

Voluntary Report – Voluntary - Public Distribution

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Report Name: USDA Dairy Roundtable Delivers Record Exports

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Post: Jakarta

Report Category: Export Accomplishments - Events, Export Accomplishments - Marketing, Trade Events and Shows, Export Accomplishments - Market Access

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Report Highlights:

The USDA-sponsored “U.S.–Indonesia Dairy Roundtable” event, held in Jakarta on September 30, 2019, has delivered record results for U.S. dairy exports. In the year since the seminal event concluded, U.S. exports of dairy products to Indonesia surged to more than 160,000 metric tons, valued at more than \$346 million. Moreover, U.S. market share of Indonesia’s nearly \$1.4 billion dairy import market dramatically increased from 14 percent to 25 percent. In calendar year 2020, as of September, the U.S. had already exported a record volume of dairy products to Indonesia and is on track to reach a record value by the end of the year. The event was an excellent example of FAS collaboration with host government officials, local importers, and U.S. industry stakeholders to increase U.S. exports.

Background

Held at the Grand Hyatt Ballroom in Jakarta on September 30, 2019, the U.S.–Indonesia Dairy Roundtable was a groundbreaking event designed to increase trade in dairy products between the U.S. and Indonesia. Led by USDA Undersecretary for Trade and Foreign Affairs, Ted McKinney, U.S. Ambassador to Indonesia, Joseph R. Donovan, and Indonesia’s Minister of Trade, Enggar Lukita, the gathering brought together key stakeholders from both countries for day-long discussions on dairy trade and policy. In addition to hearing from senior level officials from both governments, participants engaged in one-on-one business meetings designed to expand importer knowledge of U.S. dairy products and exporter knowledge of Indonesian buyers’ requirements. Arranged by the U.S. Dairy Export Council (USDEC) and FAS Jakarta, industry representatives from 13 dairy exporters and producers met directly with buyers from 60 Indonesian companies representing importers, processors, and retailers. FAS Jakarta collaborated closely with USDEC to organize and manage this USDA-sponsored event. The event was an excellent example of how FAS can join with host government officials, local buyers, and U.S. industry stakeholders to increase U.S. exports.

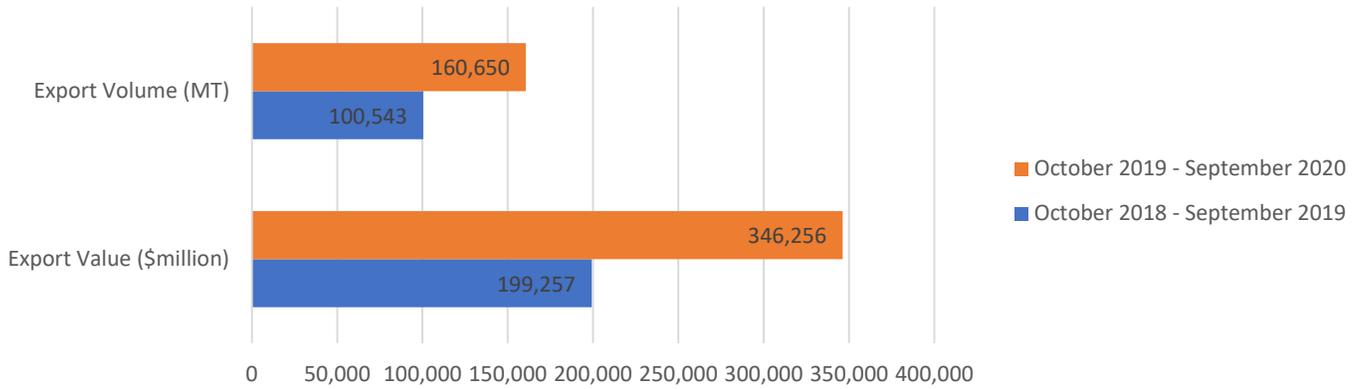


Above: Ambassador Joseph R. Donovan speaks at the U.S. – Indonesia Dairy Roundtable event alongside Agricultural Counselor, Chris Rittgers (center) and USDA Undersecretary for Trade and Foreign Affairs, Ted McKinney (right).

Results

In the immediate months following the roundtable, exports of U.S. dairy products to Indonesia accelerated across key product categories including Non-Fat Dry Milk (NFD), Whey, Lactose and Cheese. This strong performance in the final quarter led to a record quantity of U.S. exports to Indonesia in 2019. Despite market and demand disruptions related to Covid-19, strong demand for U.S. dairy products continued throughout 2020. Far outpacing the record 2019 year, in the year since the roundtable concluded (October 2019 – September 2020), U.S. exports of dairy products to Indonesia surged to more than 160,000 metric tons, valued at more than \$346 million.

