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Report Highlights:

Indonesia is the 10th largest export destination for U.S. agricultural products. In 2018, the United States was the largest agricultural exporter to Indonesia, accounting for \$3.2 billion or 16 percent of the total value of imports. The top U.S. agricultural exports are soybeans, cotton, feeds and fodders, wheat, dairy, distillers' grains, prepared food, fresh fruit and beef and beef products.

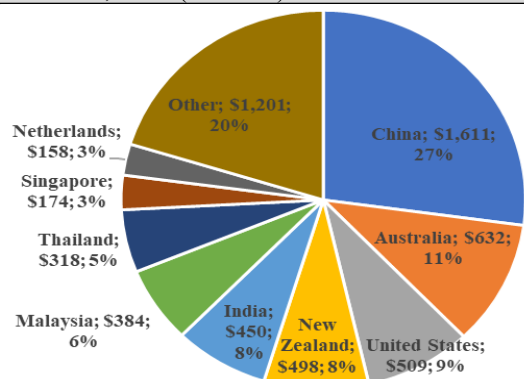
Post: Jakarta

Market Fact Sheet: Indonesia

Executive Summary

Indonesia is the fourth most populous nation in the world, with a population of approximately 265 million in 2018. Sixty percent of the population is on Java, one of the most densely populated areas in the world. In 2018, Indonesia’s GDP reached \$1,041 billion and GDP/capita reached \$3,927 (est.). Indonesia is a major producer of rubber, palm oil, coffee and seafood. In 2018, agricultural imports reached \$21.3 billion (\$5.9 billion was consumer-oriented products). In addition to consumer-oriented products, soybeans and wheat are top U.S. exports. Agricultural self-sufficiency is a stated goal of the Indonesian government and is often used to justify trade barriers and restrictions.

Import of Consumer – Oriented Products to Indonesia, 2018 (\$million)



Food Processing Industry

The food industry is comprised of approximately 5,700 large and medium-sized producers with 765,000 employees, and 1.61 million micro and small-scale producers, with 3.75 million employees. Most of the products are consumed domestically (mostly retail) and the market is considered very competitive. The value of the food and beverage processing industry is estimated at \$118 billion.

Food Retail Industry

Indonesian grocery retail sales reached \$108 billion in 2018 (traditional grocery retailers held 82 percent share). The sales growth for 2019 is forecast at 8.9 percent. There are four players in the hypermarket group (Carrefour/Trans Mart, Giant, Hypermart, and Lotte Mart), and six in the supermarket segment Alfa Midi, Hero, Superindo, Ranch Market & Farmers Market, Food Mart, The Food Hall). Major Convenience stores include Indomaret and Alfamart.

Food Service Industry

The foodservice activity’s total contribution to GDP was about \$22 billion (Rp317 trillion) in 2018 and registered about 7.2 percent growth. The sector is dominated by small restaurants, street-side restaurants known as warungs, and vendors that sell food to customers on the street.

Quick Facts for 2018

Agricultural Product Imports: \$21.3 billion
U.S. Share (16%) – \$3.3 billion

Consumer-Oriented Product Imports: \$5.9 billion
U.S. Share (9%) – \$509 million

Edible Fish & Seafood Product Imports: \$311 million
U.S. Share (8%) – \$24 million

Top 10 Growth Products:
Baked goods, baby food, dairy products, confectionery, processed meat & seafood, savoury snacks, sauces, dressing & condiments, sweet biscuits, snack bars & fruit snacks, and ice cream & frozen desserts

Top 10 Retailers
Indomart, Alfamart, Transmart/Carrefour, Alfa Midi, Hypermart, Giant, Hero, Lotte Mart, Superindo, Giant, Hypermart, Alfa Midi, Superindo, Lotte Mart, Food Mart, Hero

GDP/Population
2018 Population (millions): 265
2018 GDP: \$1,041 Billion
2018 GDP per capita: \$3,927

Economic Growth
2018: 5.17%
2017: 5.07%

Source: Indonesia Statistics, TDM and Euromonitor

Strength/Weakness/Opportunities/Challenge	
Strengths	Weaknesses
Large Consumer Base	Inadequate infrastructure, including ports and cold storage facilities outside of the main island of Java
Opportunities	Challenges
Rapid growth of retail sector; Japanese, Korean, and Western restaurant chains; bakeries, growing HRI and tourism sectors.	Challenging business climate and unpredictable regulatory environment.

