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Global Agricultural Information Network

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Indonesia

EXPORTER GUIDE ANNUAL

Exporter Guide Update

Approved By:

Dennis Voboril

Prepared By:

Fahwani Y. Rangkuti and Jonn Slette

Report Highlights:

Indonesia was the 7th largest market for U.S. agricultural export in 2008 and the largest market in Southeast Asia at \$2.3 billion. In the last few years, a stabilized macro-economic situation and business climate has provided excellent opportunities for U.S. food and agricultural exports to the rapidly growing Indonesian retail, food service, and food processing sector. However, several market access issues potentially inhibit the growth of U.S. food product exports to Indonesia.

Post:

Jakarta

Executive Summary:

I. MARKET OVERVIEW

In the last few years, a stabilized macro-economic situation and business climate has provided excellent opportunities for U.S. food and agricultural exports to the rapidly growing Indonesian retail, food service, and food processing sector. Even with the recent situation affecting global financial markets, Indonesian GDP growth is projected to exceed four percent in 2009 and growth in consumption – despite an expected slowdown – should remain relatively strong.

Despite the growth in trade, several market access issues continue to exist. Uneven enforcement of existing regulations combined with new regulations that are not properly notified raise the uncertainty of the business climate. In general terms, market access barriers are a result of a combination of protectionism, nationalism, corruption, and lack of soft infrastructure among inspection agencies. The current global economic crisis plus the 2009 parliamentary and presidential elections were also seen as significant factors.

The Government of Indonesia (GOI) has made efforts to address some concerns. Since December 2007, GOI has implemented the National Single Window (NSW) to push 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 is planned to link with the ASEAN Single Window (ASW) in 2009 and all ASEAN countries will link completely in 2012. However, the electronic system creates additional problems for Indonesian traders as confusion continues with the requirements for the online documentation.

The growth in U.S. food and agricultural exports to Indonesia over the past 10 years has been remarkable. After reaching a low of \$498 million in 1998, U.S. agricultural, fish, and forestry exports to Indonesia reached \$2.3 billion in 2008. Calendar year 2008 data showed that Indonesia is the 7th-largest export market for U.S. agricultural product. U.S. exports in all three sectors – bulk, intermediate and consumer-oriented reached record levels in 2008. This will make Indonesia one of the fastest growing emerging markets in the world for U.S. food and agricultural products.

The majority of Indonesians are Muslim, so products produced according to halal requirements sell best. In addition, a growing number of Indonesians have been exposed to developed-country diets and trends, making these different food products more popular. In addition, a rapidly growing trend is the demand for healthier foods – especially those fortified with vitamins and minerals.

Market Opportunities

- Indonesia's population of 229 million in 2008 is relatively young with almost 19 percent of the population between 15-24 years, and another 18 percent is between 25-34 years. Nearly 59 percent of the population lives on Java and accounts for 60 to 65 percent of consumer good sales. Java also has the best infrastructure although urban areas in Sumatera, Bali, and Sulawesi are developing.
- Upper and middle-income groups combine to represent about 10-15 percent of the population, equal to about 22-33 million people. Most of these people live in major urban areas. This population, which includes a number of working in the oil and gas industry, banking and finance, mining, industrial, hospitality, and consultant industries, consume imported products.

Table1. Population number in major urban areas (estimated)

City	Island	Population (million)
Jakarta & surrounding	Java	12.5
Surabaya	Java	3.0
Yogyakarta & surrounding	Java	1.8
Bandung	Java	2.0
Semarang	Java	1.3
Medan	Sumatera	2.1
Palembang	Sumatera	1.5
Makassar	Sulawesi	1.5
Manado	Sulawesi	1.0
Bali	Bali	1.6
Balikpapan and Samarinda	Kalimantan	1.0

Source: Central Bureau of Statistic (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 to include the internet and cable television; expansion of modern malls in major urban areas; and dramatic growth of major international hotel, restaurants, quick serve restaurants, and bakery chains and foreign tourist arrivals.
- Demand for imported food ingredients is growing. Food manufacturers are continually developing new products, in particular to cater to the popular habit of snacking, which is a part of Indonesian culture and promoted in the media.
- The Indonesian consumer is very price conscious and susceptible to economic swings, particularly the middle and lower level income groups. Overall, customers tend to prefer purchasing imports in smaller, less expensive packaging.
- More urban women are entering the workforce and choosing to stay there 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 2005, 19 percent of households had a refrigerator (33.7 percent of urban households and 8.1 percent of rural households). In 2008, about 19 percent of Indonesians used Liquefied Petroleum Gas (LPG), and one percent use electricity for cooking. The remaining households used kerosene stoves (31 percent) and fire wood (47 percent). Following GOI reduction of the fuel subsidy in 2008, more households switched from kerosene to LPG.
- 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 during these holidays.
- Even though 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. Other western celebrations such as Valentine's Day, U.S. Independence Day, and Halloween have also become trendy among upper-scale restaurants in Indonesia.

ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS IN INDONESIA	
Advantages	Challenges
Market size - Indonesia has a population of around 229 million people.	Weak purchasing power of the majority of the population.
An expatriate population of about 60,000 (50 percent of it is Korean, followed by Japanese, U.S., Taiwanese, and Australian) in Indonesia buys imported goods. In Jakarta, 50 percent of expatriates are Korean.	Muslims, who account for almost 90% of the population, requires halal-certified products.
Applied duties on most food and agricultural products are 5%	Import regulations are often complex and non-transparent, thus requiring close business relationships with a local agent. Getting an ML number (registration number) for imported retail packaged food products is also complicated but required
	Fresh Food of Plant Origin (FFPO) should be accompanied with Certificate of Analysis of Pesticide Residue if Indonesian does not recognize the FFPO safety control system of country of origin.

	Animal based food must have an import permit from Indonesian Ministry of Agriculture Director-General of Livestock before imported to Indonesia. Only several beef establishments approved to export its products to Indonesia
The distribution system on the island of Java is improving, providing increased access to a population of 134 million.	Infrastructure outside of the main island of Java, including ports and cold storage facilities, is poorly developed.
U.S. food products have a reputation for quality. Indonesia also does not produce sufficient quantities of beef, dairy products, tree nuts, temperate zone fresh fruit and vegetables, and pet food	Third-country competition and promotion remains strong, especially from Australia, New Zealand, and China. Food product imports from Malaysia, Philippines, and Thailand are also growing.
The food processing industry is constantly creating new products to accommodate Indonesian taste preferences	
Distribution and availability of imported products is expanding due to the rapid growth of the modern supermarket sector, western restaurant chains and bakeries, a well-developed tourism industry	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

II. EXPORTER BUSINESS TIPS

Business Customs

- It is strongly suggested that a local agent be used for products packaged for retail sale. Agents will register imported products in order to obtain an import registration (ML) number. Since only an importer may obtain a ML number for each product, choosing a local agent is a very important decision. Other considerations for agents are discussed in the Entry Strategy sections, but 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.
- 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.
 - 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.

