

Voluntary Report – Voluntary - Public Distribution

Date: June 29, 2022

Report Number: ID2022-0016

Report Name: Overview of Indonesia Free Trade Agreements

Country: Indonesia

Post: Jakarta

Report Category: Country/Regional FTA's

Prepared By: FAS Jakarta

Approved By: Jasmine Osinski

Report Highlights:

Indonesia, the largest economy in Southeast Asia, was the 11th largest market for U.S. agricultural exports in 2021 valued at \$24.5 billion. Indonesia is party to 14 Free Trade Agreements (FTA), creating tough competition for U.S. agricultural exports. Indonesia's major FTA partners (i.e., Australia, New Zealand, China, etc.) also benefit from proximity. However, five U.S. agricultural products that are affected by these FTAs remain competitive despite higher tariffs and declining tariff rate quotas. Tree nuts, processed vegetables, corn, beef, and dairy exports from the U.S. totaled more than \$516 million in 2021.

I. Executive Summary

Despite having no bilateral trade agreement, the United States and Indonesia meet regularly under the 1996 bilateral [Trade and Investment Framework Agreement](#) (TIFA). This report analyzes Free Trade Agreement (FTA)-related competition that U.S. agricultural exports face in Indonesia and includes a brief overview of the various FTAs that Indonesia currently has with other trading partners, market share summaries, and a competitiveness comparison vis-à-vis U.S. products in the Indonesian market. Section III examines the market share of top U.S. agricultural commodities to Indonesia from 2017 to 2021, comparing the tariff rates they face with those of each FTA.

Based on the value of Indonesia's 2021 agricultural imports, U.S. agricultural products faced the most competition from Indonesia's FTA partner countries such as New Zealand, Australia, India, and the People's Republic of China (PRC). The FTA between ASEAN and New Zealand created the toughest competition for U.S. beef and dairy products. Beef and dairy imports from all origins to Indonesia totaled \$2.8 billion in 2021.

In terms of applied FTA rate and market share competition, at least 11 U.S. product groups worth \$464 million had less than 10 percent of market share in 2021 due to FTA competition. However, five U.S. agricultural products (i.e., tree nuts, processed vegetables, corn, beef, and dairy), which are disadvantaged by competitor's FTA tariff rates, still managed to capture more than 10 percent of their respective markets in 2021. These U.S. exports to Indonesia totaled more than \$516 million in 2021.

II. Overview of Indonesia's Free Trade Agreements

Indonesia is party to several multilateral trade agreements. It is one of the signatories of the Association of Southeast Asian Nations (ASEAN) and part of the ASEAN Free Trade Area, which went into effect in 1993. Since then, ASEAN has concluded preferential trade agreements with the PRC, South Korea, Japan, India, Australia, New Zealand, and Hong Kong. Indonesia is also a part of the Developing Eight (D-8) Organization for Economic Cooperation, whose preferential trade agreement (PTA) among member countries went into force in 2011. Other D-8 members include Bangladesh, Egypt, Iran, Malaysia, Nigeria, Pakistan, and Turkey. In November 2021, a Comprehensive Economic Partnership between Indonesia, and the European Free Trade Association (EFTA) entered into force after being signed in 2018 following 14 rounds of negotiations.

Bilaterally, Indonesia has signed free trade agreements (FTAs) with Japan, Pakistan, Chile, Australia, Mozambique, and the Palestinian Territories. The FTA with Mozambique has been ratified and is awaiting the issuance of tariff regulations. An FTA with the European Union (EU) was signed in 2018 and entered into force in November 2021.

Table 1. Summary of Indonesia's Preferential Trade Agreements

No	FTA	In Force	Partners	2022 Tariff Regulation
1	ATIGA	1993	ASEAN members	MOF 43/2022
2	AC-FTA	2005	ASEAN, PRC	MOF 46/2022
3	AK-FTA	2007	ASEAN, Korea	MOF 45/2022
4	AJ-CEP	2008	ASEAN, Japan	MOF 48/2022
5	IJ-EPA	2008	Indonesia, Japan	MOF 50/2022
6	AANZ-FTA	2010	ASEAN, Australia, New Zealand	MOF 44/2022
7	AI-FTA	2010	ASEAN, India	MOF 47/2022
8	PTA-G8	2011	Indonesia, Bangladesh, Iran, Malaysia, Egypt, Nigeria, Pakistan, and Turkey	MOF 57/2022
9	IP-PTA	2013	Indonesia, Pakistan	MOF 52/2022
10	AHK-FTA	2019	ASEAN, Hong Kong	MOF 49/2022
11	IC-CEPA	2019	Indonesia, Chile	MOF 55/2022
12	IA-CEPA	2020	Indonesia, Australia	MOF 54/2022
13	IE-CEPA	2021	Indonesia, EFTA (Iceland, Liechtenstein, Norway, and Switzerland)	MOF 56/2022
14	IP-TFCP	2021	Indonesia, Palestinian Territories	MOF 53/2022

Source: Ministry of Trade (MOT), Ministry of Finance (MOF)

Two FTAs were recently concluded and are awaiting approval from the House of Representatives (DPR): the Regional Comprehensive Economic Partnership (RCEP) agreement and the Indonesia-Korea Comprehensive Economic Partnership Agreement (IK-CEPA). RCEP's member countries are Australia, Brunei, Cambodia, PRC, Indonesia, Japan, South Korea, Laos, Malaysia, Myanmar, New Zealand, the Philippines, Singapore, Thailand, and Vietnam. Several other FTAs are currently being negotiated with India, Turkey, Tunisia, Morocco, Bangladesh, Iran, Mauritius, Canada, and the United Arab Emirates.

The Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) is one FTA that particularly puts U.S. products at a disadvantage in the Indonesian market, especially meat, apples, and wheat. Signed in 2019, the IA-CEPA builds upon the pre-existing ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA), further reducing tariffs and providing additional cooperative mechanisms for addressing non-tariff barriers and import licensing. Like the IA-CEPA, the AANZFTA also puts U.S. products at a disadvantage in the Indonesian market, especially for products like meat, apples, dairy products, and lumber.

Several of these FTA's utilize a Tariff Rate Quota (TRQ) structure, allowing reduced in-quota tariffs. Within IA-CEPA, there are TRQs for beef, sheep, live cattle, fresh citrus, and fresh vegetables. The volumes for these TRQs expand at fixed increments over time.

Some of these FTAs specifically address Non-Tariff Measures. The IA-CEPA established a Committee on Trade in Goods within 360 days of the date of entry into force. The Committee is supported by various sub-committees including a Sub-Committee on Sanitary and Phytosanitary Matters, a Sub-Committee on Technical Barriers to Trade, and a Sub-Committee on Trade Facilitation. The mechanism suggests the Committee will consider the commercial significance of trade as well as less trade-restrictive alternatives but stops short of outlining specific enforcement mechanisms (see more in GAIN Report [ID1902](#)).

Based on Indonesia's 2021 import value, U.S. agricultural products faced the most competition from Indonesia's 1 FTA partner countries such as New Zealand, Australia, India, and People's Republic of China (PRC). The FTA between ASEAN and New Zealand created especially stiff competition for U.S. beef and dairy products. Beef and dairy imports from all origins to Indonesia totaled \$2.8 billion in 2021 (see Figure 12).

The United States' second largest FTA competitor in the Indonesian market is Australia, whose exports of beef products, grapes, and oranges to Indonesia totaled \$1.3 billion combined in 2021. In the same year, Indian dried onion, and rice exports to Indonesia, which benefit from FTA tariff rates, totaled \$209 million. The PRC also enjoys FTA tariff rates with Indonesia; however, despite benefitting from FTA tariff rates for many products, the total import value of these products reached only \$1 billion last year in 2021.

Table 2. FTA Competing Products and Their Import Value 2021

Indonesia FTA Partner Country/ies	Competing products and market share	Indonesia Import value from all origins 2021 (\$ million)	
		Value	Combined
New Zealand	Beef and beef products (7 percent)	970	2,864
	Dairy products (32 percent)	1,894	
Australia	Beef and beef products (46 percent)	970	1,317
	Grape (17 percent)	315	
	Orange (27 percent)	32	
India	Dried onions (20 percent)	26	209
	Rice (53 percent)	183	
PRC	Apple (85 percent)	374	968
	Mandarin (59 percent)	174	
	Grape (62 percent)	315	
	Protein concentrate (79 percent)	57	
	Plywood (83 percent)	48	
Pakistan	Mandarin (32 percent)	174	398
	Rice (13 percent)	183	
	Ethanol (89 percent)	41	
Thailand	Rice (17 percent)	183	532
	Corn (3 percent)	297	
	Soy Oil (45 percent)	52	
Vietnam	Rice (16 percent)	183	183

Source: Trade Data Monitor

At least 11 U.S. product groups exported to Indonesia, totaling \$464 million in 2021, appear to be negatively affected by FTA competition as they make up less than 10 percent of their respective markets in Indonesia (see Table 3). However, five U.S. product groups exported to Indonesia, totaling \$516 million in 2021, captured more than 10 percent of their respective markets in Indonesia despite facing FTA tariff competition. These products are tree nuts, processed vegetables, corn, beef, and dairy products. The top U.S. agricultural exports to Indonesia in terms of value were products that are not disadvantaged by FTA competition, such as soybeans, wheat, cotton, and wood products.