Contact: FAS Jakarta, Indonesia
AgJakarta@fas.usda.gov / www.usdaindonesia.org

SECTION I. MARKET OVERVIEW

U.S. agricultural exports to Indonesia reached a record \$3.2 billion in 2018, with strong demand across bulk, intermediate and consumer-oriented goods. Already the largest economy in Southeast Asia, Indonesia is forecast to become the world's fourth largest economy by 2050, behind China, India and the U.S.¹ Indonesia's 34 provinces with a total population of 265 million include some of the most densely populated areas on the planet, such as the capital Jakarta (15,764 inhabits/km²)². The country is dominated by productive age (15 – 64 years) citizens, which account for 67.7 percent of the total population. These consumers are increasingly seeking new products with a focus on healthy lifestyle. Indonesia's middle-class is forecast to reach 85 million by 2020 and 135 million in 2030³, further driving consumer demand while providing a significant opportunity for imported food and beverages.

Indonesia has maintained positive economic growth in recent years, supported by domestic infrastructure investment, stable inflation and large employment opportunities. Indonesia's sovereign credit rating was recently upgraded to BBB by S&P Global Ratings⁴. Economic growth is forecast to reach 5.2 percent in 2019.

Indonesia's longstanding ambition for self-sufficiency in key agricultural areas remains a priority and many regulations have been issued to support the goal. These regulations often create barriers for imported products, especially those which may compete with locally produced varieties. For additional information on Indonesia's trade barriers please refer to [U.S. Trade Representative's National Trade Estimate on Foreign Barriers to Trade - 2019](#).

Key Economic Data

	2014	2015	2016	2017	2018
Economic Growth	5.0	4.9	5.0	5.1	5.2
GDP (billion \$)	849.7	835.5	923.0	1,002.9	1,024.6
Inflation	8.4	3.4	3.0	3.6	3.1
Unemployment	5.9	6.2	5.6	5.5	5.3
Population (million)	252.2	255.5	258.7	261.9	265

Source: [Central Bureau of Statistics, Indonesia](#)

¹ <https://www.pwc.com/gx/en/issues/economy/the-world-in-2050.html>

² [Statistical Yearbook of Indonesia 2018](#)

³

https://www.mckinsey.com/~media/mckinsey/featured%20insights/asia%20pacific/the%20archipelago%20economy/mgi_unleashing_indonesia_potential_executive_summary.ashx

⁴ <https://www.bloomberg.com/news/articles/2019-05-31/indonesia-s-credit-rating-upgraded-by-s-p-on-growth-prospects>

Indonesia: Advantages and Challenges

Advantages	Challenges
Indonesia is the largest economy in Southeast Asia, with a rapidly growing middle class.	Income inequality, especially in rural areas.
Increasing urbanization and growth of modern retail sector, second-tier cities and tourist destinations.	U.S. agricultural products face strong competition from Thailand, Australia, China and Argentina.
Convenience store format fastest growing modern sales channel.	Limited imported packaged foods sold through convenience stores.
Indonesian is the fastest growing internet economy in Southeast Asia, making it easier for consumers to follow the latest food trends. ⁵	Currently U.S. products are concentrated in big cities and mostly available in modern retailers.
Quality, variety and production of local fresh fruits are not stable.	Importing horticultural products requires two-step license from MoA and MoT, often causing delays.

SECTION II. EXPORTER BUSINESS TIPS

Market Research

Contact information for many importers may not be available publicly. Many importers may operate multiple companies to provide easier clearance of goods through Customs. [FAS Jakarta](#) can assist exporters seeking initial market entry or to gain information on potential buyers. U.S. Exporters also can reach out to [local or regional USDA Cooperators](#) for additional market information.

It is critical to always conduct due diligence on importers before conducting any business, especially for first-time buyers. Indonesian Customs regulations make it very difficult to re-sell or re-export products that have arrived at Indonesian ports. Any change to the consignee will require approval from the original consignee. It is recommended that secure payment terms, such a Letter of Credit, be used to the extent possible.

Local Business Customs

U.S. exporters should be aware of the following business culture in Indonesia:

- Business deals can take longer to confirm as buyers prefer to build a good relationship before doing business.
- Buyers may be slow to respond to e-mails, especially if they do not know the sender. Indonesians generally prefer a face-to-face meeting.

⁵ [Google Insights 2018](#)

- Buyers may communicate indirectly (e.g. "yes" doesn't necessarily mean they agree as culturally they may prefer to not to say anything negative).
- Indonesia has many different ethnic groups, but Javanese are the largest ethnic group in the country. Ethnic Chinese Indonesians operate many businesses in Indonesia.
- The Muslim holiday of Eid-ul-Fitr is the longest annual holiday in Indonesia. During the preceding month of Ramadan many Indonesians fast and the pace of business slows.
- It is not common to refer to someone by their first or last name. Indonesians instead often use courtesy titles such as Mr/Mrs (Bapak/ Ibu).
- Batik is the national cloth and many businessmen wear this as daily attire.