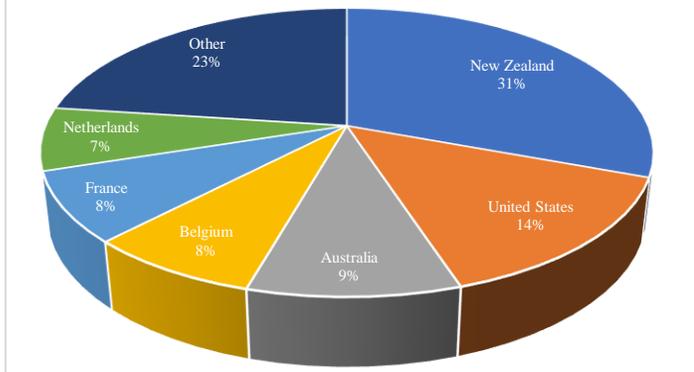
U.S. Dairy Exports to Indonesia



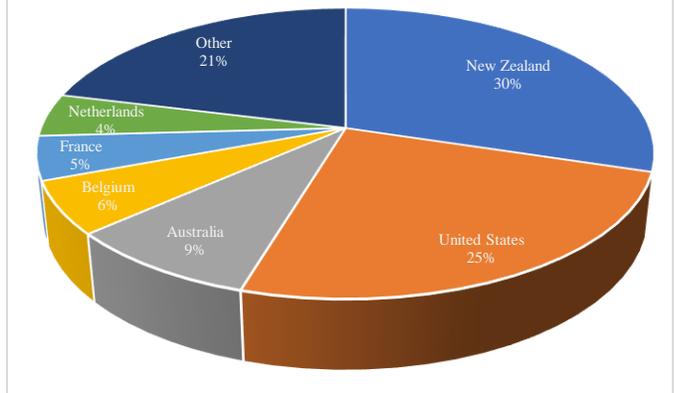
Source: USDA - GATS

Importantly, the gains for U.S. dairy were not solely derived from Indonesia’s growing dairy consumption. Global trade data in the year following the roundtable demonstrates the vast majority of growth in U.S. exports were a direct result of increasing market share. The U.S. market share for Indonesia’s \$1.4 billion dairy import market increased nearly 80 percent in the year following the roundtable. This impressive growth, from 14 percent to 25 percent market share, came almost exclusively at the expense of dairy exports from the EU.

Market Share of Indonesian Dairy Imports by Value (Sept. 2018 - Aug. 2019)



Market Share of Indonesian Dairy Imports by Value (Sept. 2019 - Aug. 2020)



Source: TDM

The gains in U.S. exports have made Indonesia the fourth largest market for U.S. dairy by volume and the sixth by value. Significantly, this achievement is not the result of increased exports for any one particular product, but rather an upsurge across various dairy product categories:

Top Destinations for Key U.S. Dairy Products by Value and Volume

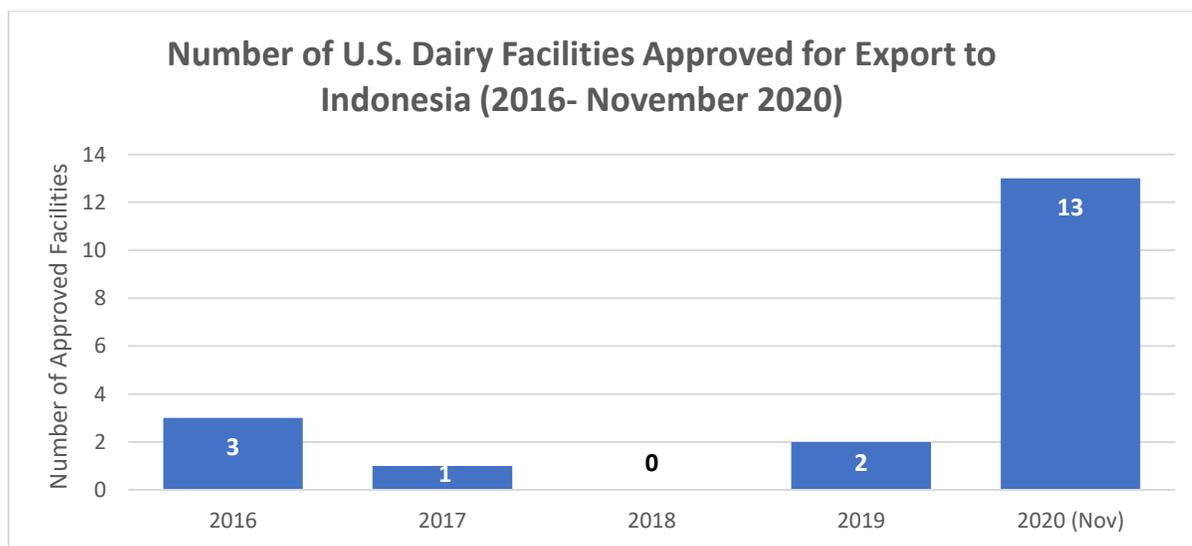
Product	Top 5	Key Export Destination	September 2018 - September 2019		Key Export Destination	September 2019 - September 2020	
			Value (\$)	Volume (MT)		Value (\$)	Volume (MT)
NFDM		World Total	1,681,030,487	747,552	World Total	2,319,331,240	928,110
	1	Mexico	831,585,097	372,316	Mexico	796,379,983	322,765
	2	Philippines	158,889,626	74,879	Philippines	283,728,691	116,463
	3	Indonesia	131,784,270	59,068	Indonesia	268,913,460	106,858
	4	Vietnam	121,662,236	54,436	Vietnam	165,322,607	65,650
	5	Colombia	56,950,126	23,600	Malaysia	121,342,902	45,922
MOD Whey		World Total	112,126,287	135,668	World Total	107,456,978	135,077
	1	New Zealand	26,094,260	28,887	China	27,935,207	38,335
	2	China	21,566,724	31,732	New Zealand	27,707,590	31,383
	3	Japan	11,064,832	10,694	Japan	7,582,200	8,984
	4	Mexico	10,750,441	8,341	Indonesia	6,959,293	10,311
	5	Philippines	10,409,522	15,309	Mexico	5,844,184	6,956
Whey (Dried)		World Total	202,050,680	180,765	World Total	230,687,761	203,248
	1	China	40,562,198	47,187	China	67,214,711	76,199
	2	Canada	30,133,347	10,577	Canada	31,693,035	11,738
	3	Mexico	18,703,817	16,312	Indonesia	15,119,749	15,033
	4	Philippines	15,535,758	15,716	Philippines	14,203,164	13,451
	5	Japan	12,696,787	11,534	Mexico	14,071,386	12,447
Cheese Cheddar		World Total	194,108,836	51,715	World Total	181,972,602	45,990
	1	Japan	60,886,284	17,748	Mexico	46,862,546	10,870
	2	Mexico	40,342,495	10,391	Japan	39,464,826	10,619
	3	Australia	21,348,257	6,006	Australia	16,768,477	5,147
	4	Korea, South	14,639,519	3,838	Indonesia	15,241,753	4,294
	5	Philippines	8,894,635	2,491	Korea, South	13,682,351	3,565
	9	Indonesia	4,826,219	1,373	Taiwan	3,778,829	796

Source: USDA - GATS

Seizing Opportunity

The success of the U.S.–Indonesia Dairy Roundtable can in a large part be attributed to the fast response by U.S. Ambassador Donovan, FAS Jakarta, and the dairy industry to seize an opportunity to expand U.S. exports. Upon hearing reports of trade tensions between the EU and Indonesia related to palm and palm- derived products spilling over into trade of other commodities, FAS Jakarta and the dairy industry moved quickly to mobilize a high-level event that could capitalize on the changing trade environment. Ambassador Donovan spearheaded the engagement with the Ministry of Trade, which ultimately brought together U.S. exporters and Indonesian importers together at an opportune moment when Indonesia sought to diversify trade in dairy products away from the EU.

Following the roundtable event, both FAS Jakarta and USDEC have continued to work aggressively to link U.S. dairy exporters with Indonesian buyers. This collaboration is perhaps most clearly demonstrated in the successful efforts to register new U.S. dairy facilities for export to Indonesia. Since concluding the roundtable, over 30 new U.S. dairy facilities have submitted applications to the Ministry of Agriculture seeking approval to export. Accordingly, USDEC has expanded its counseling to members on the application process and halal product requirements for Indonesia, while FAS Jakarta has actively engaged U.S. exporters to review and troubleshoot applications before submission and continually advocate with the Ministry of Agriculture for expedited review of U.S. applicants. As a result, 13 U.S. dairy facilities have been approved for export to Indonesia in 2020 and an additional 19 are undergoing the review process. Currently, 114 U.S. dairy facilities are approved for export to Indonesia, more than double the number of any other country.



Source: FAS Jakarta/Ministry of Agriculture

Attachments:

No Attachments.