Table 3. U.S. Agricultural Exports to Indonesia and FTA Competition (2021 Import Values)

	U.S. Commodities Imported at MFN Rates, Facing FTA Competition	U.S. Commodities Imported at MFN Rates, Facing FTA Competition
Market share <10 percent	Soy meal (\$55 million) Wheat (\$134 million)	Ethanol (\$20 thousand) Soy oil (\$318 thousand) Pork and pork products (\$1 million) Plywood (\$1.6 million) Baked goods, cereals, and pasta (\$3 million) Condiments and sauces (\$3 million) Pet food (\$4 million) Nonalcoholic beverages (\$5 million) Processed fruits (\$10 million) Processed vegetables (\$41 million) Fresh fruit (\$78 million)
Market share >10 percent	Log (\$1 million) Veneer (\$11 million) Lumber (\$38 million) Cotton (\$217 million) Soybean (\$1287 million)	Tree nuts (\$11 million) Processed vegetables (\$41 million) Corn (\$41 million) Beef and beef products (\$107 million) Dairy product (\$316 million)

Source: Trade Data Monitor

III. U.S. Commodity Analysis

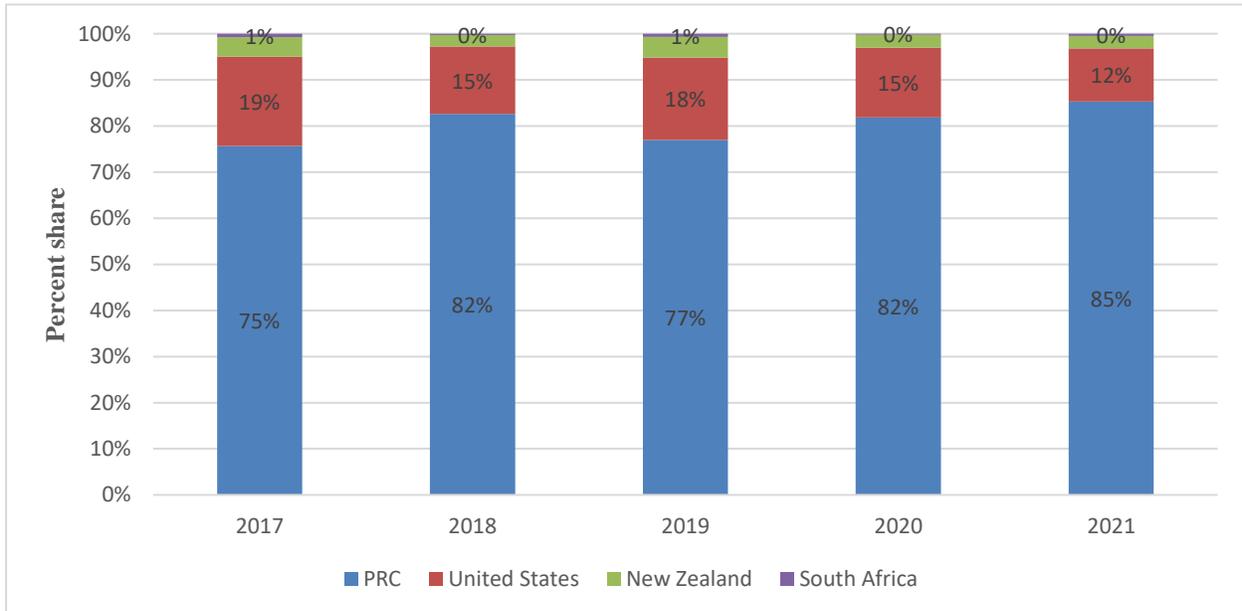
Horticultural Products (Fresh Fruits)

Although Indonesia produces a diverse range of tropical fruits, demand for imported fresh fruits continues to increase. In 2021, Indonesia imported 710,867 metric tons (MT) of fresh fruits (US\$1.1 billion), the highest amount since 2012. Major fruits imported include pears, apples, mandarins, and grapes, which together accounted for 87 percent of Indonesia’s total fruit import volume. Other popular imported fruits include tropical fruits (e.g., longans, lychees, etc.), oranges, lemons, kiwi, plums, strawberries, cherries, and peaches.

The PRC is Indonesia’s main source of imported fruits, accounting for 72 percent of its total volume of imported fruits in 2021 (mostly pears, apples, grapes, and mandarins), followed by Thailand (8 percent), Pakistan (5 percent), the United States (4 percent), and Australia (4 percent). These countries, except the United States, have a preferential zero tariff for their fruit exports to Indonesia such as apples and grapes, both of which are major U.S. exports to Indonesia (see Table 5).

Indonesia’s FTAs also established TRQs for certain horticultural products. For example, under the IACEPA with Australia, mandarins are subject to a zero-tariff rate (in-quota tariff) on imports within a specified quantity and 18.75 percent rate (out-of-quota tariff) on imports exceeding that quantity. Under the AANZFTA with New Zealand, which uses a progressive tariff schedule, mandarins from New Zealand are subject to a 25 percent rate until 2024 (5 percent higher than the MFN rate) but will be subject to an 18.75 percent rate starting in 2025.

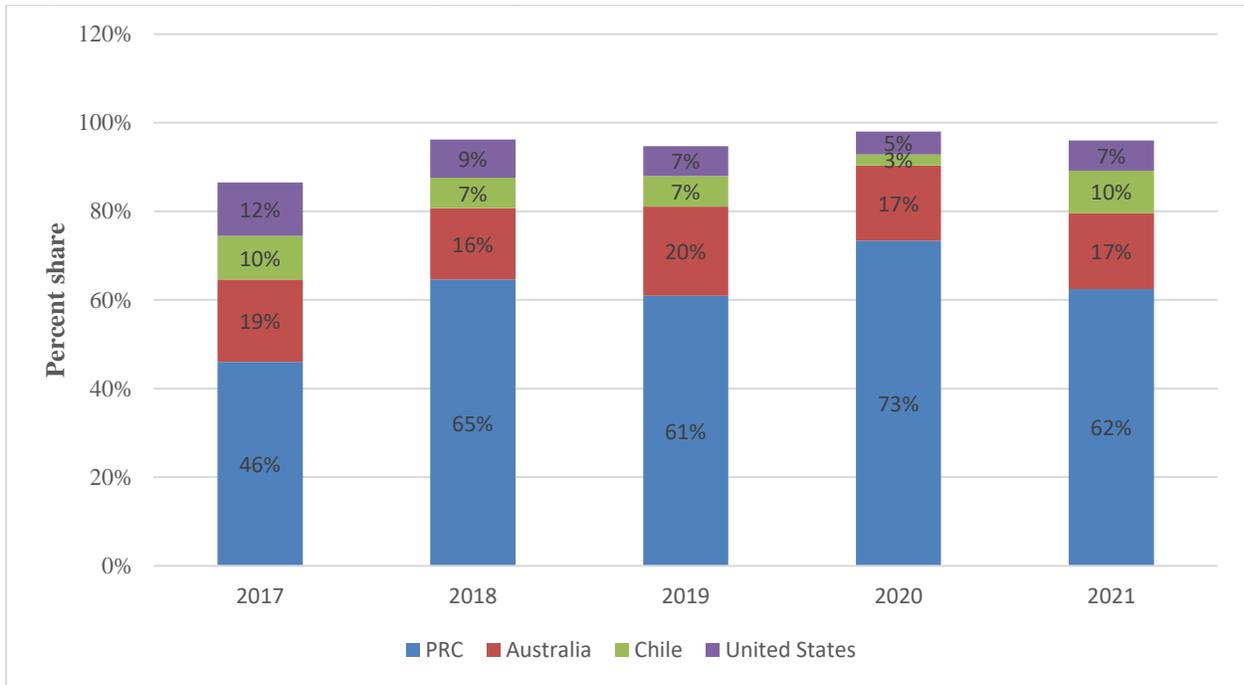
Figure 1. Market Share of Apple Exporters to Indonesia



Source: Trade Data Monitor

Note: Chart compares market shares of only some select countries and does not include all exporters to Indonesia.