General Consumer Tastes and Trends

- Traditional and modern snack foods are popular in Indonesia and are increasingly combined with western styles by adding products such as cheese, premium beef, and dried fruits and nuts (e.g. almonds, raisins).
- Demand for healthy food is increasing, particularly among middle to upper income consumers. Those consumers are well-educated and have easy access to information.
- Convenience stores are growing rapidly compared to other channels. These stores provide a wide range of food and beverage items e.g. ready-to-eat meals; ready-to-drink juice, coffee, milk; cheese; ice cream; confectionary; bakery and packaged fresh fruit.

SECTION III. IMPORT FOOD STANDARDS & REGULATIONS/ IMPORT PROCEDURES

Please see below links for information on import procedures, regulations, tariffs, approved U.S. establishments and retail products:

- [Retail Product Registration Guide for Imported Food and Beverages](#)
- [Food and Agricultural Import Regulations and Standards Report \(FAIRS Annual Country Report\) 2018](#)
- [Food and Agricultural Import Regulations and Standards - Certificates 2018](#)
- [Tariffs and FTA Information - Based on HS Code](#)
- [List of U.S. Processed and Retail Products in Indonesia](#)
- Approved U.S. establishment; [Dairy Products](#), [Meat Products](#), [Pet Food](#)
- [U.S. Dairy Plant Registration Guidelines](#)

SECTION IV. MARKET SECTOR STRUCTURE AND TRENDS

Top 5 Consumer-Oriented Products for Growth

Beef

In 2018, Indonesia imports of beef rose by 29 percent to 211,042 tons, valued at \$725 million. Rising consumer demand and efforts from GOI to stabilize prices in the local market have created an opportunity for imports. U.S. beef exports, which reached over \$63 million in 2018

and are expected to reach over \$80 million in 2019, serve both traditional dishes such as soto (meat soup in coconut milk), and bakso (meatball) as well as high-end HRI and retail sales.

Dairy Products

Over the past five years demand for imported dairy products has increased by around 5 percent annually, triggered by low local milk production, healthy lifestyle trends, increasing income among middle class consumers and new product launches. In 2018, Indonesia imported 514,708 tons, worth US\$1.2 billion with major categories including powdered milk, lactose, whey protein, butter and fresh cheese. For further information regarding this sector please see our report on [Indonesia Dairy and Product Annual 2019](#).

Fresh Fruits

Although Indonesia produces a diverse range of tropical fruits, demand for imported fresh fruits continues to increase. In 2018 Indonesia imported \$1.2 billion of fresh fruits including pears, apples, grapes and oranges/ mandarins, which together accounted for 86 percent of total import volume. Other popular imported fruits include dates, raisins, blueberries and cherries.

Snack Foods

Modern retailers report strong demand for snack foods at locations across the country. Sales of imported packaged food products are mostly sold through supermarkets or hypermarkets. Although registration requirements for retail packaged products can be burdensome, exporters who find the right importing partner are often rewarded with limited competition from similar product categories.

Food Preparations

In 2018, imports of food preparation products such as baking inputs (corn starch, malt extract, baking powders, yeasts etc.), ingredients for beverage bases, thickener and protein concentrate increased 32 percent.

Market Sector Structure

Retail Sector

The number of convenience stores in Indonesia reached to more than 30,000 with sales totaling \$12 billion⁶. Convenience stores have contributed to the growth of packaged food in Indonesia, as store expansions to rural areas has created opportunities to sell more packaged product across the country. Comparatively, the growth of supermarkets and hypermarkets has been slow with total stores reaching only 1,746⁷. Please see this report [Indonesia: Retail Foods Update 2019](#).

Food Processing Sector

⁶ Based on Euromonitor data 2018

⁷ Based on Euromonitor data 2018

In 2018, the retail sales value of packaged food accounted for \$29 billion⁸. [Indofood](#), [Mayora Indah](#), [Garuda Food Group](#), [Wings Group](#) are a few of the largest food processors in Indonesia, producing a variety of products such as snack foods, noodles, dairy, and beverages. Many food processors source their raw materials from overseas such as wheat, milk powder, chipping potatoes, onion/ garlic powder, cheese, raisins, and corn starch. Please see this report [Indonesia: Food Processing Ingredients 2019](#) for further information.

Foodservice Sector

International brands have expanded their stores steadily to meet demand from an increasing middle class, young and urban consumers, and shifting consumption trends toward a healthy on-the-go lifestyle. Many now incorporate higher-quality imported ingredients. Please see this report [Indonesia: Foodservice Update 2019](#) for further information.

