

Market Overview

Indonesia has maintained relatively healthy growth rates during the last years, averaging above 6% from 2007 to 2012 and slightly lower in the more recent years (4.7% and 5.6% between 2015 and 2016). In order to continue developing domestic industries, the Indonesian government has adopted import substitution practices. In turn, these practices create more barriers to trade. Nevertheless, Indonesia remains an attractive market for U.S. exporters due to its growing middle class and lack of agricultural self-sufficiency.

The Indonesian middle class is rising (from 37% of the population in 2004 to 56.7% in 2013). As incomes rise, the demand for western brands and food products also increases. In 2014, Indonesia was the 8th largest export market for U.S. agricultural products with a value of \$2.91 billion USD. These figures represent a 3.16% increase from the previous year (2013). At the same time, U.S. exports of consumer-oriented products were 3.33% lower in 2014 than in 2013. Exports of food products from the SUSTA region to Indonesia have increased from approximately \$40 million USD in 2011 to \$57 million USD in 2014. According to statistics from 2014, the U.S. has a 12.1% market share of consumer-oriented agricultural products. Moreover, the U.S. enjoys a 29.5% market share for processed fruits & vegetables and 52.7% for tree nuts. These are some of the food products and categories with the best sales potential: blending products (corn starch, dehydrated potato, garlic powder, etc.), bakery dough, dairy (including cheese), non-dairy creamers, processed beef and poultry.

Opportunities and Advantages

- Indonesia does not produce sufficient quantities of beef, dairy products, tree nuts, temperate zone fresh fruit and vegetables, and pet food.
- More urban women are entering the workforce with less time available for shopping and cooking, therefore increasingly focusing on convenience.
- The distribution system on the island of Java is improving, providing access to a population of 145 million.
- Large Consumer Base: Indonesia will have a population of about 258 million people in 2016, with more than 50 percent in the middle class.

Market Challenges

- Animal-based processed food must be certified “halal”. Import recommendations from MOA (Ministry of Agriculture) are required to obtain a product registration number.
- Product shelf life must be considered for shipments to Indonesia due to the extended transportation and inconsistent (non-transparent & unpredictable) custom clearance procedures & time.
- Bilateral free trade agreements provide opportunities to competitors.

SUSTA Sponsored Events in Indonesia:

Food and Hotel Indonesia

- Indonesia Annual Export Guide – FAS GAIN Report
http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Jakarta_Indonesia_12-24-2015.pdf
- Euromonitor – SUSTA Export Data

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