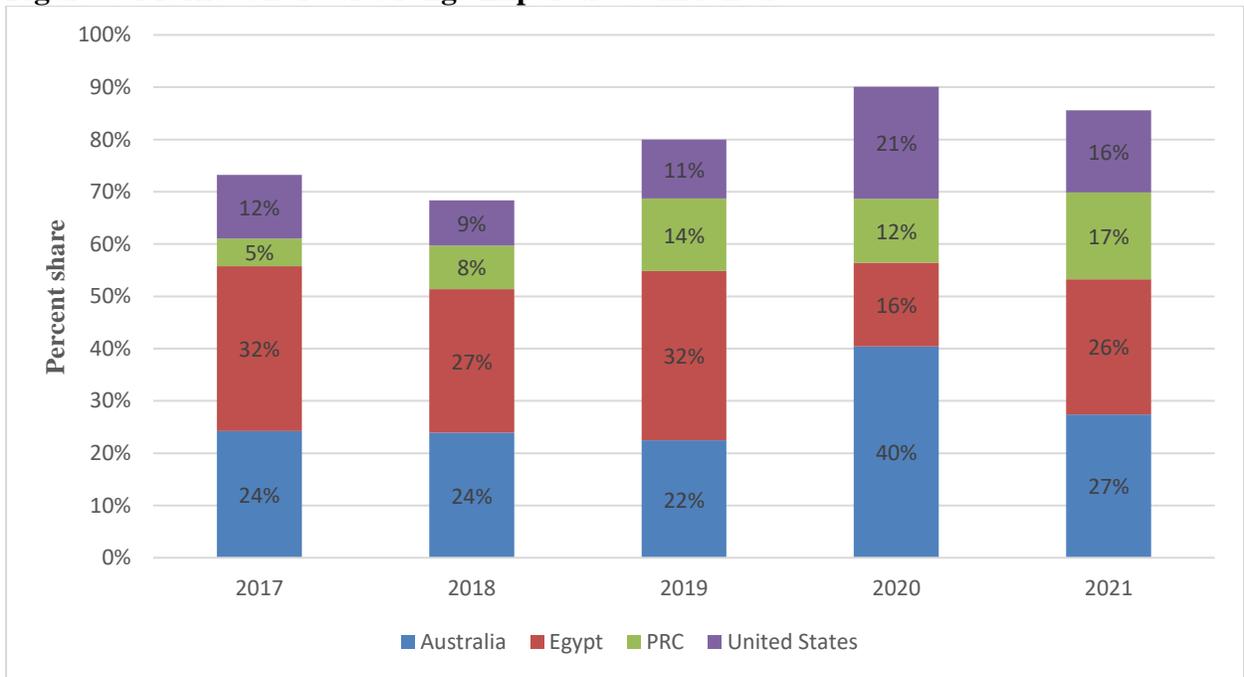
Figure 2. Market Share of Grape Exporters to Indonesia



Source: Trade Data Monitor

Note: Chart compares market shares of only some select countries and does not include all exporters to Indonesia.

Figure 3. Market Share of Orange Exporters to Indonesia



Source: Trade Data Monitor

Note: Chart compares market shares of only some select countries and does not include all exporters to Indonesia.

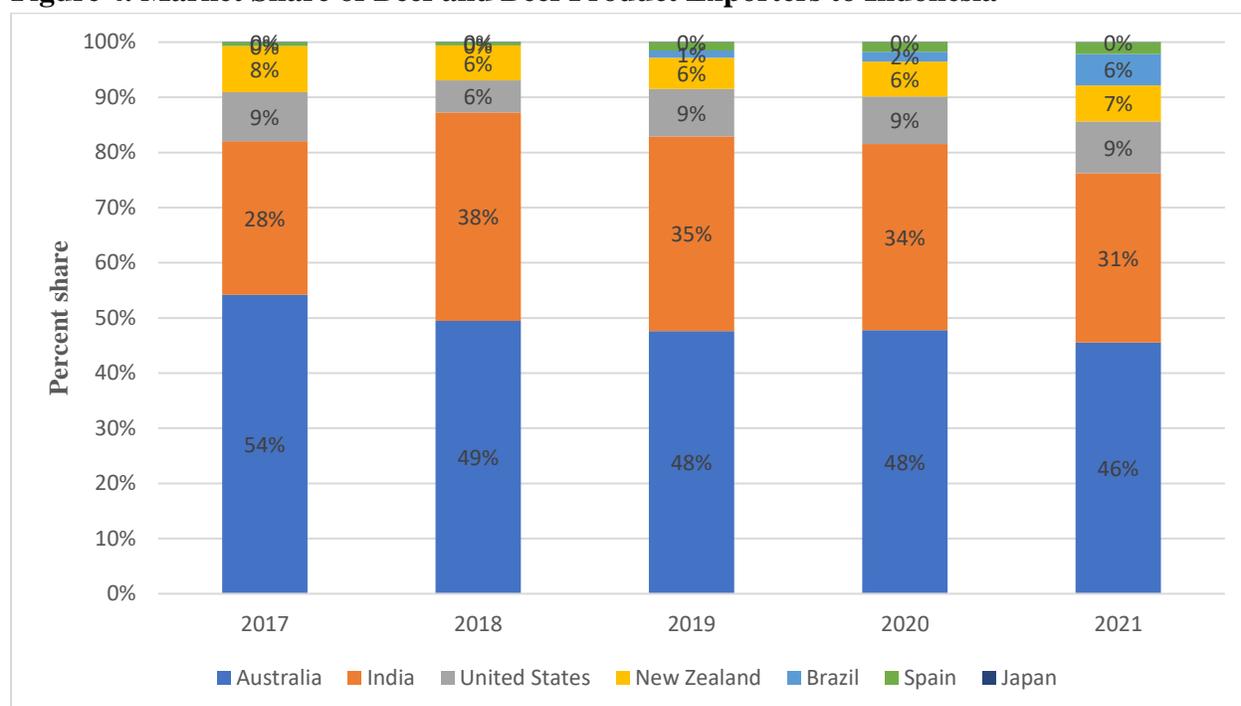
Beef and Beef Products

In 2021, Indonesia recorded the highest number of beef and beef products imported in years, with a total volume of 276,761 MT valued at \$970 million. The United States is the third largest supplier of beef and beef products to Indonesia after Australia and India (buffalo meat), with 9 percent of the import market share in volume. Indian buffalo meat gained access to Indonesia in 2016 and started being imported by state-owned enterprises (SOE) to stabilize beef stocks and prices. Brazilian beef, which gained access in 2019, has also seen a steady increase in import volumes. Since both Brazil and India are not free of foot-and-mouth disease (FMD), only SOEs were authorized to import beef products from these countries. However, on February 24, 2022, the GOI issued Government Regulation (GR) No.11/2022 allowing private companies to import live cattle or meat from countries that are not free from FMD, such as Brazil and India, because delegating imports to State-Owned Enterprises (e.g., Bulog) alone had proven to be inefficient due to supply fluctuations and unstable prices of meat in the domestic market.

The United States faces strong competition from Australia and New Zealand in primary and secondary cuts of beef, beef offal, and beef carcasses. Both competitors have significant advantages in price, geographic proximity, and a preferential zero tariff rate from their FTAs with Indonesia. Meanwhile, Indonesia imports frozen boneless beef only from India and Brazil, which is mostly sold through wet markets. India and Brazil are subject to the five percent Most-Favored-Nation (MFN) tariff rate (see Table 6).

Australia is currently the only supplier of live feeder cattle to Indonesia, and it is estimated that approximately 25 percent of total beef consumption in Indonesia comes from Australian live cattle, which is mostly sold through wet markets (Meat Livestock Australia - MLA). Currently, Australia's live cattle population has not fully recovered from the effects of drought causing a lack of supply and high prices. According to the Indonesian Meat Importers Association (ASPIDI), the estimated domestic consumption for beef in 2021 was around 696,000 MT. Of this amount, about 60 percent was supplied domestically and 40 percent through imports. About 37 percent of imports were carried out by SOEs and 63 percent by the private sector. Every year, the demand for beef peaks during the Eid al-Fitr and Eid al-Adha holidays.

Figure 4. Market Share of Beef and Beef Product Exporters to Indonesia



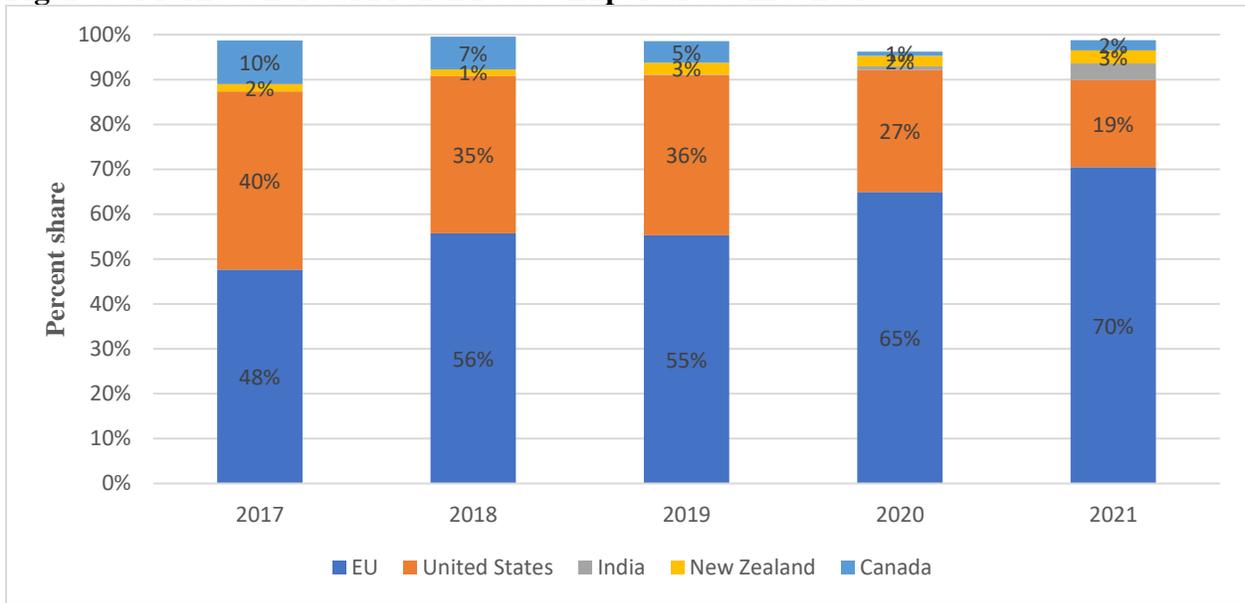
Source: Trade Data Monitor

Note: Chart compares market shares of only some select countries and does not include all exporters to Indonesia.