- 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.
- 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.
- 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 Preference

- The majority of people still prefer fresh foodstuffs, which are readily available in their neighborhood at affordable prices. Healthy eating is becoming more popular among educated consumers and featured by newspaper, magazine, and television. Fresh food, 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 confectionary, pastries, cakes, biscuits, ice cream, or sweet and savory snacks are very popular among Indonesians.
- Local flavors are 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 preferred and easy to prepare for children, are popular among working mothers.
- Smaller package sizes are 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 Regulation (FAIRS Report ID9022) & Export Certificate FAIRS

Report (ID9026)

- According to Indonesian regulations, imported products packaged for retail sale must be registered with the National Agency for Drug and Food Control to obtain a ML number. The registration process can be lengthy, bureaucratic, and costly, so it is best to use a local agent.
- Food labeling is required. Requirements for labeling of food products are broad in scope. At the end of 2003, the head of BPOM published guidelines food labeling. Halal certification is not mandatory at this time but these guidelines are also under review. Given that almost 90 percent of the population professes the Islamic faith, it is highly recommended that halal certification be obtained. U.S. Islamic Centers must approved by the Indonesian Muslim Council (MUI) to issue halal certificates.
- All beef and poultry products and animal-based food products must be certified halal and the products must originate from slaughterhouses that have been approved by Indonesian veterinary and religious (halal) authorities. Also, each imported meat shipment requires prior approval by the Ministry of Agriculture. The Indonesian government does not issue permits for imports of U.S. poultry parts, but recently issued regulations allow imports of mechanically deboned (MDM) poultry meat. However, there is no progress on importing this product.
- Imported table grapes must be produced in a pest free area. In The United States, only the state of California has been declared by the government of Indonesia as an area which is free from *Ceratitis capitata*. Fresh fruit and vegetables, except table grapes originating in California, must be treated prior to shipment or subjected to in-transit cold treatment. Regulation on imported of Fresh Fruit of Plant Origin (FFPO) has just released. Regulation requires that FFPO safety control system of country of origin must be recognized before export its products to Indonesia before November 19, 2009. If not, all imported FFPO must be accompanied with Certificate of Analysis (COA) of Pesticide Residue.

General Import and Inspection Procedures

- At the end of 2007, GOI established its National Single Window program to improve the process for reviewing export and import documentations 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 is planned to link with ASEAN Single Window (ASW) in 2009 and all ASEAN countries will link completely in 2012.
- At the end of 2008, the Indonesian Ministry of Trade issued a regulation increasing the requirements for imported products that fall under 505 Indonesian 10-digit harmonized tariff codes, including food and beverages under 188 lines. The regulation will take effect

February 1, 2009 and last until December 31, 2010 for the products in the food and beverage categories. The regulation limits the ports of entry, requires importer registration, and requires surveys by government-approved companies before export (See New Requirements for Selected Food & Beverages Report (ID9001)).

- Indonesia's Customs uses a schedule of arbitrary "check prices" rather than actual transaction prices on importation documents to assess duties on food products import.
- 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 range from 5 to 15 percent. The duty applied to all imported alcoholic beverages is 30 to 150 percent.
- The government levies a 10 percent value-added tax on the sale of all domestic and imported goods. A regulation in early 2007 stated that value added tax is exempted for certain strategic products, such as corn, meat, poultry, egg, and fresh milk. A luxury tax ranging from 40 to 75 percent is also levied on alcoholic beverages. 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. Sales tax is 2.5 percent and excise for alcoholic beverage and alcoholic concentrate ranges between Rp.2,500-50,000/liter (approximately 25 cents to \$5), depending on the percentage of ethyl alcohol content.

III. MARKET SECTOR STRUCTURE AND TRENDS

A. Retail Sector

Market Overview

Modern retail outlets in urban areas with refrigeration and storage facilities provide good prospects for imported U.S. food products. In major urban areas throughout Indonesia, traditional markets are being replaced by modern hypermarkets, supermarkets, and mini markets as a destination for buying packaged foods.

Carrefour stimulated the rapid growth of modern retail in Indonesia, combining a shopping atmosphere with attention to entertainment and lifestyle. Carrefour is responsible for the highest sales of modern retailers. In 2008, Carrefour bought Alfa Supermarket and changed these locations into Carrefour and Carrefour Express outlets, the Lotte group of Korea bought Makro Indonesia as well.

Although many large retailers are engaged in major expansion projects - including foreign retail giants Carrefour, Giant, and Delhaize (Lion Superindo) - national and regional modern retail chains are developing in both primary and secondary cities all over Indonesia. One trend among

retailers is to change the old perception of its supermarket by redesigning the store or building a new brand because of the competition with retail giants. Examples include Foodmart (former Matahari), and Alfa Midi (Alfa group). Mini-markets and small mini-markets attached to gas stations are growing as well. It is common for modern retail companies - such as Matahari group, Ramayana group, and Hero group - to have more than one format, including hypermarkets, supermarkets, minimarkets, drug stores, and department stores.

Table2. Number of Modern Retail Outlets

Description	2003	2004	2005	2006	2007	2008
Supermarket	900	960	1,140	1,310	1,380	1,450
Hypermarket	40	70	80	100	120	130
Mini market	4,080	5,600	6,470	7,350	8,890	10,290

Source: AC Nilesen and Economic Review No. 125, March 2009

Despite the rapid growth of modern retailers, formats such as traditional wet markets, independent small retailers, and street vendors continue to dominate - even in major urban areas. These markets typically sell fresh local vegetables, fresh fruits, fresh meats, fresh poultry products, as well as traditional home-made products. Home-made products are usually made from local products - though soybeans for tempe and tofu; and beef offals for bakso (meatballs) - are usually imported. These traditional retailers can accommodate Indonesians whose incomes are limited.

Table3. Percent Market Share of Modern Retail and Wet Markets

Year	Modern Outlets	Wet Markets
2000	21.8	78.1
2001	24.8	75.2
2002	25.1	74.8
2003	26.3	73.7
2004	30.4	69.6
2005	32.4	67.6
2006	35.3	64.7
2007	36.4	63.7
2008	37.0	63.0

Source: AC Nielsen

Table4. 2008 Sales of soft drinks and other beverage products by retail sector

Products	Volume (million liter)	Value (Billion Rp.)	Volume growth (%)	
			2007/2008	Annual 2008- 2013 (est.)
Bottled Water	11,900	10,100	6.6	8.0
Asian specialty drinks	1,000	6,000	8.5	7.0
Ready to drink tea	1,000	5,800	8.9	7.6

Carbonates	530	3,600	4.4	1.4
Functional (Sports) drinks	300	3,800	22.2	9.6
Fruit and vegetable juices	90	600	6.8	3.7
Concentrate	70	5,400	3.5	2.0
Ready to drink coffee	7	100	15.0	16.5

Source: Euromonitor

Most hypermarkets, supermarkets, and wholesalers buy their imported fresh fruit, meat, and processed foods from dedicated distributors and agents. Others import perishable products using multiple agents who purchase directly from foreign suppliers. This trend is expected to expand in the near future. For some national chain outlets with stores in outlying secondary cities, it is easier to purchase domestic items locally rather than shipping product from headquarters in Jakarta. Private label repacked bulk products such as flour, sugar, rice, mung-beans, peanuts, egg, frozen foods, traditional snacks, bakery products, and local fresh fruit and vegetables can be found in foreign and national chain outlets.

