

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Indonesia

Food Service - Hotel Restaurant Institutional

HRI Update 2013

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Report Highlights:

The Government of India reports that Indonesia's hotel industry averaged 6.5 percent growth between 2007 and 2011, while the restaurant industry grew an average of 5.7 percent. The HRI industry attributes continued growth to urban Indonesian's increased purchasing power, tourism, and MICE (Meeting, Incentive, Conference, and Exhibitions) development. These factors have led to dramatic growth of major international hotels, restaurants, and bakery chains.

Post:
Jakarta

Executive Summary:

I. MARKET SUMMARY

Market Overview

Indonesia is the most populous country in the ASEAN region with 240 million people, mostly concentrated on the five main islands of Java, Sumatra, Kalimantan, Sulawesi and Papua. It is home to approximately 13,500 islands and hundreds of local languages and ethnic groups. It is bestowed with vast natural resources, including petroleum and natural gas, logs, fisheries and iron ore. Indonesia is a major producer of rubber, palm oil, coffee and cocoa.

The Indonesian economy is declining, with GDP falling to 5.6 percent despite sound monetary policy interventions. This contrasts with positive growth rates above 6.0 percent during the 2007 to 2012 period. 2013 overall inflation is approaching eight percent, and the rupiah is weakening vis-à-vis the U.S. dollar, having recently broken the RS 12,000 mark for the first time. The trade, hotel and restaurant sector contributes 1.07 percent of GDP growth, second only to the manufacturing sector. The Ministry of Finance 2012 report stated that during 2007 to 2011 hotel industry was growing at average 6.5 percent and restaurant industry at 5.7 percent.

Gross National Product per capita in 2007 was \$1,843 and had grown to \$3,459 by 2012. Consumption accounted for 55 percent of GDP growth in Indonesia in 2012. Indonesian incomes are rising, driving an expansion of the middle class. A major multinational bank published a report that indicated Indonesia's middle class was 1.6 million in 2004; 50 million in 2009; and a projected 150 million by 2014. This growing demographic is creating new demand for western food products, imported brand names and socializing outside of the home. Middle class consumers also have newly acquired access to media and the internet, which further expose Indonesians to various international products, activities and lifestyles.

Strong domestic demand, slowing exports, and import growth have pushed up Indonesia's trade deficit. These points, along with a wave of election year economic nationalism have led the Government of Indonesia (GOI) to strictly limit food imports. These limitations have resulted in dramatic price increases for meat and horticultural products. The GOI also reduced certain fuel subsidies, leading to higher fuel and electricity prices as of June 2013. Inflation and more protectionist policies are likely to create challenges for the expansion of U.S. food product exports to Indonesia.

The Indonesian Hotel, Restaurant, and Institutional (HRI) sector is extremely diverse, consisting of high-end hotels and restaurants that serve local and international cuisine, fast food outlets, cafés and bars, bakery, and low-end small restaurants, street-side restaurants known as warungs, and vendors that sell food to customers on the street. Catering operations serve airlines, factories, private social functions, cruise and military ships, offshore mining and oil operations with expatriate staffs, prisons, and hospitals. There is a concentration of high-end HRI businesses concentrated in Bali and urban areas. Bali has the highest number of food service outlets, followed by Jakarta, Surabaya, Bandung, Surabaya,

Yogyakarta, Semarang, Medan, Bogor, Malang, Tangerang, and Solo. Four and five-star hotels, restaurants, cafés and bars specializing in Western and other non-Indonesian cuisines for tourists are dominant users of imported food products. Local caterers and restaurants tend to purchase local products.

Table 1. Indonesia: Food Service Outlets

Description	2012		% Growth 2011/2012		Annual Forecast % Growth 2012-17 CAGR	
	No of Outlets	Value (Rp. billion)	No of Outlets	Value	No of Outlets	Value
Cafes and bars (Chain & Independent)						
Specialist Coffee Shop	594	1,912	14.1	19.1	12.0	11.5
Café/Bars total	3,712	35,721	5.0	9.3	4.3	3.3
Full-service restaurants (Chain & Independent)						
Asian	98,257	283,097	0.6	8.1	0.4	3.1
European	352	3,235	3.2	8.6	2.4	3.0
Latin American	44	307	4.8	13.0	4.2	5.2
Middle Eastern	31	175	3.3	11.5	3.0	4.1
North American	814	4,407	4.6	9.4	3.7	3.8
Pizza	450	3,653	3.9	9.5	2.7	5.0
Others	544	4,404	4.4	10.9	3.5	6.0
Fast Food (Chain & Independent)						
Asian	1,628	5,493	2.3	9.7	2.7	3.3
Bakery products	987	1,403	4.7	15.4	2.9	6.3
Burger	498	2,719	7.6	13.0	6.0	8.7
Chicken	1,128	4,938	4.6	10.7	3.6	6.0
Convenience Store	516	177	30.0	55.0	16.3	15.1
Ice cream	423	311	27	30.5	17.1	18.6
Middle Eastern	22	32	4.8	6.5	4.2	1.5
Traditional food seller						
Street Stalls and Warungs	93,021	13,381	1.2	5.8	0.8	1.0

Source: Euromonitor

The GOI regulates the expansion of quick service restaurants (QSR) through Ministry of Trade (MOT) Regulation No. 7/2013. The regulation limits the number of outlets owned by a company to maximum 250 outlets. Companies with more than 250 outlets must franchise the existing outlets or divest them to a third party within five years. The outlets are also required to use a minimum 80 percent of local equipment and ingredient products. Additionally Ministry of Health (MOH) regulation No. 30/20013 requires QSRs to provide sugar, salt, and fat content information as well as a health message that reads “consuming more than 50 grams of sugar, 2,000 milligrams of Sodium, or 67 grams of fat per person per day increases the risk of hypertension, stroke, diabetes, and heart attack.”

Imported Food Products

There is strong demand for western products in Indonesia, particularly as more people associate them with quality, consistent availability, and healthy lifestyles. Also, as tourists and expatriates increase in areas beyond Java, demand for imported products is expected to increase. Unfortunately, protectionist policies (such as ambiguous import regulations and registration numbers (ML) for retail packaged imported foods), have led to irregular supplies of imported products at retail and food service outlets. This often leads Indonesians to source more locally produced products, which can result in lower quality goods.

