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Retail Food Sector Report

2004

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Report Highlights:
Competition in Indonesia's retail market remains fierce. U.S. apple, grapes, dairy products, meat products, frozen vegetables, and potato products continue to enjoy a prominent position in Indonesia's retail outlets. Further growth and sophistication of the retail sector will create additional opportunities for U.S. exporters.

Includes PSD Changes: No
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Jakarta [ID1]
[ID]

ECONOMIC TRENDS AND OUTLOOK

This nation of around 216 million people (2003), the world's fourth most populous, has undergone a period of dramatic social, political, and economic transition since the 1998/99 regional financial crisis and the end of President Soeharto's more than three decade hold on power. The political transformation continued in 2004 with the first direct election for President. Expectations are high for the new President, but he will face many challenges.

In 2004, many components of Indonesia's macro-economy stabilized. Economic growth in 2004 is estimated to be about 4.8 percent and is forecast to exceed 5 percent in 2005. An improved business environment, higher investment rates, further re-structuring in the banking sector, reform of legal institutions, and an environment of political stability are often cited as critical factors for ensuring continued future economic growth in Indonesia. With such a large consumer base and the relatively benign macro-economic backdrop, prospects for continued expansion of the retail sector in 2005 and beyond remain promising. Much of this will hinge on the performance of the new President and his team.

I. MARKET SUMMARY

Retail System

About 1.7 million traditional markets exist in Indonesia, accounting for 73 percent of total distribution. Growth in the traditional sector is 5 percent per year, compared to 16 percent growth in the modern retail market. Although the traditional sector still dominates the retail food business, Indonesia's retail industry continues to evolve away from the traditional market and modest kiosk network to modern hypermarkets and superstores. The number of modern retail outlets (supermarkets, warehouse clubs, hypermarkets, and convenience stores) increased about 36 percent, 19.5 percent, 148.3 percent, and 64.7 percent from 1999-2003. This growth occurred at a time when many other segments of Indonesia's broader economy were stagnating. Big retailers continue to expand and competition among the major retailers remains fierce.

Tabel 1. Number of retail outlets and sales 1999-2003

Type of outlet	Description	1999	2000	2001	2002	2003
Hypermarket	Outlet	6	7	8	11	13
	Retail Sales (Rp billion)	1,446	1,649	1,995	2,720	3,590
Supermarket	Outlet	1,173	1,210	1,255	1,312	1,377
	Retail Sales (Rp billion)	8,517	9,215	9,981	10,756	11,625
Convenience stores	Outlet	1,025	1,121	1,225	1,325	1,615
	Retail Sales (Rp billion)	2,021	2,315	2,615	2,946	3,328
Independent grocers	Outlet	70,300	74,952	80,031	85,421	91,305
	Retail Sales (Rp billion)	24,751	28,219	32,033	36,246	41,201
Co-operatives	Outlet	74,751	79,512	84,510	89,748	95,264
	Retail Sales (Rp billion)	6,899	8,075	9,161	10,802	12,003

Warehouse clubs	Outlet	22	23	28	29	29
	Retail Sales (Rp billion)	3,669	3,831	4,002	4,185	4,385
Wet market		10,430	10,452	10,475	10,502	10,532

Modern retail stores (supermarkets and hypermarkets), offering a wide range of food and beverage products, are generally located as anchor stores in shopping centers. An increasing number of Indonesians are shopping at these stores, particularly affluent middle and upper income groups. These retails stores generally also contain in-store bakeries, café/food service area, and prepared meals. In addition, mini-markets and other shops, which carry a small range of convenience food items including fresh fruits, are found throughout Indonesia's major urban centers.

Despite the growth in the modern retail sector, the majority of Indonesians continue to shop at traditional stores conveniently located to their homes or places of work. These stores sell the commonly demanded food and beverage products, which are familiar to the majority of consumers.

Market Overview

Growth in the number of large modern retail stores, such as supermarkets and hypermarkets, is expected to continue. This growth is being driven mostly by strong domestic consumption, which remains one of the only engines of overall economic growth in Indonesia.

This growth, driven largely by foreign retailers, has led to fierce competition in the retail sector. Retailers continue to plan to expand. While there have been some local calls for limitations of expansion of large retail outlets, location and size of new establishments remains largely unregulated. As a result, many large retailers are strategically located in the heart of Indonesia's big cities and compete directly with smaller retailers.

Products which have achieved significant growth in annual sales include the following: infant milk formula (53%), cheese (51%), energy drinks (50%), snack foods (45%), liquid milk (40%), chocolate (39%), baby foods (35%), health foods (35%), sweetened condensed milk (35%), and biscuits (28%). The modern retailers are also concentrating on improving their marketing of quality fresh produce, a substantial portion of which is imported, as is exemplified by the number of fruit boutiques that have emerged.

The table below presents the profile of food and non-food products distribution (value percentage) in the typical supermarket/hypermarket compare to other type of outlets:

Table 3. Percentage of sales (by product category) in supermarket/hypermarket outlets.

Product category	Percentage
Package food	30.4
Chocolate confectionary	52.0
Sugar confectionary	20.0
Bakery products	36.7
Biscuit	57.0
Breakfast cereals	88.0
Ice cream	31.9
Dairy products	44.7

Cheese	73.5
Oils and fats	12.5
Sweet and savoury snacks	30.5
Ready meals	66.0
Pasta	88.0
Noodles	18
Canned food	63.5
Frozen food	72.0
Dried food	18.3
Chilled food	90.0
Sauces, dressing, and condiments	15.0
Baby food	42.0
Spreads	51.0
Pet food and pet care	10.7

Source: Euromonitor

Factors negatively affecting the retail market in 2003 included hikes in electricity, fuel, and telephone charges. These costs tend to reduce retailers' profit margins, thereby somewhat curbing the drive for expansion. In addition, specialty stores that carry a high percentage of imported items continue to face burdensome registration requirements for imported food products, limiting possibilities for test marketing new products. Furthermore, non-transparent and unpredictable customs clearance procedures, besides being costly and administratively cumbersome, create problems when products of limited shelf-life are held at port.