Processed Food Products

French fries or frozen potatoes are one of the main processed vegetable products imported to Indonesia. In 2021, total frozen potato imports increased by 27.5 percent year-on-year to 80,346 MT (\$85 million), the highest number on record even before the Covid-19 pandemic, driven by growing retail consumption. Imports of frozen potatoes are mostly from Belgium, with a market share of 53 percent (42,316 MT), followed by the United States with 19 percent (15,599 MT), and the Netherlands with 15 percent (11,772 MT). Belgium has overtaken the United States in market share since 2020, and with the new EU-Indonesia Free Trade Agreement (FTA) which entered into force on November 1, 2021, Belgian frozen potatoes now benefit from a zero-tariff rate. Most locally produced potatoes are intended for use as vegetables (mainly as ingredients for Indonesian dishes) and to produce potato chips. Indonesia has not yet developed potato varieties suitable for frozen potatoes. Other popular imported processed vegetables included dried onion, of which the United States is the largest supplier with a total export volume of 3,174 MT (US \$11 million) in 2021. The United States' closest competitor for dried onion exports to Indonesia is the PRC, which offers competitive prices and benefits from a zero percent import tariff.

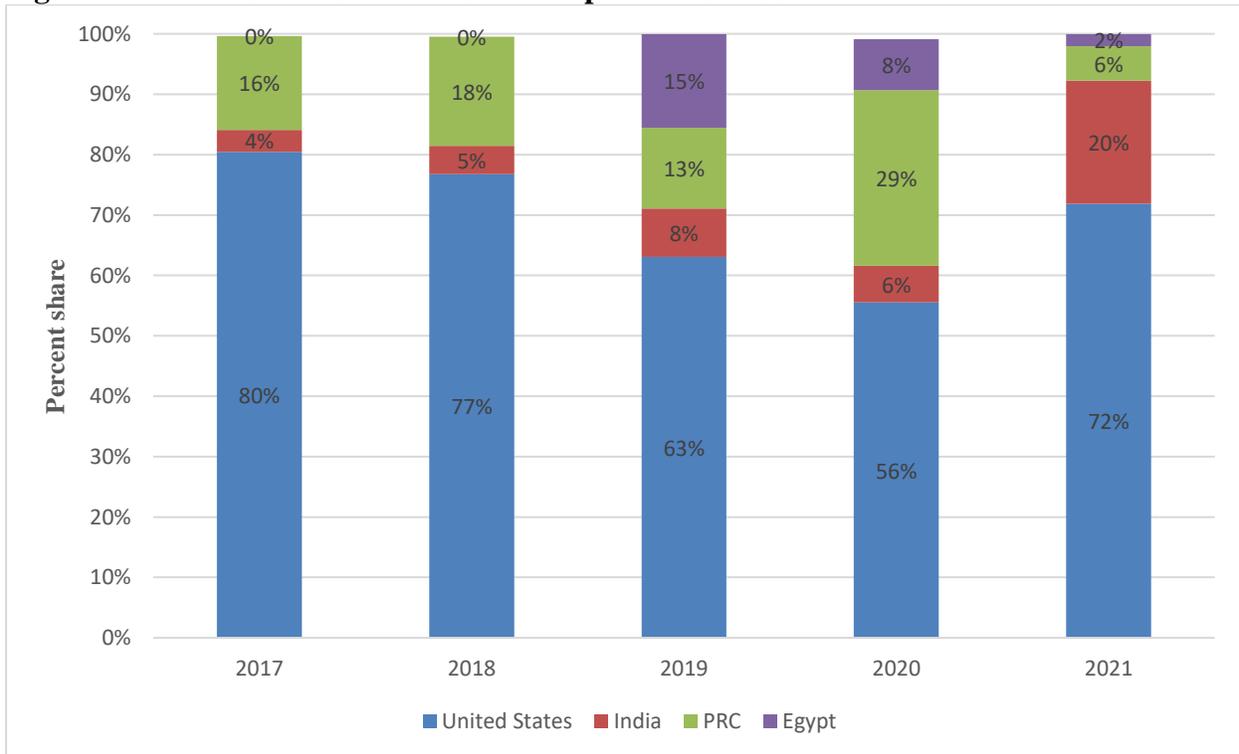
Figure 5. Market Share of Frozen Potato Exporters to Indonesia



Source: Trade Data Monitor

Note: Chart compares market shares of only some select countries and does not include all exporters to Indonesia.

Figure 6. Market Share of Dried Onion Exporters to Indonesia



Source: Trade Data Monitor

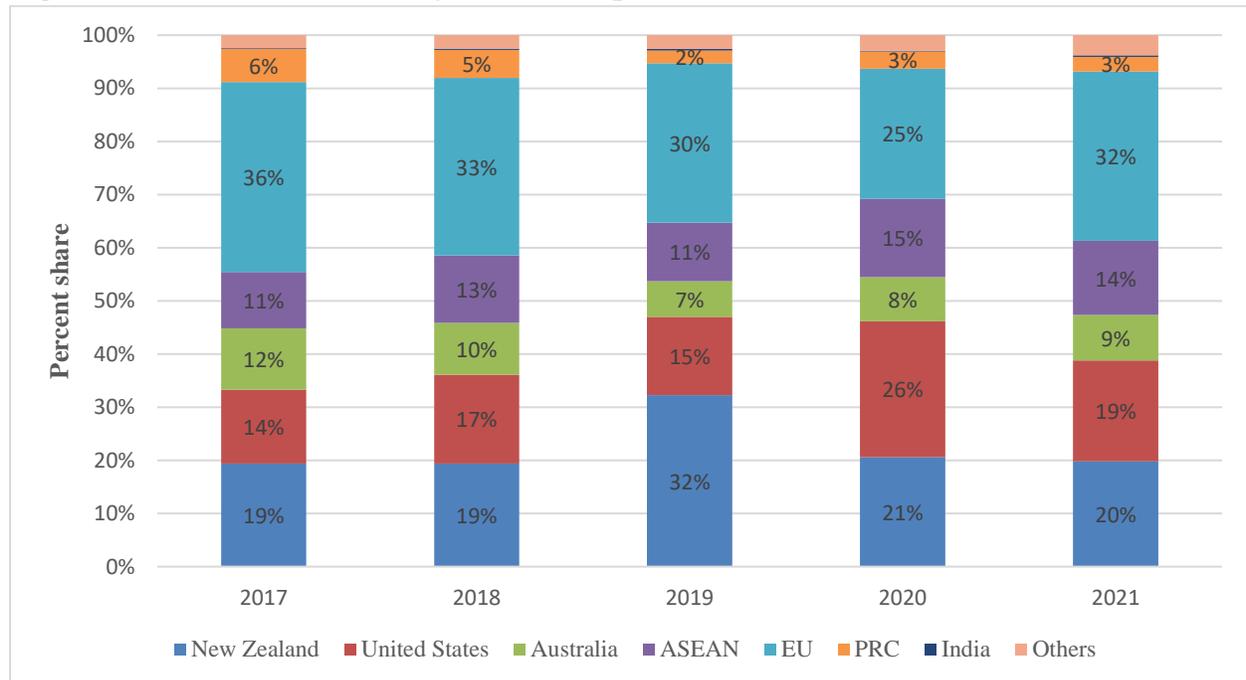
Note: Chart compares market shares of only some select countries and does not include all exporters to Indonesia.

Dairy Products

In 2021, Indonesia imported a total of 684,988 MT of dairy products, valued at \$1.9 billion. Despite the pandemic, imported dairy products increased by 12 percent in 2021, and imports are expected to continue to increase in 2022 driven by increased consumer awareness of dairy products, especially for liquid milk. Approximately 81 percent of all dairy products consumed in Indonesia are imported, such as skimmed milk powder (SMP), whey, baby food, whole milk powder (WMP), lactose, and cheese. Indonesia's U.S. dairy imports are mostly used as ingredients by large food and beverage manufacturers to produce drinking milk products, biscuits, ice cream, etc.

U.S. dairy products continue to face strong competition from New Zealand and Australia due largely to their geographical proximity and low or zero tariff rate on dairy products. U.S. dairy exports (i.e., SMP, whey, and lactose) also face strong EU competition, especially with the new IECEPA implementation in 2022.

Figure 7. Market Share of Dairy Product Exporters to Indonesia



Source: Trade Data Monitor

Note: Chart compares market shares of only some select countries and does not include all exporters to Indonesia.