Table 2. Indonesia: Imported Food Products in Market for HRI Industry, 2013

Products	Description	Type of HRI Industry
Fruits	fresh, frozen, canned, dried	All types
Vegetables	fresh, frozen, canned, preserved	All types
Potatoes	frozen	All types
Dairy products	milk, cheese, butter, whipping cream, yogurt, ice cream	High-end
Bakery ingredients	baking mix, dried fruits & nuts, fillings, chocolate, whey, NFDM, yeast, food coloring, etc	Middle & high-end
Soup, soup bases, broth	canned, dried/powder	Middle & high-end
Condiments	mayonnaise, salad dressings, sauces (barbeque, chili, soy, marinating), mustard, spices, etc	Middle & high-end
Seafood	fresh/chilled/ frozen salmon, crab, scallop, tuna	High-end
Preserved fruit, jam, spread		Middle & high-end
Cooking ingredients	vinegar, cider, vegetable oil (corn, sunflower, soybean, canola, olive), tomato paste and puree, etc	Middle & high-end
Non-alcoholic beverage	juices, coffee, tea, and soft drinks	Middle & high-end
Alcoholic beverage	liquor, beer and wine	High end
Mixed drinks, blends	dried/powder	Middle & high-end
Beef (first grade)	fresh, chilled, frozen	High-end
Beef of secondary cuts/trimming, oxtail, tongue	frozen	All types
Beef offal/heart/liver	frozen	Small restaurants, street-side vendors and small catering services
Poultry	frozen duck, turkey	High-end
Delicatessen	processed meat and poultry	High-end

Table 3. Indonesia: Advantages and Challenges for U.S. HRI Food Products

ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS IN INDONESIA	
Advantages	Challenges
U.S. food products are considered high-quality,	Imported products are more expensive compared to

healthy, and consistently available.	domestic goods.
Expatriates and the growing middle class are potential HRI customers. As more urban women enter the workforce, time for shopping & cooking declines and consumers seek convenience.	Most products require halal certification
Applied duties on most food and agricultural products are 5%.	Import regulations are often complex and non-transparent, thus requiring close business relationships with a local agent.
The U.S. Fresh Food of Plant Origin (FFPO) safety control system has been recognized. U.S. horticultural products are allowed to enter Tanjung Priok – port of Jakarta.	Approximately 39 fruit based products must have an import recommendation from the MOA and an import permit from the MOT.
GOI lifted the ban of imported US bone-in meat on June 17, 2013	Animal based foods must have an import recommendation from the MOA Director-General of Livestock and Animal Health Service as well as an import permit from MOT.
Distribution systems on the island of Java are improving, providing increased access to a population of 136.6 million.	Infrastructure outside of the main island of Java, including ports and cold storage facilities, is poorly developed.
Indonesia does not produce sufficient quantities of beef, dairy products, tree nuts, temperate zone fresh fruit and vegetables.	Competition remains strong, especially from Australia, New Zealand and China. Food product imports from Malaysia, Philippines, and Thailand are also growing.
International restaurants, hotel chains, boutique hotels, and specialized cafés are increasing.	Product shelf life should be considered for shipments to Indonesia due to the extended transportation and inconsistent custom clearance procedures & time.

II. ROAD MAP FOR MARKET ENTRY

A. ENTRY STRATEGY

Most imported products for the HRI industry enter Indonesia by reputable local importers or distributor agents. They represent imported products, obtain import licenses and permits, understand customs clearance procedures, and distribute the products all over Indonesia. It is important that U.S. exporters appoint reliable local importers/agents in order to stay current on any new import requirements or regulations. Many regulations related to distribution and marketing of imported food and beverage products are enforced in an ambiguous manner.

Exporters interested in shipping to Indonesia should visit and research the market, and prioritize building a long-term relationship with a local importer/distributor. Understanding the complexity and weaknesses of the distribution system is also critical, especially if refrigeration and cold storage facilities are required. Exporters should familiarize themselves with local tastes and work closely with chefs, food and beverage professionals, and purchasing staff to modify any food items as necessary. It is also important for exporters to educate themselves on product knowledge, handling, preparation, pricing, and specific promotion strategies.

Jakarta and Bali remain the ideal locations to target the HRI food service sector. These cities are home to many hotels and international restaurants that cater to sizeable expatriate communities, foreign visitors, and high-income consumers. Bali remains the 'trendsetter' in specialized cafés, hotel chains, and restaurants. Other large cities such as Surabaya, Bandung, Medan, Batam, Balikpapan and Makassar also have potential for import growth.

Market access for imported food products

Labeling

Requirements for food product labeling (primarily applicable to packaged food for retail sale) are broad in scope. The Food Act of 1996, the Consumer protection Act of 1999, and Food Law 18/2012 all deal with labeling. The National Agency for Drug and Food Control (BPOM introduced labeling regulations) in 2011 and 2012 stating that labels must be written in the Indonesian language and note GMO derived ingredients.

As of January 2013, supplementary labels must be affixed prior to customs clearance (before arriving at the Indonesian territory). Statements or claims on the benefits of food products shall only be included if they are supported by scientific facts which can be accounted for.

Imported Product Registration Number (ML)

All imported processed food products in retail packaging must be registered with BPOM before they can be imported. The registration process should be conducted by a local agent or importer. The process for food registration is complex, often non-transparent, costly, and time consuming due to the detailed requirements for supporting documentation. The ML registration process has been improved slightly by the implementation of the E-registration for low risk processed food products (707 kinds of food products). However, the distinction between food retail packaging and food service package is unclear, resulting in complications for HRI imports with BPOM.

BPOM regulations require importers to apply for an import recommendation on animal-based food products, including processed products, from the Director General of Livestock and Animal Health Service (DGLAHS), Ministry of Agriculture (MOA). This recommendation must be obtained before an exporter applies for an ML number.

Entry Permit (SKI)

BPOM regulations (amended in 2013) state that all imported food materials/ingredients, including processed foods, must obtain an entry permit (SKI) from the head of BPOM for every shipment. The SKI is needed to release the products from customs.

Horticultural and Animal-Based Food Products

MOA and MOT regulations on animal and animal product imports were amended in 2013. Import permits for animal products will be issued on a quarterly basis every December, March, June and September. Under the amendment, quotas have been eliminated, but various constraints remain, such as a ban on selling imported beef through modern retail outlets.

MOA and MOT horticultural import regulations were also amended in 2013. Import permits for these

products will be issued on a semester basis, (December and June). The GOI has eliminated quotas for horticultural products.

Halal

Indonesian halal concerns continue to challenge U.S. food exporters. Halal, as defined by Indonesian regulations, includes foods, beverages, drugs, cosmetics, biochemistry products, and genetically modified products. Indonesia's Congress, or *Dewan Perwakilan Rakyat* (DPR), is debating the *Guarantee on Halal Products Law*. Post is unsure when the DPR will pass a definitive law on the *Guarantee on Halal Products Law*, but expects that a law is forthcoming. Post expects that the law will mandate that any halal product must be consumed, used, or worn in accordance with Islamic Law. These products must have a recognized halal certificate and be labeled with the recognized halal symbol.

Duties and Taxes

Although import duties applied to most of food and agricultural products are 5 percent, most imported products are also assessed a value added tax of 10 percent and sales tax of 2.5 percent. Alcoholic beverages are imported based on quota set by MOT on April every year.

Competition

Indonesian consumers are generally knowledgeable about U.S. food quality and safety. Prices are higher than competitors due to higher freight costs from competing origins. Consolidated shipments with products from several suppliers are highly favored and can be cost effective for Indonesian importers. Consolidated shipments, however, can create documentation problems.