Finally, recent terrorist events, and predictions for additional occurrences, have led to a reduction in the number of western expatriates, who had been key customers for many of the specialty retail outlets. However, this has occurred in conjunction with an increase in the proportion of Japanese and Korean plus Eastern Europe customers, who are increasingly buying imported U.S. food products.

<u>Consumer Purchasing Habits</u>

Consumer-purchasing patterns changed dramatically following the 1998/99 economic crisis and continue to evolve. The following generalizations can be made about current consumer behavior:

- purchasing more staple foods, rather than luxury items, and minimizing impulse buying.
- extremely price conscious in their purchases and exhibiting less store and brand loyalty.
- shopping more frequently for food and buying smaller quantities per shopping trip.
- shifting purchases of some staple items to traditional outlets and shopping more frequently at discount venues in the modern sector.
- eating out less often; instead, shopping in supermarkets to eat at home.
- buying smaller package sizes and placing less value on the quality and appearance of packaging.
- buying local rather than imported products when satisfactory local substitutes are available.
- consuming more fresh food items.
- less nutrition-conscious.

- Increased preference for shopping at the supermarket/modern outlet rather than at wet markets due to more comfortable shopping space, more complete range of goods, guaranteed quality of products (food safety and cleanliness), competitive price, good service, and easier accessibility.
- Organic products are just starting to be considered by expatriates and upper-income consumers.

Expatriate and high-income Indonesian consumers continue to look for branded and imported products (as well as gourmet and fancy food) regardless of the high price of these items.

In response to evolving consumer preferences, distributors and retailers have altered marketing practices. Packaging sizes have been reduced to lower the prices, and more generic brands (especially for staple foods such as rice and sugar) have been introduced. In addition, promotional campaigns are more aggressive, with store fliers, seasonal discounts, in-store activities, and advertising more prevalent.

Future Trends

The recently-developed patterns of consumer behavior described above are expected to continue. Consumers are adjusting to paying higher prices for imported and local food products, but will remain very selective in their product purchases and will be looking for good quality products at low prices. Promotion will be important as consumers will be more fickle and impressionable, and there will be opportunities to replace traditional brands. Value-for-money will remain important to consumers, but they will also be looking for greater variety in retailers' assortments. Brand names should eventually again become important to consumers and new product introductions will increase. Interest in nutritional characteristics of food should continue to grow. Offering additional in-store services, which is already a relatively common practice, will become even more widespread. These services include, acceptance of credit/debit cards, ATM services, flower departments, laundry counters, food courts, bakery corners, home delivery, and cook service. Money-back or other guarantees are also expected to become more common. Ready to eat and ready to cook meals are becoming very popular because of ease of preparation in the apartment living atmosphere for expatriates and middle to upper income consumers.

	OPPORTUNITIES FOR U.S. PRODUCTS IN INDONESIA
1	Large Consumer Base: Indonesia has a population of over 216 million people, with an estimated 15 percent or about 32 million people in the upper and middle income groups.
2	The distribution system is improving, increasing access to the major islands and cities.
3	The availability of imported products will be expanded by the rapid growth of the modern supermarket sector and western restaurant chains.
4	Many Indonesian consumers like the image associated with American products, as well as the taste (quality reputation is well known).
5	Low Duties: Duties on most food are 5% or less.

6	More urban women entering the workforce with less time available for shopping and cooking; thus, focus is increasingly on convenience.
7	Indonesia has a well-developed tourism industry with many hotel chains and restaurants purchasing imported products through local agents/importers.
8	Indonesia is rich in natural resources, with multinational companies involved in the development of oil & gas, mining, and lumber. Some of the well-developed sites have commissary & catering services with significant demand for imported products.

CHALLENGES FACING U.S. PRODUCTS IN INDONESIA	
1	Import financing remains a constraint.
2	Prices of imported products are relatively high.
3	New–to-market U.S. products are not well-known to the majority of consumers.
4	Non-transparent and unpredictable customs clearance procedures exist.
5	Products must be certified “halal” for broad acceptance.
6	Shipments to Indonesia need a shelf life of at least 6 months, may require refrigerated transport and storage, and incur high transport costs.
7	Infrastructure, including ports and cold storage facilities outside of the main island of Java are poorly developed.
8	Sites in remote areas where transportation and lack of infrastructure present barriers to cost-efficient distribution of imported food products.
9	Third-country competition remains strong, especially from Australia, New Zealand, Europe, Malaysia, the Philippines, Thailand and China.
10	U.S. freight costs are higher relative to competing suppliers.

Labeling

Requirements for labeling of food products (primarily applicable to packaged food for retail sale) are broad in scope. Changes resulting from the Food Act 1996, and the Consumer protection Act 1999 went into effect in 2000. The newly introduced labeling regulations state that labels must be written in the Indonesian language and require GMO labeling. However, these regulations are loosely enforced at best; the GMO labeling requirement is not yet enforced at all.

All imported processed food products must be registered with the National Agency of Drug & Food Control (BPOM) before clearance through Customs. The process for registration of food is complex, often non-transparent and time consuming due to the detailed requirements regarding supporting documentation and should be carried out before shipping. This requires exporters to establish close business relationships with local importers/agents.

Duties and taxes

Although import duties applied on most of food and agricultural products are 5% or less, imported products are also assessed a VAT of 10 percent and sales tax 2.5%, plus a luxury tax which varies according to the product category.