SECTION V. AGRICULTURAL AND FOOD IMPORTS

Indonesia agricultural imports reached over \$21 billion in 2018, a 12 percent over the previous year. Strong demand for wheat, soybean meal, beef, fresh fruits, this triggered by demand of rice, soybeans, beef, fresh fruits, dairy and various feed ingredients were leading import categories. The U.S., China, Thailand, Australia and Argentina are the top five suppliers of agricultural products to the market, representing 57 percent of the total imports by value.

Agricultural & Food Import Statistics

Top 15 Indonesia Imports Agricultural Products (2014 - 2018)								
Description	Calendar Year (Value: Mil USD)					January-September		
	2014	2015	2016	2017	2018	2018	2019	%Δ 2019/18
Wheat	2,387	2,083	2,408	2,648	2,571	1,792	2,164	20.74
Soybean meal	2,201	1,819	1,580	1,648	2,050	1,483	1,188	-19.87
Sugars & Sweeteners	1,490	1,430	2,293	2,271	2,038	1,446	1,202	-16.88
Cotton	1,401	1,088	1,087	1,325	1,442	1,126	883	-21.58
Other Intermediate Products	818	840	815	736	1,260	934	929	-0.61
Dairy Products	1,517	1,048	968	1,168	1,209	860	927	7.81
Fresh Fruit	727	611	783	1,101	1,202	818	858	4.82
Soybeans	1,177	1,034	959	1,151	1,103	837	778	-6.97
Rice	388	352	532	144	1,037	940	117	-87.51
Food Preps. & Misc. Bev	718	680	646	693	805	601	641	6.64
Beef & Beef Products	444	251	569	586	725	499	575	15.09
Tobacco	570	412	477	619	696	494	413	-16.24

⁸ Based on Euromonitor data 2018

Live Animals	682	549	614	546	607	417	452	8.44
Fresh Vegetables	493	460	571	687	590	345	360	4.19
Cocoa Beans	341	170	185	487	529	412	436	5.81
Other Product	3,572	3,129	2,891	3,129	3,441	2,654	2,559	-3.6
Total	18,926	15,956	17,378	18,939	21,305	15,658	14,482	-7.51

Source: [TDM 2019](#)

Best High-value, Consumer-Oriented Product Prospects Categories

Product	Import Value (\$Million) CY 2018	Import Quantity (thousand ton) CY 2018	Major Suppliers	
Dairy Products	1,209	515	1. New Zealand (33%) 2. The U.S. (14%) 3. Australia (10%)	4. France (9%) 5. Netherlands (7%)
Fresh Fruit	1,202	607	1. China (61%) 2. Thailand (9%) 3. Australia (8%)	4. The U.S. (7%) 5. Pakistan (6%)
Food Preps. & Misc. Bev	805	251	1. Malaysia (19%) 2. China (14%) 3. Singapore (14%)	4. The U.S. (12%) 5. South Korea (9%)
Beef & Beef Products	725	211	1. Australia (47%) 2. India (39%) 3. The U.S. (7%)	4. New Zealand (6%) 5. Spain (1%)
Processed Vegetables	146	101	1. China (34%) 2. The U.S. (31%) 3. Belgium (9%)	4. Netherlands (9%) 5. Canada (4%)
Processed Fruit	139	79	1. Egypt (16%) 2. China (15%) 3. Tunisia (15%)	4. The U.S. (11%) 5. U.A.E (8%)
Snack Foods	120	37	1. Malaysia (29%) 2. China (29%) 3. Thailand (16%)	4. Germany (5%) 5. Italy (5%)
Condiments & Sauces	97	58	1. China (25%) 2. Malaysia (22%) 3. Thailand (14%) 4. Singapore (11%)	5. Taiwan (6%) 6. Japan (4%) 7. The U.S. (3%)
Dog & Cat Food	93	91	1. Thailand (69%) 2. France (13%) 3. China (9%)	4. Australia (5%) 5. The U.S. (5%)
Non-Alcoholic Beverage	70	83	1. Malaysia (49%) 2. South Korea (29%) 3. Thailand (18%)	4. The U.S. (1%) 5. Taiwan (1%)
Tea	52	18	1. China (36%) 2. Vietnam (17%) 3. Kenya (12%)	4. Thailand (8%) 5. Japan (4%)
Tree Nuts	52	19	1. China (34%)	4. Australia (9%)