Table5. Retail & Food Service Sales of Package Food in 2008

Product	Volume		Volume growth 2007/2008 (%)		Value (Trillion Rp)
	Food Service	Retail	Food Service	Retail	Retail
Baby food ('000 ton)	-	180	-	13.3	13.6
Bakery products ('000 ton)	407	1,020	8.0	5.9	21.4
Canned/preserved food ('000 ton)	4	60	6.3	11.9	2.2
Chilled processed food ('000 ton)	1	10	9.0	10.8	0.6
Confectionery (000 ton)	8	200	4.1	8.5	13.4
Dairy products (not countable)	-	-	-	-	19.2
Dried processed food ('000 ton)	2,141	6,340	8.6	10.0	44.5
Frozen processed food ('000 ton)	7	40	13.3	12.5	3.0
Ice cream (million litres)	54	90	10.8	5.0	2.4
Noodles ('000 ton)	243	1,200	5.3	5.9	13.9
Oils and fats ('000 ton)	840	590	10.2	5.2	8.3
Sauces, dressings and condiments ('000 ton)	249	270	5.7	5.0	4.7
Spreads ('000 ton)	3	10	3.6	7.2	0.6
Sweet and savoury snacks ('000 ton)	68	280	3.2	5.2	7.9
Meal replacement products, Pasta, Ready meals, Soup ('000 ton)	2	7	11.0 (pasta only)	16.9 (Meal RP); 12.3 (Soup); 10.0 (Pasta)	0.4

Source: Euromonitor

Future Trends

Modern outlets are expected to continue to grow as consumer preference for comfortable shopping spaces, a complete range of goods, a consistent quality of products, competitive prices, correct weight, good service, and easy accessibility. The presence of bakeries, snack outlets, and other food specialty outlets in big cities also provide shopping alternatives for consumers. Consumers are adjusting to paying higher prices for imported and local food products. However, since most spend a significant portion of their income on food, the average Indonesian consumer is not an important buyer of imported products due to their low purchasing power. The imported products they purchase will be in small quantities and few in number. They will remain very selective in their choices, looking for branded products advertised at affordable prices. There is growing interest in the nutritional aspects of food products and the trend is a preference for healthier food instead of canned food. Also, more women are working outside of home and are looking for ready-to-cook and ready-to-eat foods.

Opportunities for specialty supermarkets are in the major urban areas catering to local consumers with higher incomes, expatriates, and consumers who prefer halal. However, recent enforcement of registration number (ML) and new regulation on Fresh Food of Plant Origin (FFPO) have affected the availability of imported food products in the modern retail outlets especially specialty supermarket. In addition, disagreements over trading terms continue among retailers, suppliers of modern outlets, and the government.

Entry Strategy

Using an agent is the best strategy for exporting to Indonesia, but determining the best agent will depend on the product target market.

The volume of specific imported products is relatively small when compared to the size of the country and regulations can be confusing. The best way to overcome the hurdles associated with exporting to Indonesia is to select a local agent. An agent should be chosen based on his ability to assure the widest distribution of products and the ability to undertake the marketing efforts necessary to create awareness for products among consumers. **The agent should also be responsible for obtaining a ML number and be ready to support the agent with required documents for ML arrangement.**

Depending on the product and intended market, appointing a supermarket as agent and exclusive distributor is best, particularly for gourmet and specialty upscale products not likely to generate sufficient volume. Nevertheless before the decision is made, it is recommended that initial sales efforts to Indonesia should include discussions with potential agents as well as with key retailers to determine the best local partners.

Best Market Prospects

Best market prospects for U.S. suppliers include fresh fruit, beef offal, frozen french fries, frozen vegetables, confectionery, potato chips, popcorn and other snack foods, sauces and seasonings, and salad dressings. Niche markets exist for frozen meat and poultry, delicatessen items, baby food, cooking oils, breakfast cereals, pasta, tomato paste, and non-alcoholic beverages.

B. HRI Food Service Sector

Market Overview

The Indonesian HRI sector is extremely diverse, consisting of hotels and restaurants that serve local and international cuisine, fast food outlets, cafés and bars, small restaurants, street-side open air 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, mining and oil operations with expatriate staffs, prisons, and hospitals. The sector is concentrated in the urban areas, with Jakarta having the highest number of food service outlets, followed by Surabaya, Bandung, Bali, Medan, and Makassar. In the past few years, the HRI industry in other tourist and business destination cities is developing, such as in Yogyakarta, Semarang, Pekanbaru, Palembang, Batam, and Balikpapan.

In the HRI sector, four and five-star hotels catering to the tourist industry and up-scale restaurants including cafés and bars specializing in Western and other non-Indonesian foods are dominant users of imported food products. Local caterers and restaurants tend to purchase local products.

The number of foreign tourists remains stable. Actually, there are several places in Indonesia that offers beautiful scenery and rich culture that offer potential as a tourist destination. However, transportation to many of these locations is limited. Bali remains the most visited tourist destination in Indonesia. In 2008, Singapore, Malaysia, Japan, Australia, China, South Korea, and Taiwan accounted for the highest tourist arrivals by nationality, followed by Philippines, United Kingdom, the United States, Germany, Netherlands, and France.

Table6. Indonesian Tourism Indicators

Description	Year						
	2002	2003	2004	2005	2006	2007	2008
No. of foreign tourists (mil)	5.0	4.5	5.3	5.0	4.9	5.5	6.2
Revenue (US \$bill)	4.3	4.0	4.8	4.5	4.4	5.3	7.3
Occupancy Rate (%)	44	45	45	45	46	47	48

Number of hotel rooms	260,000	263,000	280.783	286,882	290.752	324.433	349.619
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Source: Central Bureau of Statistic-Indonesia

Over the past few years, more foreign and locally-owned boutiques and resort hotels have been built in Bali and in other tourist destinations, such as Yogyakarta. New hotels are being constructed in other Indonesian cities to accommodate business visitors, MICE (Meetings, Incentives, Conferences, and Exhibitions), and local cultural events. Specialist coffee shops, tea shops, as well as franchise and independent cafes are developing in the large cities as a place for business meetings and socializing.

The rapid expansion of franchise restaurants such as fast food chains, casual dining cafés, international and family style restaurants, and food courts in various cities is expected to increase demand for imported food products. International franchise outlets have a relatively strong presence while local restaurant and bakery franchise outlets are also increasing. The number of restaurants has increased in conjunction with the proliferation of new shopping malls and office buildings in recent years.