II. ROAD MAP FOR MARKET ENTRY

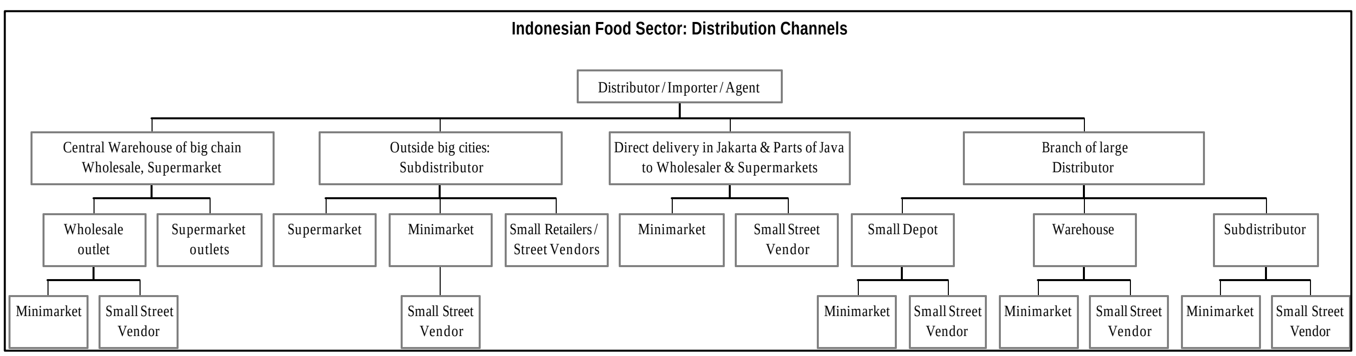
Entry Strategy

The best way to penetrate the Indonesian market is to appoint an agent. In general, the volume of imported product sales is small. An agent is needed to assure the widest distribution for your products as well as to undertake the marketing efforts necessary to create awareness for your products among consumers.

In some situations, it may make sense to sell product directly to supermarkets and/or to appoint them as the exclusive distributors. This is primarily the case when a product is a gourmet, upscale product and not likely to generate sufficient volume to interest an agent in bringing in container loads. Nevertheless, initial sales efforts to Indonesia should include both visits with potential agents as well as with key retailers.

Distribution System

Due to the widespread and diverse nature of the country, involving hundreds of islands, the distribution system is complex. In many cases, the infrastructure is inadequate, especially outside big cities and the island Java. The ability to move frozen and refrigerated products is limited. There are several national distributors, generally subsidiaries of consumer goods/foods manufacturers, who serve the whole country, and numerous agents/distributors with a more local reach. There are hundreds of wholesalers and millions of retailers.



Inadequate port facilities are often cited as the single largest constraint in the distribution system. Shallow drafts that only allow small ships, inadequate loading and unloading facilities, and frequent congestion are some of the problems associated with the ports. Also cited by distribution firms are unreliable shipping schedules and inadequate number of small ships serving Eastern Indonesia, particularly during bad weather periods, which result in frequent shortages and leads firms to hold higher than desired inventories.

Distribution System for Imported Products

Imported products often move to a distributor or agent, who in turn, sells directly to modern retail outlets. Delivery of the products may be direct to stores or to the warehousing facilities of the retailer. Only a few retailers buy directly from foreign suppliers and assume responsibility for the logistics function.

Most imported products are sold to the modern sector, including hypermarkets, supermarkets, wholesaler/retailers, convenience stores, mini-markets, etc. Products that move to the traditional sector face a more extensive distribution process. There are about 10 major cities that serve as distribution hubs in Indonesia. Generally, products move to the warehousing facilities of distributors in these hubs, then to sub-distributors and wholesalers for delivery to retailers.

Trends in Distribution

The modern retail sector is expanding rapidly, but the traditional sector is expected to continue to dominate the distribution system for the foreseeable future.

Distribution channels will shorten. Large retailers will increasingly import (particularly produce) directly from foreign exporters, or will be supplied directly by local manufacturers and fresh produce producers. They will put in place central warehousing and distribution systems in the big cities, utilizing modern technology and equipment. They will open more outlets in cities on Java outside of Jakarta to make these systems efficient. Adequate infrastructure is a major problem on the other islands. For example, a period of 2 weeks often lapses between order placement and delivery.

Comparable changes will occur in the traditional sector. National distributors are setting up central distribution systems to expand direct delivery to traditional market outlets. More direct delivery by manufacturers to traditional retail outlets is anticipated.

The success of large retailer/wholesalers and hypermarkets in offering Indonesian consumers a wide variety of products at lower prices will stimulate growth. More middle and low-income consumers are beginning to shop in these outlets. Increasing competition will force existing supermarkets and other modern retailers to increase the focus and sophistication of their marketing efforts as well as the efficiency of the store operation.

The number of mini-markets and other small stores is also predicted to grow. The greatest expansion is anticipated on the islands of Java and Bali. More mini-markets are expected to open in residential areas and cities outside of Jakarta.

A. Supermarkets, Hypermarkets, and Warehouse Outlets

This segment is the most likely to purchase imported products. According to several importers and distributors, between 5-30 percent (60 percent for specialty stores) of the food items that are sold by these outlets are imported. In the near future, smaller quantities of imported products are expected to be featured, but a greater variety of brands and items.

Most supermarkets, hypermarkets, and warehouse outlets buy most of their imported products from distributors or agents. Some are importing direct from foreign suppliers, particularly perishable products and products for specialty stores.