			2. The U.S. (23%) 3. Vietnam (13%)	5. Cote d'Ivoire (7%)
Fruit & Vegetable Juices	22	12	1. Brazil (30%) 2. China (14%) 3. The U.S. (11%)	4. Australia (10%) 5. Austria (7%)
Wine & Beer	22	9	1. Australia (21%) 2. France (18%) 3. Italy (15%)	4. Singapore (10%) 5. Chile (6%)
Meat Products	15	3	1. Australia (90%) 2. France (5%) 3. The U.S. (2%)	4. China (1%) 5. South Korea (1%)
Eggs & Products	12	2	1. India (61%) 2. Ukraine (22%) 3. Germany (6%)	4. The U.S. (4%) 5. France (3%)
Pork & Pork Products	9	0.08	1. China (72%) 2. the U.S. (25%)	3. Denmark (2%) 4. Australia (1%)

Source: [TDM 2019](#)

SECTION VI. KEY CONTACTS AND FURTHER INFORMATION

FAS/ Jakarta

U.S Embassy

Jl. Medan Merdeka Selatan 5 Jakarta

Web: www.usdaindoneisa.org

E-mail: AgJakarta@fas.usda.gov

Tel: +62 21 50831162

Food Standard and Registration

The National Agency for Drug

And Food Control (BPOM)

Web: www.pom.go.id

Indonesian Food & Beverage Association

Web: www.gapmmi.or.id

Email: gapmi@cbn.net.id

Indonesian Fruit & Vegetables Exporters & Importers Association

Email: info@aseibssindo.org

Association of Indonesian Meat Importers

Email: asp_1984@cbn.net.id

National Meat Processor Association

Web: www.nampa_ind.com

Email: nampa@napa-ind.com

Dairy and Meat Approval

Directorate General of Livestock
and Animal Health Services

www.ditjennak.pertanian.go.id

Animal/Plant Quarantine and Inspection

Indonesian Agricultural Quarantine Agency

www.karantina.pertanian.go.id

U.S Cooperators and MAP Participants

U.S Cooperators and MAP

Calendar or Trade Shows in Indonesia

- Name of Event: **FOOD, HOTEL & TOURISM BALI 2020**
Event Location: Bali International Convention Center, Nusa Dua - Bali, Indonesia
Industry theme: The 11th International Exhibition for Equipment, Food, Beverages and Services to Support Indonesia's Tourism and Hospitality Industries;
Dates of Event: **April 16 - 18, 2020**
Type of Event: International Exhibition
Name of Organizer: P.T. Pamerindo Buana Abadi
E-mail of Organizer: wiwiek@pamerindo.com
Web site: www.pamerindo.com or www.fhtbali.com
- Name of Event: **HOTELEXPO INDONESIA 2020**
Event Location: Jakarta International Expo (JIEXPO)
Industry theme: Hotelexpo Indonesia and Specialty Food Indonesia covers the latest trend and innovation in hospitality and culinary sector.
Dates of Event: **July 22 - 24, 2020**
Type of Event: International Exhibition
Name of Organizer: P.T. Pamerindo Buana Abadi
E-mail of Organizer: wiwiek@pamerindo.com
Web site: www.pamerindo.com or www.hotelexpoundonesia.com
- Name of Event: **INDO LIVESTOCK 2020**
Event Location: Balai Sidang Jakarta Convention Center
Industry theme: Indonesia's No. 1 Livestock, Feed, Dairy and Fisheries Industry Show
Dates of Event: **July 08 - 10, 2020**
Type of Event: International Exhibition
Name of Organizer: P.T. Napindo Media Ashatama
E-mail of Organizer: contact@merebo.com
Web site: <https://indolivestock.merebo.com/>
- Name of Event: **FOOD INGREDIENT ASIA 2020**
Event Location: Jakarta International Exhibition Center, Kemayoran, Indonesia
Industry theme: The only exhibition that unites the growing ASEAN food ingredients community in one place. The location alternates with Bangkok. The fair encompasses all ingredients.
Dates of Event: **September 09 - 11, 2020**
Type of Event: International Exhibition
Name of Organizer: [Informa Markets](http://informamarkets.com)
E-mail of Organizer: informamarkets@informa.com
Web site: <https://www.figlobal.com/asia-indonesia/>
- Name of Event: **SIAL InterFOOD 2020**
Event Location: Jakarta International Exhibition Center, Kemayoran, Indonesia
Industry theme: Dedicated B2B Platform for the Indonesia and ASEAN Food & Beverage Industry

Dates of Event: **November 11 - 14, 2020**
Type of Event: International Exhibition
Name of Organizer: Krista Exhibitions
E-mail of Organizer: info@kristamedia.com
Web site: <https://sialinterfood.com/>

Attachments:

No Attachments