish & Seafood Products	219	228	233	8.9	7.1	6.0
Demographic Information: Indonesia						
2015, Total Population (million)	255			Annual Growth Rate in 2014		1.4%
2010, Urban Population (million)	118			Annual Growth Rate in 2005- 2010 (predicted)		3.8%
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
2014, Per Capita Gross Domestic Product**	IDR 41,808,700 (\$3,513)					
2013 Unemployment Rate 2014	5.9%					
2013, Per Capita Average Food Expenditures *	IDR 4,660,200 (\$391.64)					
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 11,899 (2014)						

Source: Global Trade Atlas & Indonesia Statistical Agency (BPS)

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)		
	2012	2013	2014	2012	2013	2014	2012	2013	2014

CONSUMER-ORIENTED AGRICULTURAL TOTAL	4,200	4,591	4,921	474	647	637	11.3	14.1	12.9
Snack Foods (Excl. Nuts)	104	124	156	1.1	0.8	1.0	1.0	0.7	0.6
Breakfast cereals & Pancake Mix	19	24	20	0.3	0.2	0.29	1.8	1.0	1.4
Red Meats, Fresh/Chilled/Frozen	165	249	445	7	16	29.9	4.5	6.5	6.2
Red Meats, Prepared/Preserved	11	18	20	0.1	0.4	0.5	1.0	2.6	2.7
Poultry Meat	1	3	2	0.4	0.3	0	37.6	12	0
Dairy Products (Excl. Cheese)	1,070	1,304	1,337	146	269	244	13.6	20.6	18.3
Cheese	56	61	60	14	11	15	25	19	24.8
Eggs & Products	7	10	9	0.3	0.4	0.1	4	3.6	1.6
Fresh Fruit	824	637	764	80	91	121	9	14	15.9
Fresh Vegetables	384	490	492	5.5	6.2	3.1	1.4	1.2	0.6
Processed Fruit & Vegetables	154	167	164	46	52	48	30	31.5	29.5
Fruit & Vegetable Juice	29	30	30	4.8	2.1	3.2	16	7	10.8
Tree Nuts	12	20	16	4.8	9.2	8.7	38	46	52.7
Wine & Beer	3	2	3	0	0	0	2.6	3.2	1.1
Nursery Products & Cut Flowers	5	2	2	0	0	0	0.5	2.4	0
Pet Foods (Dog & Cat Food)	31	41	44	5	8	6.8	18.5	20.1	15.4
Other Consumer-Oriented Products	1,278	1,366	1,313	148	167	146	11.5	12.2	11.1
FISH & SEAFOOD PRODUCTS	219	228	233	19.6	16.3	14	8.9	7.1	6.0
Salmon	4	4	7	0.4	0.3	0.1	9.6	7.7	2.6
Surimi	0	0	0	0	0	0	0	0	0
Crustaceans	66	69	66	16	13	11	24.7	19.3	17.3
Ground fish & Flatfish	4	4	12	0.1	0.2	0.4	3.1	4.2	3.2
Mollusks	7	7	8	0.9	0.7	0.6	12.3	9.8	8.0
Other Fishery Products	137	142	138	1.8	1.6	1.2	1.3	1.1	0.8
AGRICULTURAL PRODUCTS TOTAL	17,764	18,214	18,975	2,632	2,839	3,131	14.8	15.6	16.5
AGRICULTURAL, FISH & FORRESTRY TOTAL	18,517	19,012	19,772	2,717	2,924	3,210	14.6	15.4	16.2

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)	2012	2013	2014	(\$1,000)	2012	2013	2014
China (Peoples Republic of)	928,135	926,316	974,211	China (Peoples Republic of)	65,386	67,916	65,685
Australia	358,059	472,076	657,157	Canada	17,004	20,377	24,394
United States	474,783	647,718	637,195	Malaysia	12,506	19,437	19,893

New Zealand	436,882	507,201	566,831		United States	19,680	16,371	14,067
Thailand	368,599	298,400	336,562		Norway	3,138	6,448	13,514
Malaysia	311,861	369,147	336,376		Japan	15,290	10,088	11,337
France	119,138	124,375	187,614		Taiwan	4,907	11,527	11,216
Singapore	203,043	178,585	174,863		Thailand	3,837	3,371	10,515
Netherlands	138,170	166,618	143,529		Indonesia	12,949	8,704	9,460
India	61,274	105,324	104,104		Pakistan	6,436	7,303	8,812
Belgium	65,604	86,270	95,068		Russia	4,973	13,943	6,662
Germany	70,239	94,510	88,421		Vietnam	5,899	3,824	4,341
Vietnam	49,171	38,942	76,727		Australia	2,622	4,896	4,254
South Korea	52,675	59,767	55,873		India	18,285	14,813	3,968
Brazil	37,279	40,737	47,575		Singapore	3,807	3,673	3,225
Poland	20,887	36,964	44,974					
Argentina	36,174	30,628	42,663					
Canada	26,417	45,733	30,152					
Other	532,821	464,461	321,910		Other	22,812	15,591	22,050
World	4,200,303	4,591,956	4,921,815		World	219,531	228,282	233,402

Source: Global Trade Atlas (GTA)

APPENDIX II. CALENDAR OR TRADE SHOWS IN INDONESIA

Name of Event: **FOOD, HOTEL & TOURISM BALI 2016**
Event Location : Bali International Convention Center, Nusa Dua - Bali, Indonesia
Industry theme: The 10th International Exhibition for Equipment, Food, Beverages and Services to Support Indonesia's Tourism and Hospitality Industries; the 10th International Retail , Equipment, Display, and Storage Exhibition
Dates of Event: **March 3-5, 2014**
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
Web site: www.pamerindo.com

Name of Event: **FOOD INGREDIENT ASIA 2016**
Event Location: Jakarta International Exhibition Center, Kemayoran, Indonesia
Industry theme: The only exhibition that unites the growing ASEAN food ingredients community in one place and alternate with FiA Bangkok. The fair encompasses all ingredients which makes the food and beverage we consume today, such as sweeteners, emulsifiers, flavoring, coloring, etc
Dates of Event: **September 21-23, 2014**
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; Nongnaphat.J@ubm.com; Maria.Lioe@ubm.com
Web site: www.fiasia-indonesia.com

Name of Event: **FOOD & HOTEL INDONESIA 2017**
Event Location: Jakarta International Exhibition Center, Kemayoran, Indonesia
Industry theme: The 14th International Hotel, Catering Equipment, Food
and Drink Exhibition; The 11th 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
Web site: www.pamerindo.com