Western style fast food outlets purchase imported food, but the variety is limited to such items as frozen french fries, mozzarella cheese, and condiments. 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 frozen potato products, dressings, sauces, whipping cream, bakery ingredients and mixes, delicatessen products, and various coffee ingredients, such as creamer, honey, and flavorings. Most Korean restaurants in Jakarta would prefer to serve U.S. beef. Local restaurants offering traditional food use beef offal.

Permanent and non permanent independent street stalls and kiosk are easily found throughout Indonesia and sell various local dishes such as fried noodle and rice, ketoprak (containing tofu, rice cake, vegetables, soy sauce), somay (containing fish balls, potato, tofu, vegetable, peanuts), bakso (soup containing meat balls, noodles), soto mie (soup containing noddles), sate (chicken or goat meat), martabak (containing egg, flour and cheese), hot dog, burgers, fried chicken, and kebab (containing meat).

Caterers are typically small to medium-sized private enterprises that serve factories, mining and oil operations, offices, schools, hospitals, company events, private social functions, and weddings. Imported products used by caterers tend to be beef offal, fresh fruit, vegetables, dressings, and bakery ingredients and mixes.

Table7. Food Service outlets

Description	2007		Growth 2006/2007		Annual Forecast Growth 2007-2012	
	No of	Value	No of	Value	No of Outlets	Value

	Outlets	(Rp.billion)	Outlets			
Cafes and bars (Chain & Independent)						
Specialist Coffee Shop	320	915	18.7	28.0	8.9	9.8
Other Cafe	2,710	22,830	4.6	14.5	2.8	4.6
Full-service restaurants (Chain & Independent)						
European	290	2,210	6.2	11.6	3.4	3.7
North American	620	2,800	9.7	18.8	4.6	6.4
Latin American	30	170	6.3	15.5	5.3	11.0
Middle Eastern	30	100	4.0	20.0	3.6	15.0
Asian	93,190	197,540	2.5	17.5	1.1	8.6
Pizza	350	3,070	2.0	5.9	6.7	4.4
Others	400	2,600	8.0	19.4	5.0	15.4
Fast Food (Chain & Independent)						
Bakery products	800	570	6.3	40.4	5.9	17.3
Burger	330	1,650	7.1	7.5	3.6	4.0
Chicken	850	2,660	8.5	13.7	3.0	7.0
Ice cream	160	100	5.2	7.5	4.5	3.0
Middle Eastern	20	40	9.5	14.0	7.5	5.9
Asian	1,360	3,770	8.2	14.0	7.2	8.7
Convenience Store	30	10	0	8.0	3.3	2.5
Traditional food seller						
Street Stalls and Kiosks	86,100	10,390	4.6	16.4	2.1	3.8

Source: Euromonitor

Eating outside of home is a common activity across all levels of income. Indonesians dine out with colleagues or for business luncheons in standard Western food service outlets. Eating out as a family every weekend is done by a smaller number of Indonesian, but is becoming increasingly popular.

Future Trends

Political stability and improved tourist facilities are expected to increase the number of individual tourist arrivals, meetings, conferences, and exhibitions. In addition, more Indonesians are traveling throughout the country following efforts by the HRI industry to target domestic tourists and more option on choosing schedule flight connecting big cities is available.

The expansion of shopping malls in various big cities all over Indonesia that offer more than half of its space lease to food service also support further expansion of chains and independent restaurants.

Entry Strategy

Most imported products for the HRI industry enter Indonesia by a local agent. A reputable importer or distributor can represent imported products, obtain the import permit and ML number, and have knowledge of customs clearance procedures required to successfully bring in products and distribute the products all over Indonesia.

Jakarta and Bali remain the ideal locations to target the HRI food service sector. These cities have a large number of five star hotels and up-scale restaurants that purchase imported goods to cater to a sizeable expatriate community, a large number of foreign visitors, and higher income consumers.

Best Market Prospects

Best market prospects for U.S. suppliers include duck, turkey, seafood, french fries, bakery ingredients, sauces and seasonings, oil and vinegars, cereals, canned seafood, canned food, fresh fruits, soft drinks, juices, tree nuts, ice cream, snacks, beer, reasonably-priced wines, liquor, beef and beef offal.

C. Food Processing Sector

Market Overview

Indonesia offers significant market potential for U.S. suppliers of food and ingredients to the local food processing sector. In 2008, Indonesia import \$11.2 billion of agricultural, fish and forestry products with 21.7 percent coming from the United States. Australia is the second-largest supplier, accounting for 12.3 percent, followed by China with 8.0 percent, Thailand 7.0 percent, India 5.9 percent, Canada 5.4 percent and Argentina 5.2 percent. Other suppliers do not account for more than 5 percent of imports individually. In 2008, over 40 percent of imported products by value were major inputs for food processing, such as wheat, sugar, dairy, soybeans, wheat flour, beef, and fresh fruit.

The food processing industry consists of businesses of all sizes. About 6,100 large and medium-size producers account for over 80 percent of output and over 20 percent of the 3.36 million employees. The remaining 20 percent of processed food is produced in homes and sold on the street in roadside outdoor small restaurants, small roadside retailer kiosks called warungs, or on the street by vendors with small carts called kaki limas. Large-scale food processors use halal-

approved production methods and have certificates approved by MUI.

Lately, the Government of Indonesia confiscated all non ML products and enhanced enforcement of the ML registration requirements for imported package food for retail purpose. This led to expanded opportunities for imported food ingredient for domestic production of further processed foods.

The growth of the food-processing sector can be attributed to the introduction of new food products, aggressive promotional activities, growth of modern retail outlets, customer sophistication, and growing health consciousness. In the future, more consumers are expected to make purchasing decisions based on health and wellness concerns and mostly in the form of fortified foods. More processors are finding they can add value by fortifying their products. Currently dairy products, noodles, biscuits (cookies), frozen processed chicken are vitamin fortified food products. Sales of sports drinks are also expected to grow.

The variety offered in packaged foods is increasing including frozen poultry products, frozen seafood products, sausages, sugar confectionery, instant noodles, savory snacks, dairy drinks, and soft drinks. New brands of unique with localized flavored products and multi flavors blend are also growing. Smaller, ready to eat packages with a lower purchase price attract more consumers.

Soybean-based products, such as tofu, tempe, and soy milk packed in a transparent plastic bag, are produced in homes and sold in traditional warungs, street food vendors or door to door. Beef heart is also popular among these sectors for use in making meatballs to be sold by traditional warungs and street food vendors.

The noodle industry contributes 50 percent of Indonesian wheat flour consumption followed by the bakeries (25 percent), biscuit procedures (15 percent), fried meals producers (5 percent), and households (5 percent). Approximately 90 percent of wheat flour used by the bakery industry is for lower and middle scale bakeries.