Retailer Name & Market Type	No. of Outlets in 2004 (Nov)	Locations
Alfa-Supermarket (PT Alfa Retailindo Tbk*)	35	Bandung, Medan, Lampung, Surabaya, Semarang, Cirebon, Solo, Yogyakarta, Jember, Denpasar, Makassar, , Malang, Jakarta, Bogor, and Tangerang
Alfa Grosir (PT Alfa Retailindo Tbk**)	8	Jakarta, Bogor, Tangerang, Bandung, Semarang, Surabaya, Malang, dan Denapasar
Carrefour - hypermarket (PT Contimas Utama Indonesia)	14	Jakarta, Surabaya, Bandung, Palembang, Medan
Club Store - hypermarket (PT Mutiara Ritelinti Wira)	4	Jakarta, Medan
Cosmo Japanese Food Center - supermarket* (PT Eka Upaya)	2	Jakarta, Surabaya
Borma Pasar Swalayan	12	Bandung
D'Best – supermarket	4	Jakarta, Makassar
Gelael – supermarket	9	Jakarta, Jawa, Bali, Sumatera, Sulawesi, Batam
Giant – hypermarket (PT Hero Supermarket Tbk**)	10	Jakarta,Tangerang, Bekasi, Cimanggis, Bandung, Surabaya
Hero (supermarket), included Top's outlet which was acquired May 2003	100	Jakarta, Java, Bali, Lombok, Sumatera, Kalimantan, Sulawesi, Papua Barat
Hari-Hari Pasar Swalayan (PT Sinar Sahabat Inti Makmur)	6	Jakarta
Indo Grosir – wholesale (PT Indomarco Prismatama)	6	Jakarta, Bandung, Yogyakarta, Surabaya
Kem Chicks –supermarket * (PT Boga Catur Rata)	1	Jakarta

Makro – wholesale (PT Makro Indonesia)	15	Jakarta, Surabaya, Medan, Bandung, Bali, Semarang, Solo, Makassar, Palembang, Pakanbaru
Matahari – supermarket (PT Matahari Putra Prima Tbk**) in 2003	51	Jakarta, Java, Bali, Sumatera, Kalimantan, Sulawesi, and Ambon
Market Place – supermarket (PT Matahari Putra Prima Tbk**)	2	Jakarta, Makassar
Matahari – Hypermart (PT Matahari Putra Prima Tbk**)	3	Tangerang
Metro – supermarket (PT Metro Supermarket Realty, Tbk**) in 2003	2	Jakarta
Naga Pasar Swalayan in 2003	7	Jakarta, Bekasi, Depok
Nina Fair Price –supermarket (PT Sekar Sentosa Lestarijaya) in 2003	5	Surabaya
Papaya – supermarket * (PT Victory Retailindo)	3	Surabaya, Jakarta
Ramayana -supermarket (PT Ramayana Lestari Sentosa, Tbk**)	75	Jakarta, Java, Bali, Batam, Sumatera, Kalimantan, SulawesiNusatenggara Timur
99 Ranch Market -supermarket* (PT Supra Boga Lestari)	3	Jakarta
Setiabudhi -supermarket*	1	Bandung
Sinar – supermarket (PT Alika Eka Putera)	5	Surabaya
Sogo - supermarket (PT Panen Lestari Internusa)	5	Jakarta, Surabaya
Super Indo – supermarket (PT Lion Superindo)	42	Jakarta, Bogor, Tangerang, Banten, Bekasi, Bandung, Surabaya, Palembang, Yogyakarta
Tiara Dewata	4	Bali
Tragia (supermarket) in 2003	5	Bali
Yogya (supermarket)	43	Jakarta, West Java
Caswell's Mom's *	2	Jakarta, Bali
Dijon Food Specialities*	1	Bali

Gourmet Garage *	1	Bali
Bali Deli *	1	Bali
Pepito Supermarket *	1	Bali

* specialty store

** Tbk: means public listed

B. Mini-markets and Convenience Stores

Mini-markets are rapidly growing in popularity. This is especially true in the cities outside of Jakarta. Mini-markets are essentially upgraded traditional "mom and pop" stores. They carry essential staple goods, some frozen items, and fresh fruits. Low price is one of their selling points. Many mini-markets are located in housing estates and residential areas. Most chains of mini-markets have their own distribution facilities. Central purchasing takes place from importers or distributors and items are delivered to a central warehouse or directly to stores.

Retailer Name & Market Type	No. of Outlets In 2004 (Nov)	Locations
Alfa Minimarket (PT Sumber Alfaria Trijaya)	850	Jakarta, Java
AM/PM (convenience) (PT Sinar Sahabat)	27	Jakarta
Circle K (convenience) (PT Circle K Indonesia) in 2003	63	Jakarta, Bogor, Bandung, Bali, Yogyakarta
7 Eleven (PT Suryamas Cahaya Lestari)	6	Bandung
Indomaret (mini-market) (PT Indomarco Prismatama)	973	Jakarta, Java
Markaz Waserda (PT Solar Sentra Distribusi) in 2003	17	Java
Star Mart – mini market (PT Hero Supermarket Tbk)	42	Jakarta, Bogor, Bali
Tragia Minimarket in 2003	1	Bali
Local mini market	A lot	All over Indonesia

C. Traditional Sector

As indicated earlier, the traditional sector continues to dominate Indonesian food retailing. This sector includes small "mom and pop" provision shops, some of which are in markets. Distribution channels are long and complex. Little imported product is carried by these outlets except for fresh fruit and beef offal. An estimated 60% of imported fresh fruit goes through traditional markets. US apple (red delicious) is the most important, followed by oranges from China and US table grapes. Meanwhile, an estimated 80 percent of beef offals are distributed in the traditional markets. Offals are sourced almost exclusively from Australia and the United States.

III. COMPETITION

Local companies with a strong position in the food and beverage market

The local industry dominates the markets for wheat flour based food products (noodles and baked goods), snacks, poultry products, processed dairy products, canned fish, beverages (soft drinks, beer), tropical fruit & vegetables, and fresh sea food.

While businesses operating in the fresh produce segments compete on ability to supply competitively priced locally grown products, the processed food and beverage businesses compete in markets where brands are important. There are several multinational companies in this sector, including: Unilever, Nestle, Kraft, Danone, Cadburry, Heinz, Campbells, and Nabisco.

Competition in the import market

Primary competing suppliers include Australia, China, Japan, France, Holland, South Africa, Korea, India, Malaysia, Thailand, and Taiwan.

Please see the Appendix A.