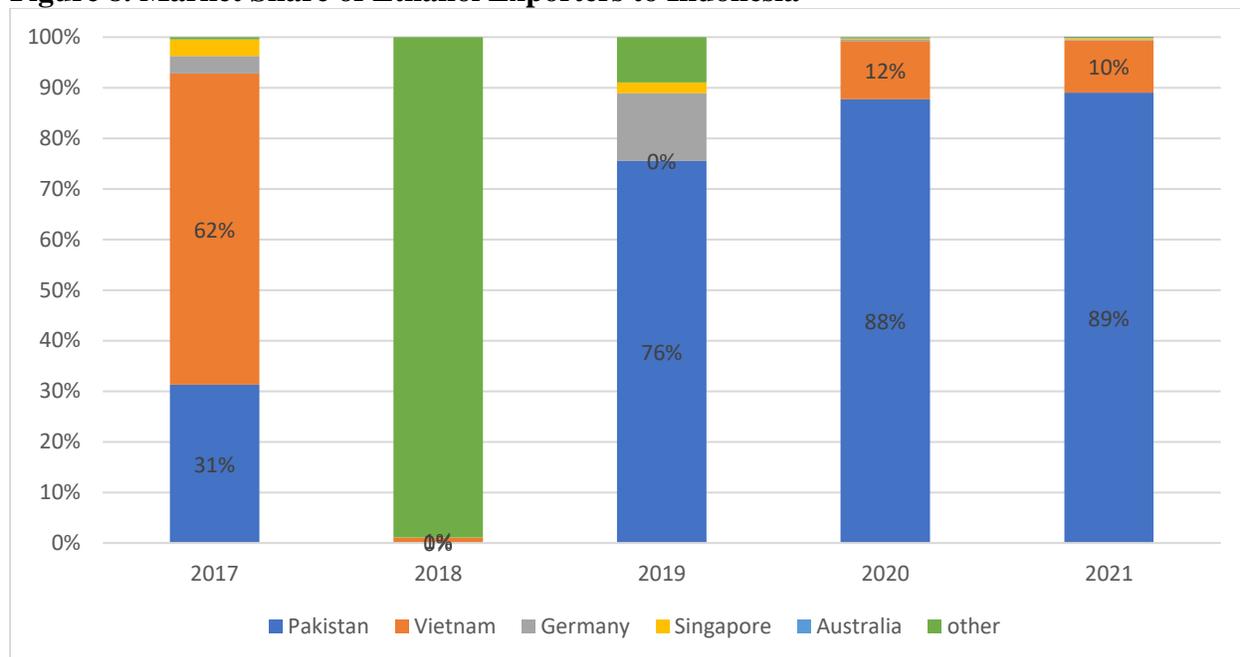
Ethanol

In 2021, Indonesia's ethanol imports mainly came from Pakistan (89 percent) and Vietnam (10 percent). Both countries enjoy a zero-tariff rate on ethanol through a preferential trade agreement (PTA) for Pakistan and the ASEAN Free Trade Agreement (AFTA) for Vietnam. In 2022, imported ethanol from Japan, Korea, and EFTA countries were subject to import tariffs below

the MFN rate of 30 percent. Ethanol imports from the United States are subject to the MFN rate (see Table 8).

Despite no significant U.S. ethanol exports to Indonesia in recent years, Indonesia is a potential market for fuel ethanol due to its growing fuel demand and the government’s ambitious blending mandate program. Indonesia’s annual gasoline consumption is estimated at 9 billion gallons with an estimated growth of 3 percent (see [GAIN ID2021-0027](#)).

Figure 8. Market Share of Ethanol Exporters to Indonesia



Source: Trade Data Monitor

Note: Chart compares market shares of only some select countries and does not include all exporters to Indonesia.

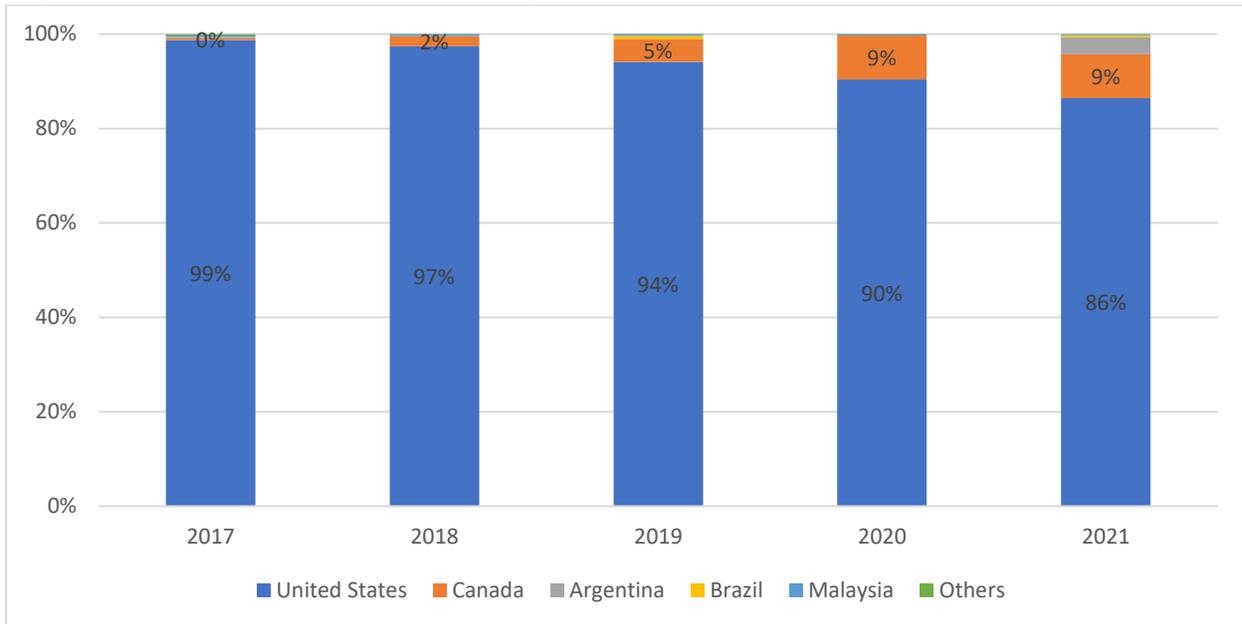
Soy

The United States is Indonesia’s main supplier of soybeans, with 86 percent market share in 2021, followed by Canada (9 percent). Despite Indonesia applying a zero percent tariff rate for soybeans from all MFN and FTA countries, the United States still has a 97 percent market share followed by Canadian exporters.

In the soy oil market, Indonesia’s main suppliers are Thailand and Malaysia, who enjoy a preferential zero percent tariff rate through the ASEAN Trade in Goods Agreement (ATIGA). Soy oil imports from the United States are subject to the MFN rate of 5 percent.

South America remains the dominant supplier of soybean meal to Indonesia. In 2021, Brazil and Argentina together supplied 93 percent of Indonesia’s total soybean meal imports. Indonesia’s FTA tariff rates for soybean meal are currently at zero percent; however, its MFN rate for defatted soybean flour fit for human consumption is at 5 percent (see Table 9).

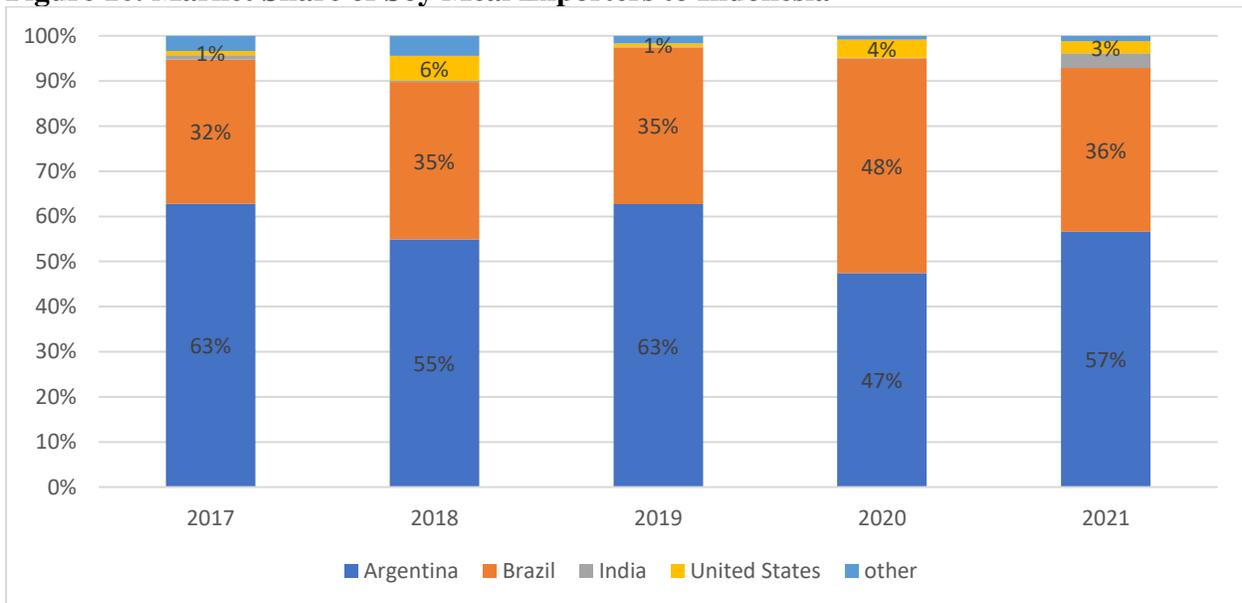
Figure 9. Market Share of Soybean Exporters to Indonesia



Source: Trade Data Monitor

Note: Chart compares market shares of only some select countries and does not include all exporters to Indonesia.