Table8. Popular processed food products with highest sales in retail outlets during 2008

Product type	Processed food
Baby food	Toddler milk formula
Baked goods	Bread, and filled pastry
Biscuit	Plain biscuit, Filled biscuits, Sandwich biscuit, Chocolate coated biscuit
Breakfast cereal	Children breakfast cereal and hot cereal
Canned/preserved food	Canned fish, preserved meat (sausages and corned beef)
Cheese	Unspreadable processed cheese
Chilled processed food	Chilled processed meat (beef sausages and beef ball)
Chocolate confectionery	Countlines, Tablets
Dried processed food	Package rice and instant noodle

Milk products	UHT milk, Powder milk, flavored milk drinks, Sweet Condensed Milk
Frozen processed food	Frozen processed poultry (chicken nugget, coated chickens, sausages), frozen processed beef (meat ball, sausages), frozen processed fish (fish balls, breaded fish finger), frozen Chinese snack (dim sum), frozen processed vegetables (mix packs, sweet corn)
Ice cream	Chocolate, vanilla, strawberry, chocolate chip, rum, and raisin flavor
Yogurt	Drinking yogurt
Pasta	Dried pasta (macaroni and spaghetti)
Sauces, dressing, and condiments	Soy and chili sauces
Spreads	Jam and preserve, Chocolate, and nut base spread
Sweet and Savory Snacks	Extruded snacks, Ccips/crisps, and microwave pop corn

Source: Euromonitor

Entry Strategy

The best entry strategy is to sell directly to the food processors, to food ingredient importers, larger general importers, or to multinational head quarters, depending on the end user. Participating in local food shows to introduce your products to a large audience and to meet with potential importers is strongly suggested.

According to local importers, while U.S. prices may be competitive, ingredients from European countries are the most popular. European suppliers are reportedly the most responsive to inquiries and more willing to tailor ingredients to meet specific tastes and needs.

Primary imports for food processing, such as wheat to be milled locally and skim milk powder, are commonly imported directly by the food processor. Essential complementary inputs such as flavorings or preservatives and other ingredients are usually bought from a local importing agent because they are used in smaller quantities and often have limited shelf life. Other inputs, such as whey, pop-corn, soybean, and beef offal are imported by larger general importers. The large scale food and beverage industry also imports refined sugar because locally refined sugar is considered priced higher, supply from the local refineries is unreliable, and quality is inconsistent.

Food processors that depend on a consistent supply of imported product may have an exclusive sales agreement with a local agent.

Many multinational food processors operating in Indonesia must follow global product specifications. These companies have central purchasing offices, often in the United States or in Europe.

Investment Trends

The AFTA (ASEAN Free Trade Agreement) zone, which gives favored treatment to regional production, will create further competition from ASEAN members, but may offer some

opportunities for U.S. suppliers as well. AFTA will make it easier for food processors based in one ASEAN country with good supporting investment facilities to distribute its products to neighboring countries. U.S. food ingredient suppliers should be able to ship food ingredient products in larger volumes to that country. On the other hand as more Indonesian processors export, it will offer opportunities for increased sale of U.S. ingredients to Indonesia as well.

The challenges Indonesian manufacturers continue to face are unreliable and high priced electricity, disruption of liquefied petroleum gas (LPG) supply and distribution, fluctuated fuel prices, increasing labor costs, lack of infrastructure, and cheaper processed products from neighboring ASEAN countries and China.

Consumption Trends

The majority of consumers are price conscious. The majority of Indonesians spend half of their income on food, but only 10 percent is spent on processed food and beverages. To address consumer price concerns, producers are providing smaller package sizes and single-serve packaging, refill packaging, and no-frill products. In addition, more consumers are making decisions based on health and wellness concerns and fortified foods are increasing in popularity. Noodle, bread, pasta and milk are starting to become important substitutes of rice as a common staple food. Fruity flavor is also popular for ice cream and yogurt.

Best Market Prospects

Best market prospects include food-use soybeans, beef, cheese and other dairy products, flavorings and other inputs, poultry MDM (mechanically deboned meat), dehydrated potato products, fruit concentrates, bakery ingredients, and wheat flour as an alternative to rice for use in processing noodles and baked goods. Growth opportunities also exist for food ingredients that can be used for fortification.

D. Distribution System

The distribution system is complex due to the widespread and diverse nature of the country with its 17,000 islands – 6,000 of which are inhabited. In many cases, the infrastructure is insufficient to handle refrigerated products, especially outside of the major cities and island of Java. Most agents and distributors of imported finished food products and food ingredients have a local reach, so there are hundreds of wholesalers and millions of retailers.

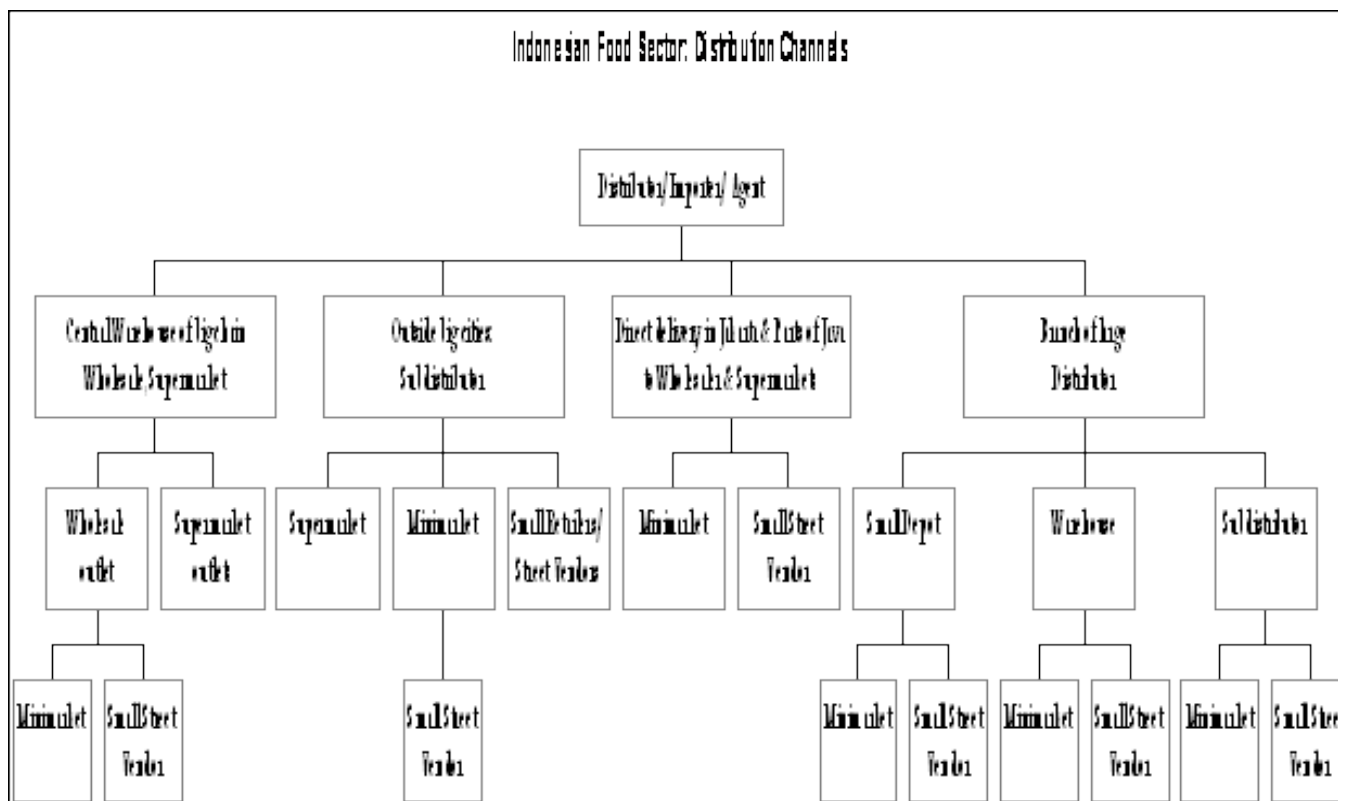
Inadequate ports are the single largest and most consistent complaint in every province among all levels of the distribution system. Ports have shallow drafts, which require smaller ships, inadequate loading and unloading facilities resulting in frequent congestion, unreliable shipping schedules, and an inadequate number of smaller ships serving eastern Indonesia, particularly