IV. BEST PRODUCT PROSPECTS

Many U.S. food items have sales potential in Indonesia. This is especially true of those for which no local substitutes are available. The best opportunities exist in modern retail outlets in the major cities on Java such as Jakarta, Bandung, Surabaya, and Denpasar, Bali (for tourism consumption), and Sumatra. Significant potential also exists in areas where oil, coal and mining companies with a high concentration of expatriates are located, such as Balikpapan, Lombok & Sumbawa, and Pakanbaru.

The willingness of a supermarket to stock a particular U.S. food will depend largely on its customer base. In most large cities, there is at least one supermarket that serves the American and other expatriate community. This supermarket will buy products that may be unfamiliar in use and taste to typical Indonesians, such as pickles, olives, and condiments. In general, the biggest opportunities exist for good quality, middle or low price range items with well-known brand names.

A. Products Present in the Market which have Good Sales Potential

For U.S. products already present in the Indonesian market in significant quantities, fresh fruit continues to have the best sales prospects. This is especially true of the hardier fruits, such as apples and grapes. The next most important U.S. sales item in the retail sector are beef offals, which are generally marketed in traditional outlets. Canned foods, such as vegetables and beans are also common. Some of the best selling processed foods include frozen french fries, frozen and canned vegetables, breakfast cereals, snack food/biscuit/crackers, popcorn, baby food, dressings, sauces & seasonings, cooking/salad oils, and beverage.

B. Products Not Present in Substantial Quantities but which have Good Sales Potential

There are also good opportunities for sales of other American high value items. Many of these are not yet in the market in significant quantities. These include frozen foods; such as pizza, frozen meat, delicatessen items (cream cheese), and juices.

C. Products Not Present Because they Face Significant Barriers

American products that have not sold well in Indonesia include seafood and further-processed dairy products. Retailers that serve the middle and lower income segment also reported difficulties in selling American spices, alcoholic beverages, pasta, olives, pickles, and mustards. Imports of U.S. chicken parts, which have great potential demand in Indonesia, are banned due to questions regarding halal certfication.

D. Recommendations

It is a good time to enter the Indonesian market. The retail sector is growing rapidly despite the ongoing crises and competition remains limited. There are opportunities to develop a strong brand name and customer loyalty. However, it is important to have realistic expectations about market size. There is also a need to be flexible and make a long-term commitment to the market.

Other recommendations for selling to Indonesia are the following:

- It is essential to invest in promotion especially for new to market product sampling and to create awareness for your products. Your distributor should be provided with thorough training in product knowledge.
- Your product must be priced competitively. Your agent should be given a reasonable price for your product to avoid undercutting by parallel importers.
- Be prepared to deal with small order quantities and, to the extent possible, be flexible with minimum quantities.
- Offer the market a range of products to give consumers a choice.
- Limit your sales efforts to products that have at least a 9-month shelf life and make sure that the items are clearly marked with expiry dates.
- Find out as much as possible about the market and culture.
- Work closely with your local agent on a win-win basis. Make sure that channels of distribution are closely supervised. To the extent possible, protect your agent against parallel imports.
- Singapore is a showcase and a trans-shipment point for the Southeast Asian region. Consequently, a presence there is important as well.
- Provide the complete documentation required to register the product (process ML number).
- Actively contact retailers directly, not only through importer or agent.

V. POST CONTACT AND FURTHER INFORMATION

The Foreign Agricultural Service (FAS), US Embassy Jakarta maintains up-to-date information covering food and agricultural import opportunities in Indonesia and would be pleased to assist in facilitating U.S. exports and entry to the Indonesia market. Questions or comments regarding this report should be directed to the FAS Jakarta at the following local or U.S. mailing address:

Foreign Agricultural Service
U.S. Embassy Jakarta
Jl. Medan Merdeka Selatan # 3-5
Jakarta 10110 - Indonesia
Tel: +62 21 3435-9161
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Home page:www.usembassyjakarta.org/fas

Foreign Agricultural Service
U.S. Embassy-Jakarta
Box 1, Unit 8129
FPO AP 96520-0001

Please contact our home page for more information regarding exporting U.S. food products to Indonesia, including “Market Brief: Imports of U.S. Fresh Fruit: Indonesia”, "Market Brief - Beef Liver & Chicken Leg Quarter in Indonesia", Market brief – Snack Food” Indonesia, and "Market Brief-Furniture Industry in Indonesia".

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service’s Home Page: http://www.fas.usda.gov

A: REVIEW OF COMPETITION FOR U.S. HIGH-VALUE PRODUCTS IN INDONESIA

Best market prospects for imported U.S. food products and competing suppliers presence, as identified by the Agricultural Trade Office in Jakarta based on Indonesian Central Bureau Statistics data are as follows:

HS Code	Description	2001 (value USD)		2002 (value USD)		2003 (value USD)	
		World	US origin	World	US origin	World	US origin
0808	Apple, pears & quinces, fresh	73,295,303	25,220,211	108,514,279	31,881,174	89,613,317	27,241,800
0806	Grapes, Fresh or Dried	10,495,234	5,472,058	19,567,407	10,258,409	18,988,023	8,645,852
0206	Edible Offal of Bovine Animals, Swine, Sheep, Goats, Horses Etc, fresh, Chilled or Frozen	16,686,262	5,043,782	22,830,634	7,227,814	23,183,718	7,945,028
020621 only	Tongues of Bovine Animals, Edible, frozen	8,478	456	75,456	7,561	93,614	6,427
020622 only	Livers of Bovine Animals, Edible, frozen	9,140,681	3,898,843	8,173,639	3,486,152	8,880,224	4,204,528
0402	Milk and Cream, consentrated or containing added sweetening	240,505,492	27,606,331	167,160,281	5,433,934	190,974,177	14,256,943
0710	Vegetable (uncooked or Cooked by steam or boiling water), frozen	4,380,869	3,214,950	4,985,873	2,873,532	4,073,238	1,312,732
200410	Potatoes, Including French Fries, Prepared or Preserved Otherwise than by Vinegar or Acetic Acid, frozen	5,311,458	1,325,385	6,177,511	2,257,219	6,728,409	953,201
0202	Meat of Bovine Animals, frozen	22,791,617	1,324,041	17,864,262	1,228,480	17,862,855	1,457,654
0805	Citrus Fruit, Frsh or Dried	40,243,452	1,036,590	51,440,420	1,166,159	47,098,481	1,583,823
0306	Crustaceans, live, frsh, chilled, frzn etc; Crustaceans, in shell, cookd	11,313,011	1,198,827	10,942,637	825,288	11,445,036	815,006