Third-country competition remains strong, especially from Australia, New Zealand, China and European countries. Food product imports from ASEAN countries such as Malaysia, Philippines, and Thailand are also growing.

Indonesian regulations have led to a larger share of local products in retail markets. The quality and variety of most Indonesian-produced food products are not comparable to those of the U.S. and other imported products. Local production is largely limited to more Asian types of foods; with utilize different ingredients and production processes.

B. MARKET STRUCTURE

Distribution System

The Indonesian distribution system for imported products is simple (see distribution chart below). When U.S. products arrive in Indonesia via an importer or distributor, the products are delivered directly to HRI operators. Sub-distributors, agents or wholesalers may be necessary for HRI operators located outside Jakarta. Medium and small HRI operators normally purchase products through local agents, wholesalers, regular supermarkets and hypermarkets.

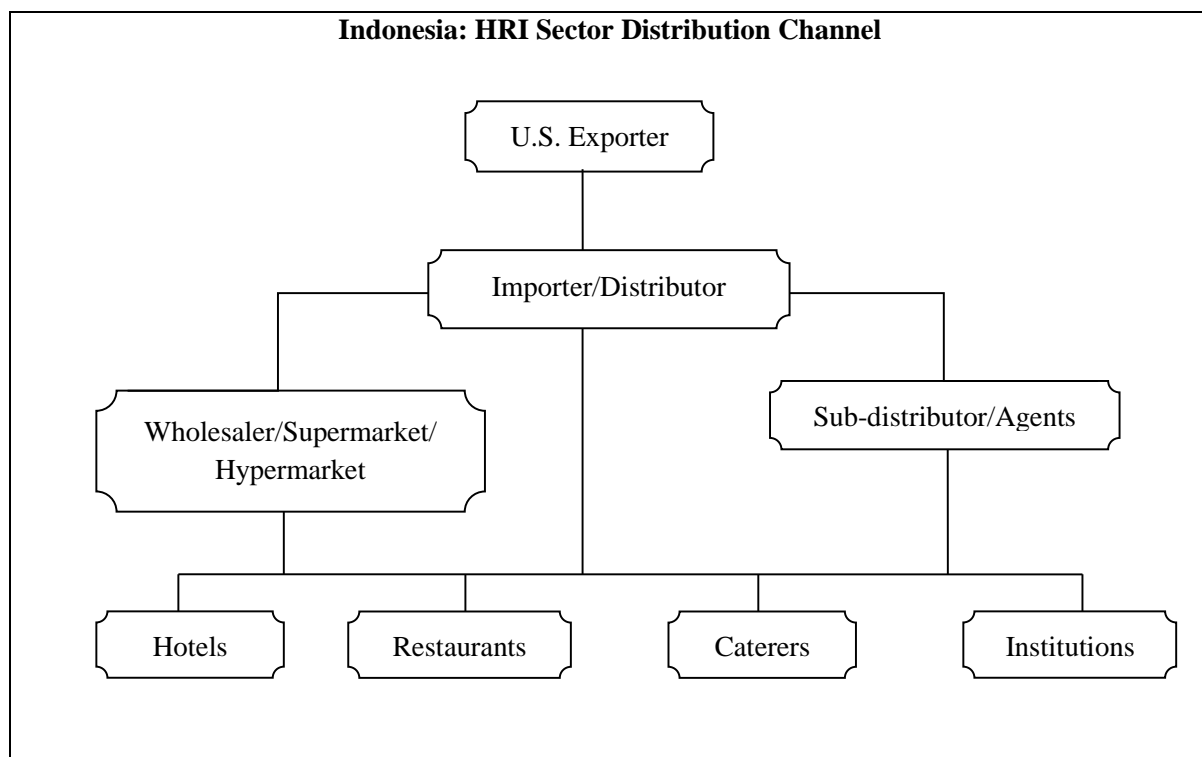
Some U.S. chains and upscale HRI operators import items directly from U.S. exporters. Quick Service Restaurants/fast food operators have exclusive contracts with importers/distributors. For example,

frozen potatoes (french fries/crinkle cuts), fried chicken coating mix, doughnut mix, and pizza cheese are brought in through exclusive importers in order to ensure that the products meet strict international franchise standards.

The food distribution system becomes more complex beyond Jakarta and Bali. Supermarkets, hypermarkets, and small scale agents play important roles in the distribution of imported products for medium and small HRI operators. Such products are limited to canned and fresh fruits, canned vegetables, frozen potatoes, preserved fruits/jams, butter, yogurt, condiments, sauces, and dried fruits (raisins).

Distribution Channel

Figure 1. Indonesia: HRI Sector Distribution Channel



Insufficient distribution infrastructure results in imported food shortages nationwide. Imported products mostly arrive in the Jakarta or Surabaya seaports, where the shipments are broken down for re-shipment via air, truck, or smaller ship to other cities. Imported perishable products are purchased directly from foreign suppliers or agents to serve upscale HRI industries, and air shipments from Australia and other origins to Jakarta or Bali are common.

Distribution of domestic products is less complicated compare to imported products. The HRI operators purchase domestic products directly from local manufacturers and their distributors, agents, wholesalers, and wet markets located in the same areas.

C. SUB-SECTOR PROFILES

Hotels and Resort (restaurants and catering services)

There are around 1,600 star rated, boutique and resort hotels with roughly 155,000 rooms in Indonesia.

Major concentrations of those hotels are in Bali (218 hotels), West Java (208 hotels), Jakarta (175 hotels), Central Java (139 hotels), East Java (98 hotels), North Sumatera (83 hotels), Riau island (70 hotels), South Sulawesi (57 hotels) and Yogyakarta (52 hotels). International hotel chains include Pullman, Intercontinental, Crown, The Ritz-Carlton, Le Meredien, Kempinski, J.W. Marriot, Ascot, Four Season, Grand Hyatt, Mandarin, Conrad, Westin, Novotel, Oberoi, St Regis and locally-owned boutique and resort hotels. State-owned companies are also entering the hotel business.

Table 4. Indonesia: Major Hotel Chains 2012

Hotel Chain	Hotel Name	Number of Rooms
Accor – French group	Ibis, Formulae, Mecure, Pullman and Novotel	10,837 rooms
Aston International - Hawaii	Grand Aston, Alana, Royal Alana, Royal Kamuela and Kamuela, Aston, Aston City, Aston Inn & Quest, Neo Hotels, Fave Hotel	6,087 rooms
Santika Hotels & Resorts - domestic	Santika Premier, Santika, Amaris, The Samaya, The Kayana	5,653 rooms
Swiss Bel-Hotel – Hongkong	Grand Swiss, Swiss Bel Hotel, Swiss Belinn, Zest	4,196 rooms
Starwood	W, St. Regis, The Luxury Collection, Westin, Sheraton, Le Meredien	2,702 rooms
Tauzia Hotel management - domestic	Harris, Preference, POP Hotel	2,319 rooms
Sahid Hotel network -domestic		2,042 rooms
InterContinental Hotels Group	InterContinental, Crowne, Holiday Inn	1,995 rooms
Hyatt		1,971 rooms
Discovery Hotels & Resorts	Borobudur, Discovery Kartika Plaza, Home@36 Bali, Palaca Hotel Cipanas, Discovery Express Paramita, Gaja Hotel, Hotel Ebony, Discovery Hotel & Convention Ancol, Kendari Beach City Hotel	1,918 rooms

Source: HVS Global Hospitality Service data

Bali remains the most visited tourist destination in Indonesia, followed by Jakarta and Batam. A total of 8.0 million tourists visited Indonesia in 2012. GOI data indicated that in 2012, Singapore, Malaysia, Australia, China, Japan, South Korea, Taiwan and Philippines accounted for the highest numbers of tourists by nationality, followed by the United States, United Kingdom, India, France, Netherlands,

Germany, and Russia. The number of tourist arrivals is predicted at around 9.5 million in 2014.