Figure 10. Market Share of Soy Meal Exporters to Indonesia



Source: Trade Data Monitor

Note: Chart compares market shares of only some select countries and does not include all exporters to Indonesia.

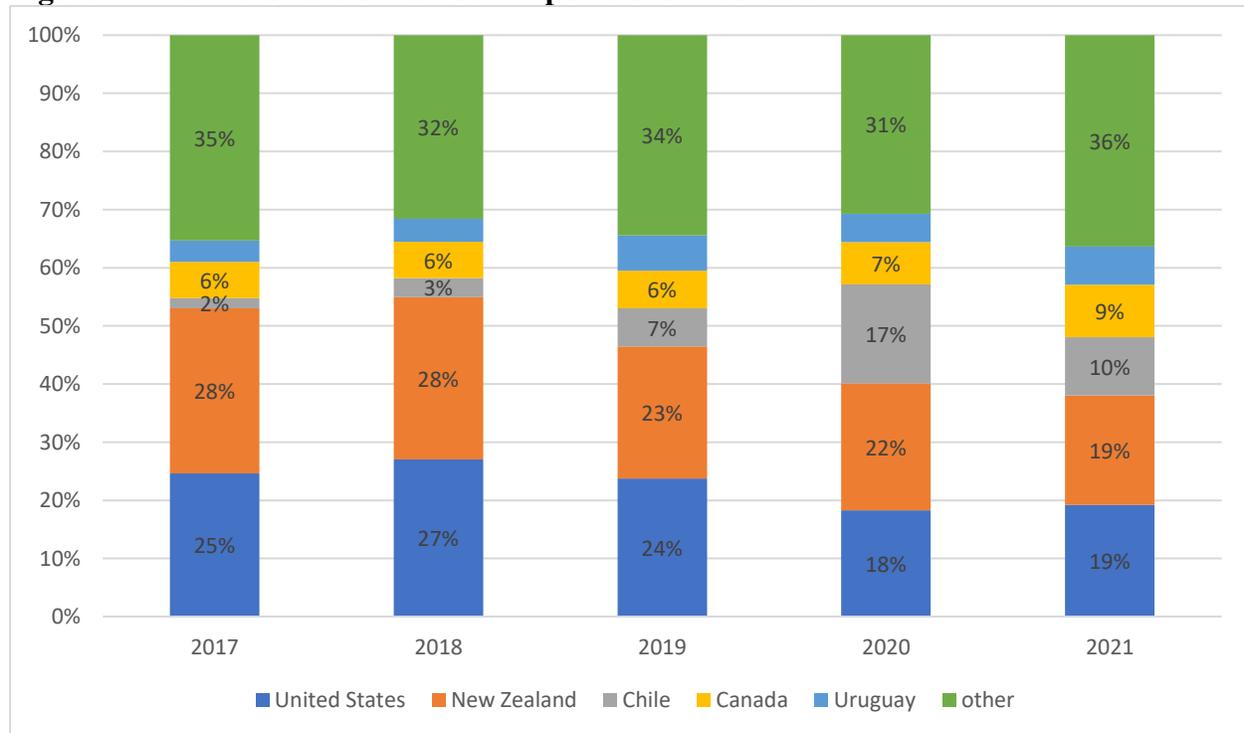
Wood Products

Indonesia is a major exporter of wood products, with a total value reaching \$12.4 billion in 2019. On average, between 2015-2019, 58 percent of export value was derived from pulp and paper products, with furniture, veneer, and other wood workings accounting for the balance. Indonesia's forests provide primary raw materials for a growing wood processing industry. At least 68 million hectares have been allocated for production-purpose forest, including industrial forests (HTI) and primary/non-industrial forests (HA).

The Indonesian wood processing industry, mainly furniture manufacturers, require specific raw materials such as lumber, veneer, and plywood to meet consumers' preferences. The United States provides a significant amount of raw material in the form of lumber to Indonesia's wood processing industry totaling \$38 million in 2021. Other suppliers include New Zealand, Canada, and the PRC. Lumber, log, and wood veneer are wood products with a zero percent MFN tariff rate. Malaysia dominates log exports to Indonesia with over 90 percent market share.

As for the plywood market, several of Indonesia's FTAs allow a zero to 6 percent tariff rate, while U.S. plywood exports to Indonesia are subject to an MFN rate of 10 percent. Meanwhile, PRC plywood exports to Indonesia greatly benefit from the ASEAN-China Free Trade Area (ACFTA), maintaining the largest market share of around 83 – 92 percent from 2017 to 2021.

Figure 11. Market Share of Lumber Exporters to Indonesia



Source: Trade Data Monitor

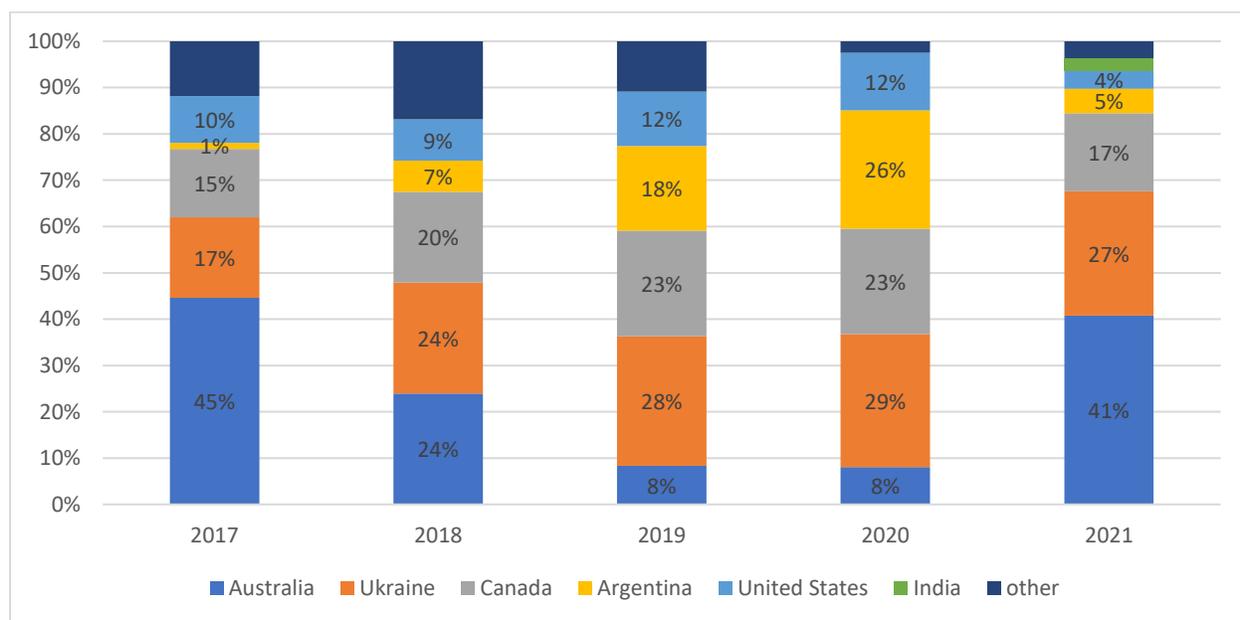
Note: Chart compares market shares of only some select countries and does not include all exporters to Indonesia.

Wheat

Indonesia does not produce wheat domestically and is fully reliant on wheat imports to fulfill demand for wheat flour-based food products as well as animal feed for poultry, aquaculture, and livestock. Currently, 30 flour mills are operational across the archipelago, including 22 mills on Java Island, six mills on Sumatera Island, and two mills in South Sulawesi. Despite the challenging pandemic years of 2020 and 2021, the expansion of existing mills continues. Two new mills located in South Sulawesi and West Java are expected to start operations in 2022.

In 2020/21, Indonesia, one of the largest wheat importers in the world, imported a total of 10.45 million metric tons (MMT) of wheat equivalent, with Australia as its largest supplier with 36 percent market share and Ukraine as the second largest supplier with 25 percent. Canada served as the third largest supplier with 23 percent market share. The United States is losing market share due to its higher prices. However, with the ongoing conflict in Ukraine disrupting wheat production, industry contacts do not expect to purchase wheat from the Black Sea region for the foreseeable future. With limited exportable supplies from the United States due to a decline in production and a wheat export ban in India, Indonesia will most likely rely on increased imports from Australia to fill the Ukraine gap. Currently, the MFN rate for wheat is set at zero percent (see Table 11). Wheat is also imported as a feed ingredient substitute for corn depending on international prices.

Figure 12. Market Share of Wheat Exporters to Indonesia



Source: Trade Data Monitor

Note: Chart compares market shares of only some select countries and does not include all exporters to Indonesia.

Corn

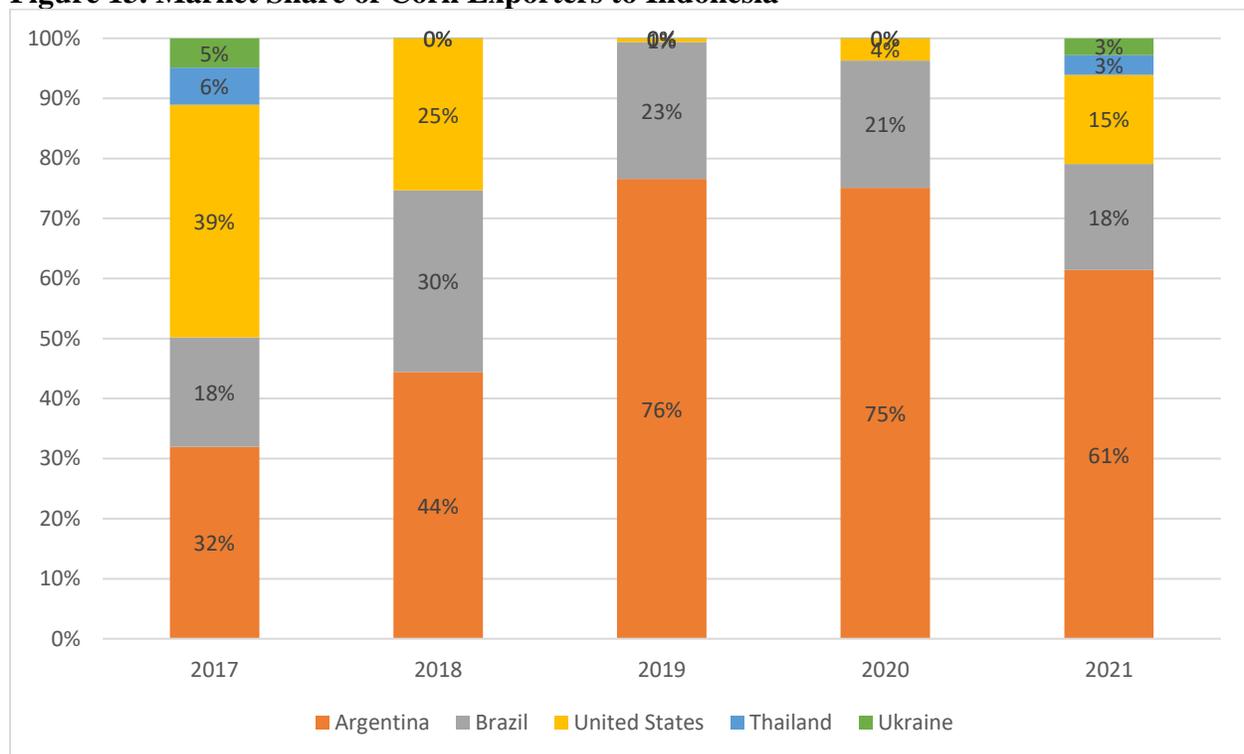
Corn makes up 40-45 percent of feed formulation in Indonesia. The poultry industry consumes approximately 90 percent of domestic animal feed supplies, while aquaculture accounts for 6 percent and cattle and swine the remaining 4 percent. The MOA forecasts that the broiler population in 2020-2024 will grow around 8.5 percent per year. Indonesia's National Statistics

Agency (BPS) reported that in 2021 the broiler and layer populations were recorded at 3.1 billion heads and 368 million heads, respectively.

Despite international corn prices soaring from an average cost and freight (CNF) price of \$422/MT in March 2022 from \$290/MT in 2021, Indonesia’s wet milling industry continues to import corn to meet food safety requirements which locally produced corn cannot meet. During this period, Indonesia imported corn mainly from Argentina (48.3 percent) and Brazil (38.3 percent). For marketing year 2020/21, corn imports originated from Argentina (60.4 percent), Brazil (22.9 percent), and the United States (15.6 percent).

U.S. corn market share reached 15 percent in 2021, less than half of its market share in 2017. Meanwhile, Argentina, which also does not have an FTA with Indonesia, captured 61 percent of corn market share in 2021, its highest since 2017. Thailand’s corn exports enjoy a zero percent tariff rate through ATIGA, though its supplies are limited.

Figure 13. Market Share of Corn Exporters to Indonesia



Source: Trade Data Monitor

Note: Chart compares market shares of only some select countries and does not include all exporters to Indonesia.

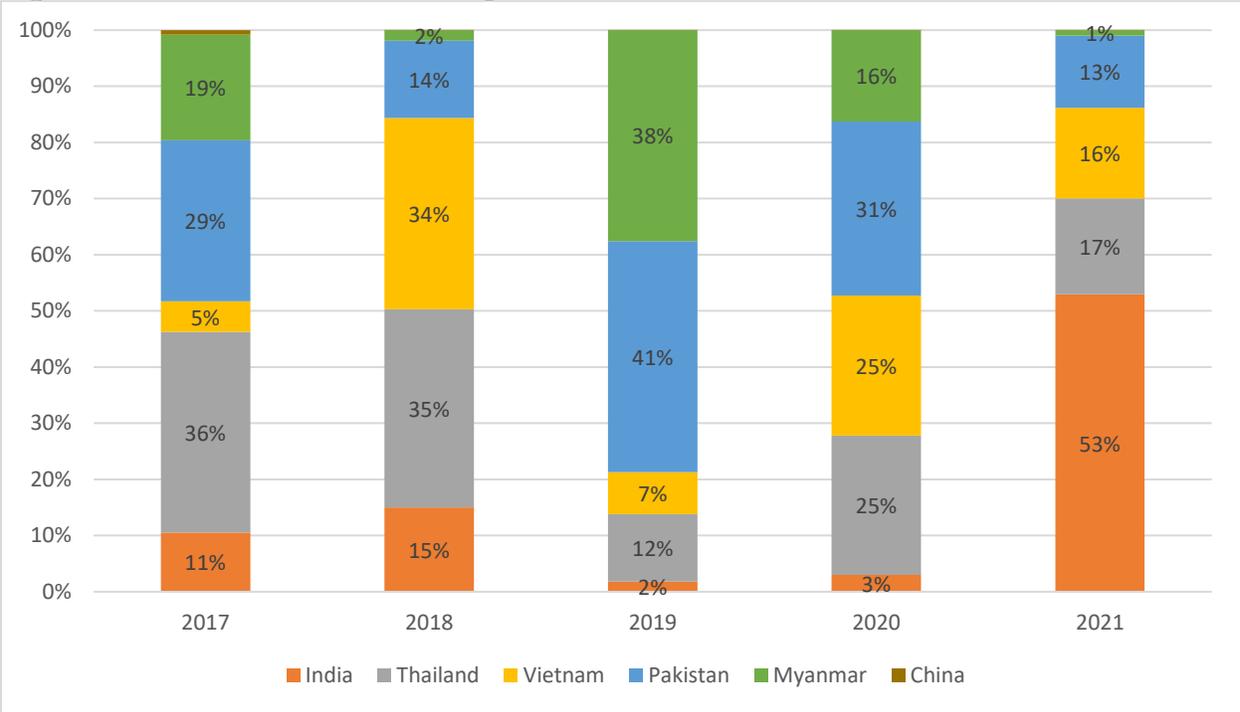
Rice

Indonesia categorizes rice into two main categories: medium quality rice, which is the most consumed by the population, and specialty rice for specific purposes such as for diabetics, basmati rice, fragrant rice, japonica rice, glutinous rice, and 100-percent broken rice. Only the national logistics agency, BULOG can import medium rice while private sectors and state-owned companies can import specialty rice. The GOI grants import authorizations for medium rice to

BULOG in order to maintain secure level of BULOG stocks that are set at approximately 1.5 to 2 MMT annually or to stabilize prices.

Currently, the MFN tariff rate for rice is set at 450 IDR per kg. Pakistan is the only FTA partner benefitting from a zero percent import duty through the Indonesia-Pakistan Preferential Trade Agreement (IP-PTA).

Figure 14. Market Share of Rice Exporters to Indonesia



Source: Trade Data Monitor

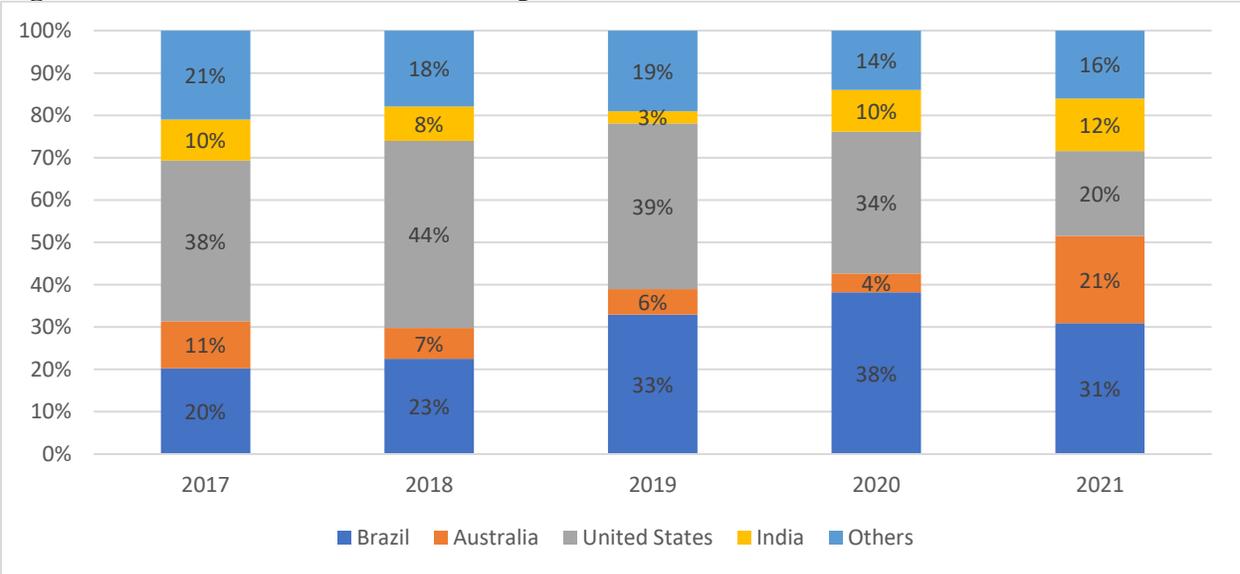
Note: Chart compares market shares of only some select countries and does not include all exporters to Indonesia.