	by stm or bolng watr; flours, meals, pellets of Crustaceans, hum consump						
030623 only	Shrimps and Prawns, Live, Fresh, Chilled, Dried, Salted or in brine or cooked by steaming or boiling in water, not frozen	1,076	0	182,454	178,629	437,768	416,796
2008	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sweetening or spirit, nesoi	2,714,293	619,697	5,795,050	779,661	4,304,392	627,365
0802	Nuts Nesoi Fresh or Dried	1,088,106	671,040	1,168,931	765,279	1,154,991	881,653
0406	Cheese & Curd	14,379,406	528,560	15,623,425	719,588	14,517,137	1,600,022
2103	Sauces and preparation therefore; mixed condiments and mix seasonings; mustard flour and meal and prepared mustard	6,609,724	679,409	10,817,273	638,122	10,796,214	869,902
210320 only	Tomato ketchup and other tomato sauces	717,539	316,895	783,698	216,049	1,070,887	280,969
210390	Sauces and preparations therefore, nesoi; mixed condiments and mixed seasonings	4,554,403	322,405	7,776,757	379,189	7,664,073	510,819
2101	Extract, Essences & Consentrates of Coffee, Tea or Mate & preparation thereof; Roasted Chicory etc & Extract, Essences & Consentrates	2,345,645	626,396	1,954,202	599,163	2,482,608	639,640
1904	Prepared foods from swelling or roasting	5,038,002	500,552	5,404,919	592,981	5,892,969	460,868

	cereals or products; cereals (exc. Corn), in grain form flakes or worked grain prepared nesoi						
1905	Bread, pastry, cakes, biscuits and other baker's wares; Communion wafers, empty capsules for medicine etc, sealing wafers, rice paper etc	5,334,177	95,049	6.098,544	354,221	7,942,185	435,839
190110	Food preparation for infant use, put up for retail sale, nesoi	2,031,550	161,125	14,365,464	271,172	19,951,833	393,517
2009	Fruit juices nt fortified W Vit or Minls (incl grape must) & vegetable juices, unfermented & nt containing add spirit, whet or nt containing added sweetng	4,728,805	402,577	4,315,024	267,757	4,402,064	317,114
2002901 10	Tomato puree, tomato paste in airtight containers	2,245,462	247,826	2,637,387	254,333	3,092,582	271,813
2104	Soups and broths and preparations therefor', homogenized composite food preparations	2,029,775	192,841	3,128,030	198,154	2,557,140	134,566
2007	Jams, fruit jellies, marmalades, fruit or nut pure and fruit or nut pastes, being cooked preparation, whether or not containing added sweetening	878,424	88,216	2,352,455	129,150	2,645,111	178,172
1602	Prepared or preserved meat, meat offal or blood, nesoi	1,298,685	166,152	1,892,234	111,618	2,178,314	115,279
0307	Molluscs & Oth aquatic invertebrata nesoi, live, frsh, chilld,	5,720,198	257,620	3,640,455	73,487	4,191,319	55,514

	frzn, dried, saltd or in brine; flours, meals & pellets of aqua inverteb hum consumptn						
2203	Beer made from malt	95,904	18,901	320,200	70,690	390,605	11,418
0304	Fish fillets and other fish meat (whether or not minced), fresh, chilled or frozen	1,787,853	56,311	1,822,823	58,211	2,227,767	60,265
2105	Ice cream and other edible ice, whther or not containing cocoa	1,624,380	1,298,610	2,231,255	58,087	1,352,669	1,393
1704	Sugar convectionary (including white chocolate), not containing cocoa	10,215,894	205,484	16,110,724	54,400	21,030,510	81,646
0302	Fish, fresh or chilled, excluding fish fillet and other fish meat whitout bones; fish livers and roes, fresh or chilled	1,191,142	55,234	1,457,472	41,332	1,913,216	64,044
2208	Ethyl alcohol, undenatured, of an alcoholic strength by volume of under 80% Vol; spirits, liqueurs and other spirituous beverages	379,910	687	460,482	38,419	265,522	0

Country of origin:

HS Code	Description	Major Suppliers (value USD)		
		2001	2002	2003
0808	Apple, pears & quinces, fresh	China (52%) US (34%) Others: Australia, France, New Zealand, Canada, South Korea	China (59%) US (29%) Others: Australia, France, New Zealand, Canada, South Korea	China (60%) US (30%)
0806	Grapes, Fresh or Dried	US (52%) Australia (34%) Others: Chile, South Africa	US (52%) Australia (35%) Others: China, South Africa	US (46%) Australia (28%) Chili (7%) South Africa (6%) China (6%)
0206	Edible Offal of Bovine Animals, Swine, Sheep, Goats, Horses Etc, fresh, Chilled or Frozen	Australia (48%) US (30%) New Zealand (18%)	Australia (47%) US (32%) New Zealand (17%) Others: Canada	Australia (40%) US (34%) New Zealand (24%)
020621 only	Tongues of Bovine Animals, Edible, frozen	Argentina (52%) Australia (43%) US (5%)	Australia (90%) US (10%)	Australia (93%) US (7%)
020622 only	Livers of Bovine Animals, Edible, frozen	US (43%) Australia (38%) New Zealand (15%)	Australia (43%) US (41%) New Zealand (14%)	US (47%) Australia (37%) New Zealand (15%)
0402	Milk and Cream, concentrated or containing added sweetening	Australia (17%) NZ (36%) Netherlands (9%) Philippines (9%) US (11%)	Australia (28%) NZ (28%) Netherlands (14%) Philippines (9%) US (3%)	New Zealand (22%) Philippines (18%) Australia (17%) Netherlands (14%) US (7%) Germany (6%)
0710	Vegetable (uncooked or Cooked by steam or boiling water), frozen	US (73%) Netherlands (10%) Australia (8%)	US (58%) Canada (10%) Singapore (9%) New Zealand (8%) Australia (5%) Netherlands (5%)	New Zealand (43%) US (32%) Canada (11%) Netherlands (6%) Australia (5%)
200410	Potatoes, Including French Fries, Prepared or Preserved Otherwise than by Vinegar or Acetic Acid, frozen	US (25%) Canada (50%) Malaysia (16%)	US (37%) Canada (34%) Malaysia (22%)	Canada (34%) Malaysia (17%) US (14%) Singapore (14%0 Netherlands (12%)
0202	Meat of Bovine Animals, frozen	Australia (43%) New Zealand (30%) Ireland (20%) US (6%)	Australia (66%) New Zealand (27%) US (7%)	Australia (63%) New Zealand (28%) US (8%)
0805	Citrus Fruit, Fresh or Dried	Pakistan (36%) China (35%) Australia (12%) Brazil (5%) Egypt (4%) US (3%)	China (41%) Pakistan (25%) Australia (13%) Brazil (8%) Egypt (3%) South Africa (3%) US (2%)	China (46%) Pakistan (21%) Australia (12%) Brazil (7%) Egypt (4%) South Africa (3%) US (3%)
0306	Crustaceans, live, frsh, chilled, frzn etc; Crustaceans, in shell, cookd by stm or boilng watr; flours, meals, pellets of Crustaceans, hum consump	India (21%) Singapore (13%) Malaysia (11%) US (11%) Thailand (6%) Myanmar (5%)	Singapore (21%) China (19%) Malaysia (12%) India (8%) Vietnam (8%) US (8%)	Malaysia (23%) Singapore (11%) US (7%) China (7%) Thailand (6%)
030623 only	Shrimps and Prawns, Live, Fresh, Chilled, Dried, Salted or in brine or cooked by steaming or boiling in water, not frozen	Taiwan (74%) South Korea (17%) Japan (6%) US (3%)	US (98%) Norway (2%)	US (95%) Thailand (4%)
2008	Fruit, nuts and other edible	China (24%)	China (32%)	China (25%)

	parts of plants, otherwise prepared or preserved, whether or not containing added sweetening or spirit, nesoi	US (23%) Singapore (14%) Thailand 12%) Switzerland (7%)	Malaysia (18%) US (13%) Thailand (13%) Singapore (6%)	Thailand (21%) US (15%) Malaysia (13%) Australia (6%)
0802	Nuts Nesoi Fresh or Dried	US (62%) Australia (18%) Thailand (5%)	US (65%) Australia (21%) China (6%)	US (76%) Australia (14%) China (8%)
0406	Cheese & Curd	Australia (57%) New Zealand (33%) US (4%)	Australia (59%) New Zealand (28%) US (5%)	Australia (49%) New Zealand (28%) US (11%)
2103	Sauces and preparation therefore; mixed condiments and mix seasonings; mustard flour and meal and prepared mustard	Japan (21%) Singapore (16%) Hongkong (15%) Malaysia (14%) US (10%) China (10%)	Japan (18%) Singapore (17%) Malaysia (13%) Hongkong (13%) China (9%) US (6%)	Japan (16%) Singapore (16%) Malaysia (16%) China (9%) Hongkong (8%) US (8%)
210320 only	Tomato ketchup and other tomato sauces	US (44%) Malaysia (22%) China (7%) Singapore (6%)	US (28%) Netherlands (10%) Singapore (10%) Japan (9%) Malaysia (9%) Italy (8%)	US (26%) China (14%) Singapore (9%) Belgium (9%) Australia (7%) South Korea (7%) Italy (6%)
210390 only	Sauces and preparations therefore, nesoi; mixed condiments and mixed seasonings	Japan (21%) Hongkong(21%) Singapore (21%) Malaysia (17%) US (7%)	Japan (18%) Malaysia (17%) Singapore (17%) Hongkong(17%) US (5%)	Malaysia (21%) Japan (16%) Singapore (16%) Hongkong (11%) US (7%)
2101	Extract, Essences & Concentrates of Coffee, Tea or Mate & preparation thereof; Roasted Chicory etc & Extract, Essences & Concentrates	US (27%) Malaysia (21%) Indonesia (19%) China (9%) Netherlands (9%)	US (31%) Malaysia (22%) Brazil (12%) Columbia (7%) Netherlands (6%)	Malaysia (35%) US (26%) Philippines (10%) Brazil (7%)
1904	Prepared foods from swelling or roasting cereals or products; cereals (exc. Corn), in grain form flakes or worked grain prepared nesoi	Philippines(61%) Thailand (12%) US (10%) Germany (4%) Australia (3%)	Philippines(52%) Thailand (12%) US (11%) Malaysia (7%)	Philippines (59%) US (8%) Thailand (6%) Malaysia (5%)
1905	Bread, pastry, cakes, biscuits and other baker's wares; Communion wafers, empty capsules for medicine etc, sealing wafers, rice paper etc	Malaysia (56%) Thailand (13%) Australia (6%) China (5%) Singapore (4%) US (2%)	Malaysia (39%) Thailand (15%) Italy (7%) Australia (6%) US (6%) Singapore (5%)	Malaysia (33%) China (23%) Thailand (17%) US (5%)
190110	Food preparation for infant use, put up for retail sale, nesoi	Philippines(44%) Denmark (39%) US (8%) Netherlands (5%)	Singapore (40%) Malaysia (34%) Ireland (13%) Philippines(7%) Denmark (2%) US (2%)	Singapore (70%) Malaysia (27%) US (2%)
2009	Fruit juices nt fortified W Vit or Minls (incl grape must) & vegetable juices, unfermented & nt containing add spirit, whet or nt containing added sweetng	Australia (40%) Brazil (13%) US (9%) Malaysia (7%) Austria (5%) China (4%)	Australia (44%) Malaysia (6%) US (6%) Brazil (6%) China (5%) Japan (4%)	Australia (33%) Malaysia (22%) US (7%) Japan (6%)
200290110	Tomato puree, tomato paste in airtight containers	China (74%) Turkey (13%) US (11%)	China (74%) Turkey (11%) US (10%)	China (50%) Turkey (25%) Portugal (12%) US (10%)
2104	Soups and broths and	Malaysia (38%)	Malaysia (62%)	Malaysia (58%)