during periods of bad weather. As a result, there are frequent shortages and firms hold higher than desired inventories, with the accompanying higher costs.

Imported products that enter the Indonesian market often move to a distributor or agent, who in turn, sells them directly to modern retail outlets, food service industry, and food and beverage manufacturers. Delivery of the products may be direct to the stores or to the warehousing facilities of the retailer, food service provider, or processor. Only a few retailers buy directly from foreign suppliers and assume responsibility for logistical functions. Major food processors tend to import directly while smaller operations tend to buy through local agents.

The trade in fresh fruit differs from other consumer-ready food products. Fresh fruit imports are dominated by trading houses that specialize in fruit. Fresh fruit will change hands several times before reaching the consumer, usually at the wet market or curbside fruit stands.

The poor distribution system makes it difficult for restaurants and retailers to get a consistent supply of quality food products. Sometimes distributors sell outdated products that were purchased inexpensively or a frozen product that was not stored correctly and later refrozen. In addition, restaurants and retailers must deal with a large number of distributors since most of the distributors carry only a handful of products or carry a limited supply.



IV. BEST CONSUMER ORIENTED PRODUCT PROSPECTS

Best market prospects for imported product, as identified by FAS Jakarta based on The Indonesian Statistic World Trade Atlas website:

Product Category	2008 Import (\$mil)	2008 Import from US (\$mil)	5Yr. Avg Annual Import (value) Growth (%)	Import Tariff Rates	Key Constraints to Market Development (volume)	Market Attractiveness for USA
Dairy Products excl cheese	857	171 (Mainly Non fat dry milk, dried whey, whey protein concentrate, lactose, butter, casein)	28.3	5%	Halal issue and competition with New Zealand and Australia as a raw material for industry. Finished products imported from Philippines, Netherlands, Thailand	Demand for dairy processors, food & beverage industries, and bakeries are increasing
Fresh fruit	442	44 (Apples & Grapes, orange)	20.4	5% except mangoes and mandarin 25%	Competition with China, Thailand, Australia, South Africa, United Arab Emirates, Argentina, Egypt and Tunisia. Recent regulations inhibit some US fresh fruit imports	Health awareness pushes the demand for quality fresh products
Processed fruit & Vegetables	89	31 (French fries onion powder, potato flakes, garlic powder, sauces, raisin, maraschino cherry, tomato paste)	16.6	Mostly 5%	Competition with China, Canada, Thailand, Singapore, and Philippines	Modern retail outlet and modern life style support the growing demand of convenient food ingredients and finish product
Other consumer oriented food products	831	93 (edible non canned & non frozen prep, enzyme, other canned food, other edible prep, modified	15.8	5% except extract coffee 15%	Competition with Thailand, Malaysia, Singapore, China, New Zealand, South Korea, Australia, India, Netherlands and	Food service and food processors need more and consistent supply of products due to growth of the HRI sector

		starch, veg sap, mayonnaise, natural honey, coffee based prep)			France	
Fish & Sea food	119	3 (shrimp, tuna, and crab)	34	5%	Competition with China, Malaysia, Japan, Thailand, and Pakistan, and local products	High-end restaurants need non-tropical seafood products
Cheese	55	16 (fresh cheese, cheddar cheese, processed cheese, all kind of cheese)	13.4	5%	Competition with New Zealand and Australia	Demand from the food industry, HRI sector and bakeries are increasing
Pet foods	13	5 (Mostly dog & cat food)	27.9	5%	Competition with Thailand and Australia	Demand exists for niche market
Tree nuts	6	2 (Mostly Almonds)	35.4	5%	Competition with Thailand (US products pack here), Australia, China, Benin, Philippines, Vietnam, India, and Cote d'Ivoire and local I products	Fast-growing demand of bakery industry
Fruit & vegetable Juice	15	5 (mix fruit juice and juice fortified with minerals)	34.0	15%	Competition with Australia, South Korea, South Africa, Thailand, Brazil, Malaysia, China and Singapore	Increased consumption of fruit juice due to health awareness
Snack food excl nuts	56	1 (Mainly popcorn, potato chips, corn chip, cookies)	13.3	5%	Competition with Malaysia, China, Singapore, Germany, Thailand and local products	Retail industry development pushes sales of snack food products
Red meats fresh, chilled, frozen	202	3 (bovine heart & livers, boneless meat)	37.5	5%	Competition with Australia, New Zealand, and Canada. Recent regulations only allowed certain US plan to export beef to Indonesia	High demand of prime beef and choice for restaurants and offal for the lower to mid- class food service industry

Source: Global Trade Atlas and BICO

V. KEY CONTACTS AND FURTHER INFORMATION

Organization	Contact Person	Address	Phone	Fax
Government of Indonesia Contacts for Food & Beverage Control				
POM (National Agency for Drug and Food Control)	DR. Husniah Rubiana Thamrin Akib, MS., M.Kes, SpFk	Jl. Percetakan Negara 23, Jakarta Pusat, Indonesia	62-21-424-4688; 424-3605	62-21-425-0764
Ministry of Agriculture - Department of Agriculture-Directorate General of Livestock Services	Tjeppy D. Soedjana, Ph.D	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. Hari Priyono, MSi	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	E-Trade Building, ground floor, Jl. Wahid Hasyim No.55. Jakarta 10350, Indonesia	62-21-315-4241; 392-8545	62-21-3192-3267 E-mail: aprindo@cbn.net.id
ASSIBSINDO (Indonesian Fruit & Vegetables Exporters & Importers Association)	Kafi Kurnia - Chairman	Jl. Kemang Raya No. 1, Jakarta 12160, Indonesia	62-21-721-1358	62-21-721-1357 E-mail: ajaib@cbn.net.id
ASPIDI (Association of Indonesian Meat Importers)	Mr. Thomas Sembiring - Chairman	Wisma BNI 46, 9 th Floor Suite 9.05 Jakarta	62-21-574-2103	62-21-574-2104 Email: asp_1984@cbn.net.id
NAMPA (National Meat Producers Association)	Ir. Haniwar Syarif	Jl. Pembangunan II No. 27 Jatibening I, Pondok gede Bekasi 17412	62-21-9290-7948	62-8499-8279
APIKI (Indonesian Fish Cannery Association)	Hendri Sutandinata, MBA, Chairman	Jl. Cipinang Indah Raya No. 1, Jakarta 13420, Indonesia	62-21-819-6910	62-21-850-8587
IPS (Dairy Processor Association)	Mr. Sabana, Director & Mr. Syahlan Siregar	Wisma Nestle, 5 th . Arcadia Office Park, Jl. Letjen T.B. Simatupang Kav 88,	62-21-7883-6000 ext 1501	62-21- 7883-6001