Table 5. Indonesia: Tourism Indicators

Description	Year				
	2008	2009	2010	2011	2012
No. of foreign tourists (mil)	6.2	6.3	7.0	7.6	8.0
Revenue (US \$bill)	7.3	6.3	7.6	8.6	9.1
Occupancy Rate (%) -rated hotels	48	48	49	51	50
Number of hotel rooms -rated & non rated hotels	325,218	334,817	353,138	381,457	405,778

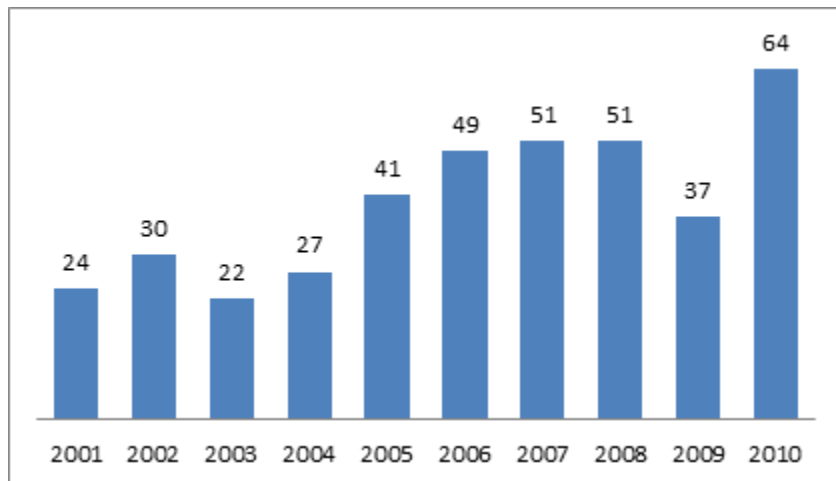
Source: National Statistical Agency (BPS)

MICE

The GOI has assigned 10 main cities and 3 potential cities as MICE destinations. The main cities are Medan, Padang/Bukit Tinggi, Batam, Jakarta, Bandung, Yogyakarta, Surabaya, Bali, Makassar and Manado, and the potential cities are Palembang, Lombok and Balikpapan. The aggressive expansion of hotel industry in each provincial capital, however, indicates that many locations are able to support MICE events.

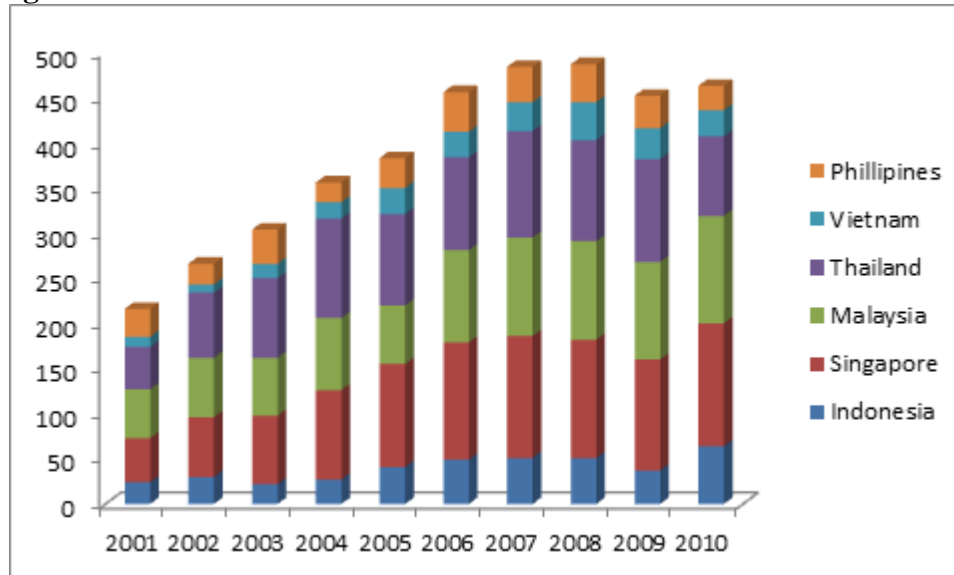
The rapid expansion of the airline sector, including low-cost carriers provide effective and efficient access to reach MICE destination cities. Although Indonesia has several tourist destinations, it lacks transportation infrastructure, an online comprehensive MICE database, and market access for product samples and souvenirs for MICE activities.

Figure 2. Indonesia: Number of MICE activities



Source: ICCA Statistic Report

Figure 3. ASEAN: Number of MICE Activities



Source: ICCA Statistic Report

Based on International Congress and Conventions Association (ICCA) data, Indonesia was ranked 39 as a venue for MICE in 2010. The main venue is Bali, Jakarta, and Bandung.

Table 6. Indonesia: Major Hotel Imported Food Products/Ingredients Consumption

Company Name	Location	Purchasing Agent (s)
International Chain Hotel		
Bvlgary	Bali (1)	Importer/Distributor
Conrad	Bali (1)	Importer/Distributor
Four Season	Jakarta (1), Bali (2)	Importer/Distributor
Hard Rock	Bali (1)	Importer/Distributor
Hilton	Bandung (1)	Importer/Distributor
Hyatt	Bali (2), Bandung (1) Jakarta (1), Yogyakarta (1)	Importer/Distributor
Intercontinental	Jakarta (1), Bali (1)	Importer/Distributor
J.W. Marriot	Jakarta (1), Medan (1), Surabaya (1)	Importer/Distributor
Kempinski	Jakarta (1)	Importer/Distributor
Keraton at the Plaza-The Luxury Collection	Jakarta (1)	Importer/Distributor
Mandarin	Jakarta (1)	Importer/Distributor
Nikko	Bali (1)	Importer/Distributor
Oberoi	Bali (1), Lombok (1)	Importer/Distributor
Pullman	Jakarta (2), Bali (1)	Importer/Distributor
Ritz Carlton	Jakarta (2)	Importer/Distributor
Shangri-La	Jakarta (1), Surabaya (1)	Importer/Distributor