	preparations therefor', homogenized composite food preparations	Japan (32%) US (10%) Thailand (9%)	Japan (18%) US (6%) China (3%)	Japan (16%) Thailand (9%) US (5%)
2007	Jams, fruit jellies, marmalades, fruit or nut pure and fruit or nut pastes, being cooked preparation, whether or not containing added sweetening	Australia (16%) Belgium (10%) US (10%) Netherlands (8%) Malaysia (7%) France (7%)	Brazil (28%) Austria (16%) Australia (12%) Taiwan (9%) US (6%) Belgium (4%)	Brazil (24%0 China (13%) Australia (13%) Austria (8%) US (7%) Belgium (6%)
1602	Prepared or preserved meat, meat offal or blood, nesoi	China (58%) US (13%) France (11%) Australia (5%)	China (65%) France (11%) US (6%) Australia (6%)	China (60%) Malaysia (12%) France (6%) Australia (6%) US (5%)
0307	Molluscs & Oth aquatic invertebrata nesoi, live, frsh, chilld, frzn, dried, saltd or in brine; flours, meals & pellets of aqua inverteb hum consumptn	Taiwan (35%) China (20%) South Korea (13%) Japan (11%) Singapore (9%) US (5%)	Taiwan (29%) SouthKorea(25%) China (18%) Japan (9%) India (6%) US (2%)	Taiwan (44%) China (24%) South Korea (8%) Philippines (7%) Japan (4%) US (1%)
2203	Beer made from malt	Singapore (39%) Australia (25%) US (20%)	Singapore (51%) US (22%) Mexico (9%) Canada (7%) Australia (6%)	Singapore (58%) Thailand (18%) UK (6%) Mexico (5%) Australia (4%) US (3%)
0304	Fish fillets and other fish meat (whether or not minced), fresh, chilled or frozen	Japan (17%) Thailand (12%) Malaysia (8%) Singapore (8%) US (3%) Kenya (3%)	Malaysia (16%) Singapore (15%) Japan (14%) Norway (7%) Vietnam (4%) US (3%)	Japan (26%) Taiwan (13%) Singapore (8%) Norway (7%) Malaysia (7%) China (3%) US (3%)
2105	Ice cream and other edible ice, whther or not containing cocoa	US (80%) Australia (6%) Canada (3%) France (3%)	Canada (42%) Japan (30%) France (14%) Australia (4%) US (3%) New Zealand 2%)	Canada (46%) France (19%) Australia (13%) US (0.1%)
1704	Sugar convectionary (including white chocolate), not containing cocoa	Philippines(27%) China (15%) Malaysia (10%) Italy (9%) Australia (8%) Switzerland(6%) UK (6%) Thailand (5%) US (2%)	China (54%) Philippines(15%) Switzerland (5%) Malaysia (4%) UK (4%) South Africa (3%)	China (35%) Thailand (26%) Philippines (11%) US (0.4%)
0302	Fish, fresh or chilled, excluding fish fillet and other fish meat whitout bones; fish livers and roes, fresh or chilled	Norway (26%) Japan (22%) Australia (19%) Malaysia (12%) China (10%) US (5%)	Norway (36%) Japan (26%) China (13%) Australia (10%) Malaysia (5%) US (3%)	Norway (31%0 Japan (18%) China (17%) Malaysia (11%) US (3%)
2208	Ethyl alcohol, undenatured, of an alcoholic strength by volume of under 80% Vol; spirits, liqueurs and other spirituous beverages	Singapore (23%) Australia (21%) Japan (17%) Germany (10%) UK (8%) Netherlands (6%) Hungary (3%) Peru (3%)	Australia (25%) Singapore (22%) UK (17%) US (8%) Germany (8%) France (6%) Denmark (5%)	Singapore (26%) Denmark (19%) Sweden (18%) UK (10%) France (9%) Germany (9%) Australia (8%)

Apendix B: EUROMONITOR DEFINITION

Hypermarket: A store with a retail sales area of over 2,500 sqm, with at least 35% of selling space devoted to non-foods. Frequently on out-of-town sites or as the anchor store in a shopping center

Supermarkets: A store with a selling area of between 400 and 2,500 sqm, selling at least 70% foodstuffs and everyday commodities. However, smaller (under 100 sqm) and larger (>2,500 sqm) supermarket stores which are common in some ot the countries under review (Asian countries)

Convenience stores: Shop selling a wide range of goods with extended opening hours and fitting the following characteristics: Opening 7 days a week. Opening 9am or earlier on 6 or more dys a week. Closing 8pm or later on 6 or more days of the week. Lunch closing no more than 1 day a week. Handling 2 or more of the following product categories: Pre-recorded videos (for sale or rent); take-away food (ready made sandwiches, rolls or hot food); newspapers or magazines; cut flowers or potted plants. Greeting cards.

Independent grocers: A retailer owning and operating one or more (but fewer than ten) retail outlets, but not affiliated with any other business; mainly family business or partnership, where food accounts for at least 50% of total retail sales.

Co-operatives: Cooperatives are societies affiliated with the worldwide federation of cooperatives, founded in 1895 to promote fair trading. In each country where cooperatives function there are a number of societies controlling a series of retail outlets.

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