	(Secretary)	Jakarta 12520		
GAPMMI (Indonesian Food & Beverage Association)	Mr. Thomas Darmawan	Building F, 2 nd Floor, Room 224A Ministry of Agriculture Jl. Harsono RM No. 3 Jakarta 12550	62-21-7032-2626/27	62-21-780-4347 E-mail: gapmmi@indosat.net.id www.gapmmi.or.id
Indonesian Cold Chain Association (ARPI/Assoc Rantai Pendingin Indonesia)	Ir. Hasanuddin Yasni, MM Executive Director	Graha Mustika Ratu Building, Mz Floor, Jl. Jend. Gatot Subroto Kav 74-75, Jakarta 12870	62-21-830-6609	62-21-830-6609 E-mail: arpi@arpionline.org ; arpi@cbn.net.id hsyasni@arpionline.org

U.S. Cooperator and MAP Participants				
Organization	Contact Person	Address	Phone	Fax
AgriSource Co., Ltd Regional representative for USA Dry Peas, Lentils & Chickpeas	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 Pistachio Commission, California Table Grape Commission, California Tree Fruit Agreement, Pear Bureau Northwest, Raisin Administrative Committee, United States Potato Board, 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 Grape Commission, Pear Bureau Northwest, Sun-maid Raisin, Sunkist Pistachious	Kafi Kurnia, Leonard Tjahjadi	Jl. Kemang Raya No. 1, Jakarta, Indonesia 12160 Wijaya Grand Center Blok D 14; Jl. Wijaya II; Jakarta 12120	(62-21) 721-1358 (62-21) 720-5077/6767	(62-21) 721-1357 (62-21) 720-5005 E-mail: peka@indo.net.id
PacRim Assoc. Ltd Regional Representative for	Dan Fitzgerald, Director	P.O. Box 1492, Nana Post Office, Bangkok	(66-2) 254-3768	(66-2) 254-3769 E-mail: usdec@pacrim.asia

the U.S. Dairy Export Council		10112, Thailand		
U.S. Meat Export Federation	Joel Haggard – Senior Vice President, Asia Pacific Region	101 Leighton Road, 8 th Floor, Zoroastrian Building, Causeway Bay, Hongkong	(852) 2890-7408	(852) 2576-7345 E-mail: hongkong@usmef.org www.usmef.org
	Sabrina, Asean Director	39 Tyrwhitt Road, 3 rd Floor Suite, Singapore 207538	(65) 6733-4255/6	(65) 6732-1977 E-mail: aingapore@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	Michael M Spier Vice President for South Asia	# 15-02 Liat Towers, 541 Orchard Road, Singapore 238881	(65) 6737-4311	(65) 6737-9359 E-mail: mspier@uswheat.org
	Mr. Husein Sutadisastra Indonesian Representative	C/O HBS & Associates Jl. Saung Gintung No. C-2, Cirendeu Jakarta 15419	62-21-749-1455	62-21-749-1455 Email: hbsuta@indo.net.id
American Soybean Association	John Lindblom 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 Association	A. Ali Basry, Director	Wisma Mitra Sunter #201, Blok C-2, Blvd Mitra Sunter, Jl. Yos Sudarso Kav 89, Jakarta, Indonesia 14350	(62-21) 651-4752/53	(62-21) 6583-1087 E-mail: asagrain@indosat.net.id
U.S. Grains Council	Adel Yusupov - Regional Director	Suite 3B-7-3A, Block 3B Level 7, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia	(60-3) 2273 6826	(60-3) 2273 2052 E-mail: usgkl@usgc.com.my

VI. OTHER RELEVANT REPORTS

Food and Agricultural Import Regulation and Standard Annual Report (ID9022):

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Jakarta_Indonesia_9-1-2009.pdf

New Requirements for Selected Food & Beverages (ID9001):

<http://www.fas.usda.gov/gainfiles/200901/146327020.pdf>

Import Requirement and Procedures for Processed Food (ID9004):

<http://www.fas.usda.gov/gainfiles/200903/146347608.pdf>

Newest List of Approved Halal Certification Bodies (ID9028)

Export Certificate FAIRS Annual Report (ID9026)

FAIRS Subject report: Indonesian Halal Trip Report (ID8017)

<http://www.fas.usda.gov/gainfiles/200806/146294960.pdf>

Food Processing Ingredients Update (ID9002):

<http://www.fas.usda.gov/gainfiles/200903/146337538.pdf>

Retail Sector Update (ID7036): <http://www.fas.usda.gov/gainfiles/200711/146293001.pdf>

Product Brief: Bakery Ingredients (ID6013):

<http://www.fas.usda.gov/gainfiles/200606/146198046.pdf>

Grain & Feed Annual Report (ID9006):

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Commodity%20Report_GRAIN%20_Jakarta_Indonesia_4-6-2009.pdf

Sugar Annual Report (ID9009):

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Commodity%20Report_SUGAR%20ANNUAL_Jakarta_Indonesia_4-20-2009.pdf

Oil seed and Products Annual Report (ID9013):

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Commodity%20Report_OILSEEDS%20AND%20PRODUCTS%20ANNUAL_Jakarta_Indonesia_5-5-2009.pdf

Dairy and Products Annual Report (ID9032)

APPENDIX I. STATISTIC

TABLE A. KEY TRADE & DEMOGRAPHIC INFORMATION

Item	Import from the World (\$ million)			U.S. Market Share (%)		
	2006	2007	2008	2006	2007	2008
Agricultural Products	6,138	8,845	10,778	17	17	23
Consumer-Oriented Agr.	1,706	2,378	2,848	11	11	13
Edible Fish & Seafood Products	44	54	119	5	9	3
Demographic Information: Indonesia						
2008, Total Population (million)			229	Annual Growth Rate in 2000-2008		1.36%
2005, Urban Population (million)			107.6	Annual Growth Rate in 2005-2010 (predicted)		3.8%
Number of major Metropolitan Areas			10			
2008, Size of the Middle Class (millions, predicted)			22-33	Growth Rate in 2008		N/A
2008, Per Capita Gross Domestic Product *			US \$2,222			
2008, Unemployment Rate			8.46%			
2008, Per Capita Average Food Expenditures *			US \$238			
2008, Percent of Female Population Employed			51%			
* Average US \$1=IDR 9,756 (2008)						