Sheraton	Lombok (1), Yogyakarta (1), Bandung (1), Jakarta (2), Lampung (1), Surabaya (1), Bali (1)	Importer/Distributor
St Regis	Bali (1)	Importer/Distributor
The Chedi (GHM)	Bali (4)	Importer/Distributor
W Retreat & Spa	Bali (1)	Importer/Distributor
Westin	Bali (1)	Importer/Distributor
Domestic Hotel		
Alila	Bali (1), Jakarta (1)	Importer/Distributor
Aryaduta	Jakarta (1), Medan (1), Makassar (1), Palembang (1), Pekanbaru (1), Manado (1)	Importer/Distributor
Ayana Resort & Spa	Bali (1)	Importer/Distributor
Borobudur	Jakarta (1)	Importer/Distributor
Dharmawangsa	Jakarta (1)	Importer/Distributor
Grand Candi	Semarang (1)	Importer/Distributor
Grand Mahakam	Jakarta (1)	Importer/Distributor
Gran Melia	Jakarta (1)	Importer/Distributor
Melia	Bali (1)	Importer/Distributor
Mulia	Jakarta (1), Bali (2)	Importer/Distributor
Nusa Dua Beach Hotel	Bali (1)	Importer/Distributor
Padma	Bandung (1), Bali (1)	Importer/Distributor
Papandayan	Bandung (1)	Importer/Distributor
The Laguna	Bali (1)	Importer/Distributor
Trans Luxury Hotel	Bandung (1)	Importer/Distributor
Gumaya Tower	Semarang (1)	Importer/Distributor
Tugu	Malang (1), Bali (1), Lombok (1)	Importer/Distributor
Villas & Resorts		
Banyan Tree Ungasan	Bali (1)	Importer/Distributor
Cocotinos Sekotong	Lombok (1)	Importer/Distributor
Damai	Bali (1)	Importer/Distributor
Hotel Ombak Sunset	Lombok (1)	Importer/Distributor
Jamahal Private Resort & Spa	Bali (1)	Importer/Distributor
Jeeva Klui Resort	Lombok (1)	Importer/Distributor
Jimbaran Puri Bali	Bali (1)	Importer/Distributor
Kayumanis Nusa Dua Private Villa & Spa	Bali (1)	Importer/Distributor
Kebun Villas & Resort	Lombok (1)	Importer/Distributor
Komaneka	Bali (4)	Importer/Distributor
Quinci Villas	Lombok (1)	Importer/Distributor
Puri Sunia Resort	Bali (1)	Importer/Distributor
The Chedi Club	Bali (1)	Importer/Distributor
The Kayana	Bali (1)	Importer/Distributor

The Legian Beach	Bali (1)	Importer/Distributor
The Lombok Lodge	Lombok (1)	Importer/Distributor
The Samaya	Bali (2)	Importer/Distributor
The Ulin Villa & Spa	Bali (1)	Importer/Distributor
Sudamala Suites & Villas	Lombok (1)	Importer/Distributor
Ubud Hanging Garden	Bali (1)	Importer/Distributor
Uma	Bali (1)	Importer/Distributor
Viceroy	Bali (1)	Importer/Distributor
Villa Semana	Bali (1)	Importer/Distributor
This list is not comprehensive.		

Source: Website, importers, Media

Sources estimate that there are approximately 6,000 restaurants in Indonesia. Bali has around 2,600 restaurants, followed by Jakarta 2,082 restaurants, Bandung 377, Surabaya 324, Yogyakarta 215, Semarang 122, Medan 116, Bogor 73, Malang 62, Tangerang 51 and Solo 41

Western style fast food outlets purchase imported foods, but the variety is limited. Restaurants serving noodles, Japanese food, pizza, and fried chicken, as well as bakery product outlets and coffee houses are prominent and tend to use imported beef, fresh and canned fruits, frozen potatoes and vegetables, dressing, sauces, bakery ingredients, juice and mixed drinks, whipping cream, bakery ingredients and mixes, delicatessen products, and various coffee ingredients, such as creamer, honey, and flavorings.

Irreplaceable food ingredients for French, Italian, Japanese and Korean restaurants depend greatly on imported products (cheese, condiments, oils, sauces, rice, and canned foods).

Fast food outlets continue to thrive, despite the domination of roadside stalls and vendors in the food service industry. The most prevalent fast food outlets include Kentucky Fried Chicken (450 outlets as of October 2013), A&W (240 outlets as of October 2013), California Fried Chicken (270 outlets as of October 2013), McDonald's (133 outlets as of October 2013), and Pizza Hut (215 outlets plus 70 outlets for delivery as of early 2013). These outlets will remain popular due to affordable prices, high standards and quality, and a pan-Indonesia footprint. More and more burger restaurants (ex: Burger King, Carl's Junior, MOS Burger, Fatburger, Wendy's) and pizza (ex: Domino pizza, Marzano Pizza) outlets from different companies have opened in Jakarta and its surrounding over the last few years.

Throughout Java and Bali, 24 hour convenience stores like Circle K and Minimart provide tourists and expatriates with hot coffee, tea, cold beverages, burgers, hotdogs, freshly baked pastries, bread and cookies. This sector is expected to expand in the future and to offer more food, beverages, and products with imported food ingredients. In Jakarta, 7-Eleven, Indomaret, Alfamart, Starmart, Lawson, and Ministop convenience stores are popular.

Table 7. Indonesia: Major Restaurants Consuming Imported Food Products/Ingredients

Company Name	Sales in 2012	Outlet Name, Type & Number of Outlets	Location	Purchasing Agent (s)
Franchise Restaurant/Fast Food/Pizza				
Biru Fast Food	N/A	A & W (240)	Nation wide	Importers/Distributor

Nusantara, PT		as of Oct 2013)		
Sari Burger Indonesia, PT	N/A	Burger King (42 as of Oct 2013)	Jakarta, Bandung, Bali	Importers/Distributor
Pioneerindo Gourmet International, PT, Tbk	Rp. 34.4 billion (total fro Sapo Oreintal, Cal Donuts, and CFC	California Fried Chicken /CFC (270 as of Oct 2013)	Nation wide	Importers/Distributor
Fortune Food Int'l	N/A	Carl's Jr (5 as of Oct 2013)	Jakarta	Importers/Distributor
Fastfood Indonesia, PT. Tbk	Rp. 3.55 trilliun	Kentucky Fried Chicken (450 in Oct 2013)	98 cities all over Indonesia	Importers/Distributor
Lotteria Indonesia, PT	N/A	Lotteria (25 in May 2013)	Jakarta, Bogor, Depok, Tangerang, Cikarang, Karawang	Importers/Distributor
Rekso National Food	N/A	Mc Donald (133 as of Oct 2013)	Nation wide	Importers/Distributor
MOG Indonesia, PT	N/A	MOS Burger (4)	Jakarta	Importers/Distributor
Cipta Selera Murni, PT	N/A	Texas Fried Chicken (98 as of Oct 2013)	Nation wide	Importers/Distributor
Trans Burger, PT	N/A	Wendy's (26 as of Oct 2013)	Jakarta, Bandung, Yogyakarta, Surabaya, Bali, Makassar	Importers/Distributor
Michelindo Food International, PT	N/A	BonChon Chicken (15 as of Oct 2013)	Jakarta, Tangerang, Bali, Bekasi, Surabaya, Depok	Importers/Distributor
Mitra Adiperkasa, PT	N/A	Domino's Pizza (51 as of Oct 2013)	Jakarta, Tangerang, Depok, Bekasi, Bogo, Bandung, Bali	Importers/Distributor
Ismaya Group	N/A	Pizza E Birra (5 as of Oct 2013)	Jakarta, Bandung	Importers/Distributor
Sari Melati Kencana, PT	N/A	Pizza Hut (215 outlets plus 70 delivery	Nation wide	Importers/Distributor Direct

		outlets as of early 2013)		
Mitra Adiperkasa, PT	N/A	Pizza Marzano (10)	Jakarta, Tangerang	Importers/Distributor
Other type of restaurant				
Entertainment Indonesia, PT	N/A	Amigos (2)	Jakarta	Importers/Distributor
Gading Food, PT	N/A	Fish & Co (13 as of Oct 2013)	Jakarta, Suarabya, Bali	Importers/Distributor
Mugi Rekso Abadi Group (MRA)	N/A	Hard Rock Café (2 as of Oct 2013)	Jakarta , Bali	Importers/Distributor
Superutama Nusantara, PT	N/A	Sizzler (American Grill, 6 as of Oct 2013)	Jakarta	Importers/Distributor
Cahaya Sakti, CV	N/A	Tamani café (20 as of Oct 2013)	Jakarta, Tangerang	Importers/Distributor
Cashwood Indonesia Group	N/A	TGI Friday's (2 as of Oct 2013)	Jakarta, Tangerang	Importers/Distributor
Mas Millenium Indonesia, PT	N/A	Tony' Romas (5 as of Oct 2013)	Jakarta, Bandung	Importers/Distributor
Jaddi international, PT	N/A	Vin + (5 as of October 2013)	Jakarta, Bali	Importers/Distributor
OBS Citra Indonesia, PT	N/A	Outback Steak House (3)	Jakarta	Importers/Distributor
Planet Hollywood Inc.	N/A	Planet Hollywood (2)	Jakarta, Bali	Importers/Distributor
Sari Coffe Indonesia, PT	N/A	Starbuck (147 as of April 2013)	Jakarta, Medan, Bali, Surabaya, Bogor, Cikampek , Balikpapan, Semarang, Batam, Makassar, Solo, Palembang, Yogyakarta, Bandung	Importers/Distributor
Excelso Multirasa, PT	N/A	Excelso Café' (more than 100 outlets in early 2013)	Nation wide	Importers/Distributor

Japanese, Italian, French, Western and Chinese restaurants including coffee shops in Jakarta, Bali and other cities

Bakery

Talkindo Selaksa Anugrah, PT	N/A	BreadTalk (35)	Nation wide	Importers/Distributor Direct
Intimas Lestari Nusantara, PT	N/A	Country Style Donuts (12)	Jakarta	Importers/Distributor
Dunkindo Lestari, PT	N/A	Dunkin Donuts (more than 255 as of Des 2012)	Nation wide	Importers/Distributor
J Co Donuts & Coffee, PT	N/A	J Co Donuts & Coffee (66 as of oct 2013)	Nation wide	Importers/Distributor Direct
Premier Doughnut Indonesia, PT	N/A	Krispy Kreme (10)	Jakarta	Importers/Distributor Direct
Pancious Tirtajaya, PT	N/A	Pancious Pancake House (12)	Jakarta, Tangerang, Bandung, Surabaya	Importers/Distributor
Berjaya Bersama Sally, PT	N/A	Sour Sally (40)	Jakarta, Bandung, Semarang, Solo, Surabaya, Bali, Medan, Palembang, Makassar	Importers/Distributor
Mount Scopus Indonesia, PT	N/A	Cheesecake Factory (8)	Jakarta	Importers/Distributor
	N/A	The Harvest (13)		Importers/Distributor

Ice Cream

Trans Ice, PT	N/A	Baskin Robbins (304as of June 2013)	Jakarta, Bandung, Surabaya, Medan, Yogyakarta	Direct
Mitra Adiperkasa, PT	N/A	Cold Stone Creamery Ice Cream (16)	Jakarta, Bali	Direct
Rahayu, Arumdhani International, (Mugi Rekso Abadi Group//MRA)	N/A	Haagen-Dazs (32)	Nation wide	Direct

Source: Website, Importers, Media

Facts on the restaurant industry:

- Chain fast food is appropriate to customers in all income groups because it offers affordable package prices, creative new menus, menu & facilities for children, and delivery services to time sensitive customers.
- Full service restaurants promote group events, such as televised sports.
- Restaurants are found in shopping mall, apartment, hospitals, schools, office buildings, freeway rest areas, airports, recreational parks and residential areas.
- Convenience store expansion increases the probability of selling imported food and beverages products.
- Chains and independent bakeries are growing.
- More restaurants are working with credit card companies to offer discounts to increase transactions.
- Gathering, entertaining and socialization in restaurants is growing. Eating out is a common activity across all socio-economic levels, especially amongst families on weekends.
- Social media is a very popular means of publicizing foodservice information targeting young customers.
- The alcoholic beverage market is controlled by the government through quotas.

Warungs and Street Stalls

Warungs and street stalls are very popular and found throughout Indonesia. Various local dishes and snacks are sold in this type of venue and consumed by lower income consumers. Fried chicken, burgers, hotdogs, and kebabs are being featured more frequently on their menus. Hygiene is typically substandard. Soy based food such tofu and tempe are widespread in Java (ketoprak, siomay, kembang tahu, gado-gado), while meatballs (bakso), fried noodle and chicken noodle (mie ayam) are dishes that consumed throughout Indonesia. Martabak is a popular street stall snack containing eggs, wheat flour, condensed milk, chocolate sprinkles and cheese. Commonly imported ingredients for street stall dishes include soy, wheat/wheat flour, dairy products, and beef heart.

Institutional

Caterers are typically small to medium-sized private enterprises that serve factories, offices, schools, hospitals, company events, private social functions, and weddings. Caterers typically serve local food products, although they are likely to use imported beef offal, fresh and canned fruits, frozen potatoes and vegetables, dressings, bakery ingredients and mixes. Airlines, mining and petroleum companies, and international standard catering services, hotels and restaurants may use other types of imported foods.

Table 8. Major Restaurants Consuming Imported Food Products/Ingredients

Company Name	Sales in 2012	Outlet Name, Type & Number of Outlets	Location	Purchasing Agents
In-flight and industrial catering				
Aerofood Catering		ACS	Jakarta, Bali, Surabaya, Medan, Balikpapan,	Importer/Distributor

Service, PT			Yogyakarta, Bandung,	
Indocater, PT		Indocater	Jakarta	Importer/Distributor
Pangansari Utama, PT		PSC	Jakarta, Subaraya, Timika, Balikpapan, Medan, Pakanbaru, Makassar, Palembang, Denpasar, Sorong, Tembagapura, Batam	Importer/Distributor
Patra Jasa, PT		Patra Catering	Jakarta	Importer/Distributor
Prasmanindo Boga Utama, PT		PBU	Jakarta, Balikpapan, Gosowong-Sumbawa	Importer/Distributor
Purantara Mitra Angkasa Dua, PT		Purantara in-flight catering	Jakarta	Importer/Distributor
Event catering				
Akasya Catering		Akasya	Jakarta	Importer/Distributor, wholesaler
Culture Royale, PT		Culture Royale	Jakarta	Importer/Distributor, wholesaler
Puspa Catering Services		Puspa	Jakarta	Importer/Distributor, wholesaler
Tiara Royale, PT		Tiara Royale	Jakarta	Importer/Distributor, wholesaler

Source: Website

Facts on catering industry:

- In-flight catering is expected to expand as tourism grows.

III. COMPETITION

Table 9. Indonesia: Imports Verses Domestically Produced Goods Competition, 2012

Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Fresh Fruit Net volume import: 776,679 Ton Value: \$824 million	China 55.7% Thailand 18% U.S. 9.2% Australia 2.6%	China supply: fuji apple: yalie pear, Shandong pear, red globe table grape, mandarin, orange, lemon Thailand supply: longan, durian, mangoes US supply: red delicious and	Only tropical fresh fruit is produced locally. Supply is inconsistent.

		other varieties of apple, table grape and orange Australia supply: pear, red globe table grape, orange	
Fresh Vegetables Net volume import: 690,218 Ton Value: \$384 million	China 70% India 7.5% Vietnam 5% Thailand 4.9% US- minor supplier (1% share)	China supply: onion, shallot, carrot, potato, chili India supply: onion, shallot Vietnam supply: shallot, chili Thailand supply: shallot	No onion is produced locally. Local shallot and chili production does not meet local demand during rainy season. Only tropical fresh vegetables are produced locally. Supply is inconsistent.
Red meats fresh, chilled, frozen Net volume import: 41,857 Ton Value: \$165.8 million	Australia 73% New Zealand 23% U.S. 3.7%	Australia and New Zealand have a competitive pricing and no reported cases of FMD and BSE	Shortage of supply. Most domestic production is sold fresh to traditional markets and modern retail outlets
Processed fruit & vegetables Net volume import: 126,514 MT Value: \$154 million	China 27.5% US 21.8% Thailand 13.6% Netherlands 6.1% New Zealand 4%	China and Thailand supply processed fruit and vegetable products. Brands are well known and prices are competitive	Limited processed fruit and vegetable products produce locally.
Malt, mixes & dough Net volume import: 44,429 MT Value: &145.6 million	Malaysia 53.3% Singapore 23.3% Thailand 7.4% Netherland 3.4% United Kingdom 3.7%	Malaysia, Singapore and Thailand are neighboring countries with similar tastes and culture. ASEAN free trade agreement opens the Indonesia market.	Domestic production of premixes for bakery industry is growing. The opportunity is still open to other suppliers to supply the market.
Butter Net volume	New Zealand 69.6% Belgium 14%	New Zealand and Australia have a competitive pricing and geographic proximity.	Almost no butter produced locally.

import: 14,177 MT Value: \$60.5 million	Australia 8.8% France 4.7% Netherland 2.6%	Belgium, France and Netherland taste are preferred by Indonesian customer.	
Cheese Net volume import: 12,325 MT Value: \$ 56.8 million	New Zealand 44.8% U.S. 25.2% Australia 21.1%	New Zealand and Australia have a competitive pricing and geographic proximity	Domestic cheese production is growing but still use imported dairy ingredients
Fruit & vegetable juices Net Volume: 14,008 MT Value:\$29.7 million	Brazil 22.1% Thailand 17.3% US 10.2% China 8.2% Austria 7.6% Australia 6.9% South Africa 5.2%	Geographic proximity gives Australia and ASEAN countries advantage due to short product shelf life	Local products have limited type of fruit juices due to limited fresh fruit supply.
Breakfast Cereals/Pancake Mix Net volume import:6,554 MT Value:\$19.4 million	Philippines 56% China 17.2% Malaysia 10.9% Thailand 6.1% Australia 4.3% US-minor supplier (1.5% share)	Multinational companies established their production facilities in ASEAN countries (such as Philippines and Thailand) to reach the market in surrounding countries.	Domestic manufactured produces limited variety of breakfast Cereals.
Tree nuts Net volume import: 4,016 MT Value: \$12.6 million	Thailand 24.6% US 21.6% Vietnam 20.5% Singapore 14% China 10.3%	Thailand supplies repack tree nuts from the U.S.	Local tree nut production is limited to the cashew nut
Wine & Beer Net volume import: n/a Value: \$3.3 million	n/a Major supplier are Australia and France	Australia has a competitive pricing and geographic proximity. France is a well-known sources of wine	Population mostly Moslem. Insignificant supply of domestic wine production and limited local beer manufacturers for the rest of population and tourists' consumption.

IV. BEST PRODUCT PROSPECT

Category A: Products Present in the Market That Have Good Sales Potential

Table 10. Indonesia: Products Present in the Market That Have Good Sales Potential

Product Category	2012 Import (Volume, MT)	2012 Import (\$mil)	5 Yr. Avg Annual Import (Volume) Growth (%)	Import Tariff Rates (%)	Key Constraints to Market Development	Market Attractiveness for USA
Fresh fruit	776,679	824	10.7	5 20% for mandarin & mangoes	<p>Competition from China, Thailand, Australia, South Africa, Vietnam, Egypt, Argentina.</p> <p>Current Government of Indonesia regulations inhibit some US fresh fruit imports</p>	<p>Health awareness and rising middle class pushes the demand for quality fresh products.</p> <p>Lack of supply and quality domestic fruit products.</p>
Fresh Vegetable	690,218	384	7.9	5 20% for fresh/chilled potatoes other than seed, shallot other than seed and carrot	<p>Competition from China, India, Vietnam, Thailand, New Zealand, Australia, Canada, Netherlands.</p> <p>Current Government of Indonesia regulations inhibit some</p>	<p>Lack of supply and quality domestic products and huge demand of other vegetable types.</p>

					US fresh fruit imports	
Processed fruit & Vegetables	126,514	154	13.1	Mostly 5	Competition from China, Thailand, Netherlands, New Zealand, Canada, India, Myanmar, Germany, Malaysia, Vietnam, Singapore, Belgium	Lack of processed fruit and vegetable produced locally.
Malt, mixes & dough	44,429	145.6	21.1	10% for mixes and dough	Price concerns	Bakery industry is growing
Fruit & vegetable Juices	14,008	29.7	10.8	Mostly 10	Competition from Brazil, Thailand, China, Austria, Australia, and Taiwan. Procedure to obtain an Import Registration Number (ML) is complicated	Health awareness and rising middle class drive demand for fruit based products.
Butter	14,177	60.5	2.1	5	Competition from New Zealand, Australia and several European countries	Growing bakery sector to include cookies production
Cheese	12,325	56.8	23.2	5	Competition from New Zealand and Australia Cheese	Growing western style and traditional food using cheese

					manufacturer must be approved by GOI before it can be exported	
Breakfast Cereals/Pancake Mix	6,554	19.4	1.1	5	Competition from Philippines, China, Malaysia Procedure to obtain an Import Registration Number (ML) is complicated	Health awareness and rising middle class and life style drive demand for healthy, western and convenient food products.
Tree nuts	4,016	12.6	6.4	5	Price concern	Snacking is very popular in Indonesian culture Bakery sector is growing and use tree nuts as one of the ingredient.

Source: Global Trade Atlas

Category B: Products Not Present in Significant Quantities but That Have Good Sales

There are good opportunities for sales of some U.S. high-value items. Many of these are not yet in the market in significant quantities. They include alcoholic beverages (beer and wine), egg yolks, dehydrated & mashed potato, specialty fruits, and certain types of berries. Challenges to entering these markets include a lack of consumer knowledge, (dehydrated & mashed potato) availability (specialty fruits), and complicated import and distribution procedures for alcoholic beverages and egg yolk products.

In the past few years, local wine makers have begun producing wine from local grapes and imported Australian grape must to avoid imported alcoholic beverage taxes. These wines are readily available and affordable.

Category C: Products Not Present because They Face Significant Barriers

Indonesia does not produce enough beef and there is little production of high quality beef locally.

Quotas on meat imports (lifted in late 2013), have hampered beef imports to Indonesia. While the market is currently open without quota, local importers are taking a wait and see approach to determine if the no-quota policy is sustained.

Chicken parts, poultry processed products and fresh potatoes have a potential market in Indonesia. However, GOI regulations prevent U.S. suppliers from serving the market.

Table 11. Indonesia: Products Not Present in Significant Quantities Due to a Significant Barrier, but with Good Sales.

Product Category	2012 Import (Volume, MT)	2012 Import (\$mil)	2012 Import from US (\$mil)	5Yr. Avg Annual Import (Volume) Growth (%)	Import Tariff Rates (%)	Key Constraints to Market Development	Market Attractiveness for USA
Red Meats, Fresh/Chilled/Frozen	41,857	165.8	19.3 (bonelless frozen meat)	-4.8	5	Competition from Australia and New Zealand GOI mandated reference price system inhibits meat imports	Lack of domestic supply
Wine & Beer	N/A	3.3	0.3 (wine of fresh grape)	N/A	Specific tariff, IDR 14,000 and IDR 55,000/liter	Competition from Australia, France, Portugal, Italy, Chile Government of Indonesia set a quota. Regulations inhibit	No domestic wine supply and limited domestic beer supply

						alcohol imports	
Poultry Meat	439	1.2*	4.3 ** (poultry prepared meals, frozen turkey, prepared /preserve chicken meat)	-33.1	20 % for chicken wing	GOI does not allowed chicken imports (whole & parts). GOI determine the export allocation of other poultry products per semester	Domestic chicken prices are high and no turkey is produced locally

Note: * Global Trade Atlas and ** BICO data

V. POST CONTACT AND FURTHER INFORMATION

The Foreign Agricultural Service (FAS), U.S. 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 Indonesian market. Questions or comments regarding this report should be directed to FAS Jakarta at the following addresses:

International Post: Foreign Agricultural Service
U.S. Embassy Jakarta
Sarana Jaya Building, 8th Floor
Jl. Budi Kemuliaan I No. 1
Jakarta 10110
Tel: +62 21 3435-9161
Fax: +62 21 3435-9920
e-mail: agjakarta@fas.usda.gov

U.S. mail: Foreign Agricultural Service
FAS
Unit 8200 Box 437
DPO, AP 96520-0437

For more information on exporting U.S. agricultural products to Indonesia and other countries, please visit the Foreign Agricultural Service's Home Page: <http://usdaindonesia.org> and <http://www.fas.usda.gov>

VI. OTHER RELEVANT REPORTS

1. [Ministries of Agriculture and Trade Revise Horticulture Import Regulation](#)
2. [The GOI'S New Regulation on Meat and Meat Products Imports](#)
3. [Revised GAIN Report ID 1345](#)
4. [Indonesia's New Farmer Empowerment and Protection Law Introduce New Trade Barrier](#)
5. [Unofficial Translation of Ministry of Agriculture Decree No 4390/2013](#)
6. [Ministry of Agriculture and Trade Revised Regulations on Imported Horticulture Products](#)
7. [Ministry of Agriculture and Trade Revised Regulation on Imported Meat](#)
8. [FAIRS Export Certificate Report](#)
9. [FAIRS Country Report](#)
10. [Indonesia Extends Import Requirements on Food and Beverage Products](#)
11. [Indonesia Officially Recognize Safety Control System of United State's Fresh Food of Plant Origin](#)
12. [Phytosanitary Requirement for Fresh Bulb](#)
13. [Exporter Guide Update](#)
14. [U.S. Fresh Foods and Vegetables Retain Access to the Port of Jakarta](#)
15. [New Indonesian Import Duties on Alcoholic Beverages](#)
16. [Mandatory Labeling of Imported Food and Beverage Products](#)
17. [New Import Duty on Beverage content certain Ethyl Alcohol](#)
18. [New Regulation on Alcoholic Beverages Excise Tax](#)

Table 12. Indonesia: Exchange Rate (Rp./1US \$) on Month Ending Basis

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
2006	9,369	9,280	9,117	8,826	9,212	9,353	9,124	9,119	9,205	9,110	9,165	9,020	9,158
2007	9,090	9,160	9,118	9,083	8,828	9,054	9,186	9,410	9,137	9,379	9,376	9,419	9,187
2008	9,304	9,051	9,199	9,234	9,318	9,225	9,118	9,153	9,378	10,995	12,151	10,950	9,756
2009	11,330	11,975	11,575	10,713	10,340	10,225	9,920	10,060	9,681	9,545	9,480	9,400	10,354
2010	9,365	9,335	9,070	9,012	9,180	9,038	8,952	9,041	8,952	8,928	9,013	9,014	9,075
2011	9,057	8,823	8,709	8,574	8,537	8,597	8,508	8,578	8,823	8,835	9,055	9,170	8,772
2012	9,000	9,158	9,188	9,180	9,565	9,468	9,485	9,573	9,588	9,605	9,605	9,670	9,424
2013	9,680	9,713	9,745	9,722	9,811	9,929	10,277	10,936	11,532	11,076	11,997	11,946	10,542

Source: National Statistical Agency (BPS-Badan Pusat Statistik) and Business Indonesia Daily Newspaper