Cotton

Cotton cultivation has become increasingly less attractive to Indonesian farmers due to lower margins and a lack of government incentives compared to other crops. Consequently, Indonesia’s domestic cotton production is on the decline, meeting less than one percent of local industry demand. During the period of August 2021 to January 2022, Australia surpassed Brazil as Indonesia’s largest cotton supplier, raising its market share to 34 percent with a volume of 464,000 bales. Brazil and the United States followed with 24 percent (327,000 bales) and 12 percent (162,000 bales) respectively.

Currently, the MFN rate for cotton is set at zero percent (see Table 12).

Figure 15. Market Share of Cotton Exporters to Indonesia



Source: Trade Data Monitor

Note: Chart compares market shares of only some select countries and does not include all exporters to Indonesia.

	grated or powdered												
040630	Cheese, processed, not grated or powdered	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
040640	Cheese, blue-veined, nesoi	5%	0%	0%	0%	4%	0%	0%	0%	0%	0%	0%	0%
040690	Cheese, nesoi, including cheddar and colby	5%	0%	0%	0%	5%	0%	0%	0%	0%	0%	0%	0%
Lactose													
170219	Lactose	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%

Source: [Ministry of Finance](#)

Table 5. Indonesia: Comparison of FTA Import Tariff Schedules, Horticultural Products

HS Code	Agricultural Products	MFN 2022	AANZ FTA	ACFTA	AHKFTA	AIFTA	AJCEP	AKFTA	ATIGA	IACEPA	ICCEPA	IJEPA	IPPTA	IECEPA
080810	Apples	5%	0%	0%	0%	5%	0%	0%	0%	0%	0%	0%	0%	0%
080610	Grapes	5%	0%	0%	0%	5%	0%	0%	0%	0%	0%	0%	0%	0%
080510	Oranges	5%	0%	0%	0%	5%	5%	0%	0%	0%	0%	5%	5%	0%
080521	Mandarins	20%	25%	0%	20%	20%	20%	5%	0%	*10% & 18.75%	17.2%	20%	0%	0%
080550	Lemons	5%	0%	0%	0%	5%	5%	5%	0%	0%	0%	5%	0%	0%
081010	Strawberries	5%	4%	0%	0%	4%	0%	0%	0%	4%	0%	0%	5%	0%
080930	Peaches	5%	0%	0%	0%	5%	0%	0%	0%	0%	0%	0%	5%	0%
081020	Raspberries	5%	0%	0%	0%	5%	0%	0%	0%	0%	0%	0%	5%	0%
080929	Cherries	5%	0%	0%	0%	5%	0%	0%	0%	0%	0%	0%	5%	0%
080440	Avocados	5%	4%	0%	0%	3.1%	0%	0%	0%	4%	0%	0%	5%	3%
080940	Plums	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	5%	0%

Source: [Ministry of Finance](#)

Note: *the 10% tariff rate applies for imported products which use TRQ certificate and based on the approved quantity quota. The 18.75% tariff rate applies for out of approved quota.

Table 6. Indonesia: Comparison of FTA Import Tariff Schedules, Beef and Beef Products

HS Code	Agricultural Products	MFN 2022	AANZ FTA	ACFTA	AHKFTA	AIFTA	AJCEP	AKFTA	ATIGA	IACEPA	ICCEPA	IJEPA	IECEPA
Meat of bovine animals, frozen													
02023000	Boneless beef cuts	5%	0%	0%	0%	5%	5%	0%	0%	0%	4.5%	5%	0%
02062100	Tongues of bovine animals	5%	0%	0%	0%	0%	5%	0%	0%	0%	4.5%	5%	0%
02062200	Livers of bovine animals	5%	0%	0%	0%	0%	5%	0%	0%	0%	3%	5%	0%
02062900	Edible offal of bovine animals	5%	0%	0%	0%	0%	5%	0%	0%	0%	4.5%	5%	0%
02022000	Other cuts with bone in	5%	5%	0%	0%	5%	5%	0%	0%	2.5%	4.5%	5%	3%
02021000	Carcasses and half-carcasses	5%	0%	0%	0%	5%	5%	0%	0%	0%	4.5%	5%	0%
Meat of bovine animals, fresh or chilled													
02013000	Boneless beef cuts	5%	0%	0%	0%	5%	5%	0%	0%	0%	4.5%	5%	0%
02061000	Edible offal of bovine animals	5%	0%	0%	0%	0%	5%	0%	0%	0%	4.5%	5%	0%
02011000	Carcasses and half-carcasses	5%	0%	0%	0%	5%	5%	0%	0%	0%	3%	5%	0%
02012000	Other cuts with bone in	5%	0%	0%	0%	5%	5%	0%	0%	0%	4.5%	5%	0%
Processed meat													
16025000	Prepared or preserved meat/ offal of bovine animals	30%	0%	0%	30%	0%	5%	0%	0%	0%	30%	0.62%	27.6%
02102000	Meat of bovine animals, salted, in brined, dried or smoked	5%	0%	0%	0%	0%	0%	0%	0%	0%	3%	0%	0%

Source: [Ministry of Finance](#)

Table 7. Indonesia: Comparison of FTA Import Tariff Schedules, Processed Products

HS Code	Agricultural Products	MFN 2022	AANZFTA	ACFTA	AHKFTA	AIFTA	AJCEP	AKFTA	ATIGA	IACEPA	ICCEPA	IJEPA	IECEPA
200410	Frozen potatoes	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%
220421	Wine	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
030614	Crabs, frozen fit for human consumption	5%	0%	0%	5%	5%	0%	0%	0%	0%	5%	0%	5%
071220	Onions, dried (powder)	5%	0%	0%	0%	5%	0%	0%	0%	0%	0%	0%	0%
210610	Protein concentrates and textured protein substances	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%

Source: [Ministry of Finance](#)

Table 8. Indonesia: Comparison of FTA Import Tariff Schedules, Ethanol

HS Code	Agricultural Products	MFN 2022	AANZFTA	ACFTA	AHKFTA	AIFTA	AJCEP	AKFTA	ATIGA	IACEPA	ICCEPA	IJEPA	IPPTA	IECEPA
2207	Ethanol	30%	30%	30%	30%	30%	7.94%	5%	0%	30%	30%	1.8%	0%	27.6%

Source: [Ministry of Finance](#)

Table 9. Indonesia: Comparison of FTA Import Tariff Schedules, Soybean, Soy Oil, and Soy Meal

HS Code	Agricultural Products	MFN 2022	AANZFTA	ACFTA	AHKFTA	AIFTA	AJCEP	AKFTA	ATIGA	IACEPA	ICCEPA	IJEPA	IECEPA
1507	Soya-bean oil	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%
1201	Soya beans	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
2304	Soymeal												
2304001	-- Defatted soya-bean flour, fit for human consumption	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
2304002	-- fit for human consumption	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
2304009	--other	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Source: [Ministry of Finance](#)

Table 10. Indonesia: Comparison of FTA Import Tariff Schedules, Wood Products

HS Code	Agricultural Products	MFN 2022	AANZ FTA	ACFTA	AHKFTA	AIFTA	AJCEP	AKFTA	ATIGA	IACEPA	ICCEPA	IJEPA	IECEPA
4403	Logs	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
4407	Lumber	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
4408	Veneer	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
4412	Plywood	10%	0%	0%	10%	5%	0%	0%	0%	0%	2%	0%	6%

Source: [Ministry of Finance](#)**Table 11. Indonesia: Comparison of FTA Import Tariff Schedules, Grains**

HS Code	Agricultural Products	MFN 2022	AANZFTA	ACFTA	AHKFTA	AIFTA	AJCEP	AKFTA	ATIGA	IACEPA	ICCEPA	IJEPA	IPPTA	IECEPA
1001	Wheat	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	NA	0%
1005	Corn	5%	5%	5%	0%	5%	5%	3.2%	0%	5%	4.5%	5%	NA	3%
1006	Rice	IDR 450 /KG	25%	IDR 450 /KG	IDR 450 /KG	IDR 450 /KG	0%	IDR 450 /KG						

Source: [Ministry of Finance](#)**Table 12. Indonesia: Comparison of FTA Import Tariff Schedules, Cotton**

HS Code	Agricultural Products	MFN 2022	AANZFTA	ACFTA	AHKFTA	AIFTA	AJCEP	AKFTA	ATIGA	IACEPA	ICCEPA	IJEPA	IPPTA	IECEPA
5201	Cotton	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	NA	0%

Source: [Ministry of Finance](#)

Attachments:

No Attachments.