Source: Central Bureau of Statistic (BPS)

Exchange Rate (Rp./1US \$) on Period Month Ending Basis												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	9,369	9,280	9,117	8,826	9,212	9,353	9,124	9,119	9,205	9,110	9,165	9,020
2007	9,090	9,160	9,118	9,083	8,828	9,054	9,186	9,410	9,137	9,379	9,376	9,419

2008	9,304	9,051	9,199	9,234	9,318	9,225	9,118	9,153	9,378	9,708	12,151	10,950
2009	11,330	11,975	11,575	10,713	10,340	10,225	9,920	10,060	9,681	9,625		

Source: Central Bureau of Statistic (BPS-Badan Pusat Statistik) and Business Indonesia Daily Newspaper

TABLE B. CONSUMER FOOD & EDIBLE FISHERY PRODUCT IMPORTS

Indonesian Imports (in million of dollars)	Import from the World			Import from U.S.			U.S. Market Share (%)		
	2006	2007	2008	2006	2007	2008	2006	2007	2008
CONSUMER-ORIENTED AGRICULTURAL TOTAL	1,706	2,378	2,848	195	259	379	11	11	13
Snack Foods (Excl. Nuts)	47	42	56	0	0	1	1	1	2
Breakfast cereals & Pancake Mix	9	11	13	1	1	1	8	6	8
Red Meats, Fresh/Chilled/Frozen	86	150	202	0	0	3	0	0	1
Red Meats, Prepared/Preserved	14	11	7	0	1	1	0	6	14
Poultry Meat	5	8	10	0	0	5	4	5	50
Dairy Products (Excl. Cheese)	547	857	857	80	116	171	15	14	20
Cheese	31	46	55	3	5	16	11	11	29
Eggs & Products	4	6	7	1	1	1	18	12	14
Fresh Fruit	318	426	442	40	46	44	13	11	10
Fresh Vegetables	157	198	245	1	1	1	1	0	0
Processed Fruit & Vegetables	66	77	89	24	29	31	37	38	35
Fruit & vegetable Juice	8	10	15	1	2	5	9	15	33
Tree Nuts	6	6	6	3	2	2	42	38	33
Wine & Beer	0	0	1	0	0	0	0	0	0
Nursery Products & Cut Flowers	2	3	1	0	0	0	2	1	0
Pet Foods (Dog & Cat Food)	8	10	13	3	4	5	39	40	38
Other Consumer-Oriented Products	398	518	831	40	51	93	10	10	11
FISH & SEAFOOD PRODUCTS	44	54	119	2	5	3	5	9	3
Salmon	3	3	3	0	0	0	2	1	0
Surimi	0	2	4	0	0	0	27	17	0
Crustaceans	8	9	17	1	3	1	17	37	6
Groundfish & Flatfish	4	5	10	0	0	0	1	2	0
Molluscs	3	5	9	0	0	0	9	7	0
Other Fishery Products	26	29	77	0	1	0	1	2	0
AGRICULTURAL PRODUCTS TOTAL	6,138	8,845	10,778	1,038	1,500	2,439	17	17	23
AGRICULTURAL, FISH &	6,405	9,157	11,245	1,042	1,506	2,444	16	16	22

FORRESTRY TOTAL									
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Source: Global Trade Atlas

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

CONSUMER-ORIENTED AGRICULTURAL TOTAL - 400				FISH & SEAFOOD PRODUCTS-700			
(\$1,000)	2006	2007	2008	(\$1,000)	2006	2007	2008
China (Peoples Republic of)	362,091	464,727	549,819	China (Peoples Republic of)	9,605	6,538	25,103
New Zealand	195,695	328,478	420,196	Japan	4,492	4,509	23,846
United States	195,838	259,475	378,741	Malaysia	3,446	8,140	13,621
Australia	215,228	285,575	300,351	Thailand	3,836	5,381	10,557
Thailand	134,874	210,385	237,992	Pakistan	473	6,100	7,132
Malaysia	81,807	133,544	172,704	Singapore	4,430	2,913	5,804
Netherlands	92,469	123,738	112,240	Taiwan	1,687	1,599	4,122
Singapore	99,144	80,431	108,336	Vietnam	1,529	1,385	3,574
Philippines	75,615	98,153	99,985	United States	2,229	4,765	2,606
France	31,906	51,808	58,315	Chile	1,015	1,243	2,304
South Korea	29,592	19,622	36,388	Myanmar	469	1,507	2,245
Germany	17,628	34,952	35,017	Philippines	422	495	1,631
Ireland	10,017	25,728	33,438	South Korea	790	852	1,547
Canada	14,980	27,139	28,865	Norway	1,319	1,812	1,523
India	9,686	18,174	28,019	Australia	442	1,022	1,428
Brazil	9,450	22,046	27,927	India	247	1,460	1,414
Vietnam	6,340	5,143	17,734	Argentina	299	159	1,268
Belgium	11,380	26,195	16,076	Netherlands	199	1,273	1,114
Other	158,054	205,441	186,321	Other	10,510	14,312	8,359
World	1,706,176	2,377,815	2,848,464	World	44,489	53,515	119,198

Source: Global Trade Atlas

APPENDIX II. CALENDAR OR TRADE SHOWS IN INDONESIA

Name of Event: **FOOD & HOTEL INDONESIA 2010**

Event Location : Bali International Convention Center, Nusa Dua - Bali, Indonesia

Industry theme: The 7th International Exhibition for Equipment, Food, Beverages and Services to Support Indonesia's Tourism and Hospitality Industries; the 8th International Retail Technology, Equipment, Display, and Storage Exhibition

Dates of Event: **March 11-13, 2010**
Type of Event: International Exhibition
Name of Organizer: P.T. Pamerindo Buana Abadi
Phone of Organizer: (62-21) 316-2001
Fax of Organizer: (62-21) 316-1983/4
E-mail of Organizer: wiwiek@pamerindo.com
Web site: www.pamerindo.com

Name of Event: **Food Ingredient Asia 2010**
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 29-October1, 2010**
Type of Event: International Exhibition
Name of Organizer: P.T. Media Artha Sentosa
Phone of Organizer: (62-21) 7060-8638
Fax of Organizer: (62-21) 5830-1097
E-mail of Organizer: maria@excomindo.com
Web site: www.ingredientsnetwork.com

Name of Event: **FOOD & HOTEL INDONESIA 2011**
Event Location: Jakarta International Exhibition Center, Kemayoran,
Indonesia
Industry theme: The 11th International Hotel, Catering Equipment, Food and Drink Exhibition; The 9th International Retail Technology, Equipment, Display, and Storage Exhibition

Dates of Event: **April 6-9, 2011**
Type of Event: International Exhibition
Name of Organizer: P.T. Pamerindo Buana Abadi
Phone of Organizer: (62-21) 316-2001
Fax of Organizer: (62-21) 316-1983/4
E-mail of Organizer: wiwiek@pamerindo.com
Web site: ww.pamerindo.com

Author Defined: