

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 12/20/2016

GAIN Report Number: ID1639

Indonesia

Food Processing Ingredients

Food Processing Ingredients Update

Approved By:

Ali Abdi

Prepared By:

Fahwani Y. Rangkuti and
Thom Wright

Report Highlights:

The Indonesian food processing market offers opportunities for U.S. food and ingredient suppliers with an estimated 2017 population of 261 million. In 2015, the product value of Indonesia's large and medium food and beverage processing industry was \$92.3 billion (IDR 1,238 trillion). The Indonesian food processing industry produces food products catering to all levels of consumers. Several factors contributing to the growth of the food processing industry are the introduction of new flavors and products with variant package sizes, a growing middle class, aggressive promotional activities, the growth of modern retail outlets, and growing health awareness. U.S. exporters face competition from neighboring ASEAN countries, China, Australia, New Zealand, and Europe.

Post:
Jakarta

Executive Summary:

I. MARKET SUMMARY

The Indonesian food processing industry offers significant market potential for U.S. food and ingredient suppliers, serving a population of 261 million people in 2017. In 2015, the product value of Indonesia's large and medium food and beverage processing industry was estimated at IDR1, 238 trillion (\$92.3 billion). The value of raw materials used by large and medium processors in 2015 was IDR 791.8 trillion (\$59.0 billion).

According to the National Statistical Agency (BPS), there were approximately 5,700 large and medium-sized food production companies with 765,000 employees and 1.61 million micro and small scale food production companies with 3.75 million employees in 2015. The production growth of large and medium-sized companies was 6.90% (food) and -0.58% (beverage). The production growth of micro industry was 6.83 % of and small industry was 11.52%. Micro and small scale food businesses include home industries and products sold in small roadside restaurants, retail kiosks called warungs, and pushcarts called kaki limas. The gross output value of large and medium-sized producers was IDR 1,294.9 trillion (\$96.49 billion) in 2015, while micro and small scale producers gross output was estimated at IDR 252 trillion (\$18.78 billion).

Several factors contributing to food processing industry growth are the introduction of new products, flavors and package sizes (single serve); a growing middle class, aggressive promotional activities; the growth of modern retail outlets; and growing health awareness. The Government of Indonesia (GOI) actively encourages growth in the food processing industry.

In 2015, packaged foods sales growth ranged from approximately 0.40 (oil and fats) to 15 (snack bar) percent in volume. This range is expected between 2.54 (oils and fats) and 12.82 (snack bar) percent in 2016. Packaged food growth is expected to continue. In addition, more women in urban areas are entering the workforce and prefer the convenience of processed food products. These consumers seek practical food products that are affordable and offer health attributes such as weight management. Food products oriented to youth consumers, such as jelly, ice cream, biscuit, snack, chocolate, instant noodle, etc., are also growing.

Indonesian ties to Europe are strong, influencing tastes and manufacturing methods. Australian, U.S., Korean, and Japanese packaged foods, however, are also common. The growing Asian expatriate community in Jakarta is bringing new Asian-style foods and flavors.

The growing middle class is also driving the food industry to diversify brands, and expand the range of economical and premium products. The middle class population grew from 37 percent in 2004 to 56.7 percent in 2013. This group spends \$2 to \$20 a day (Source: "Satu Dasawarsa Membangun Untuk Kesejahteraan Rakyat – A Decade of Development for People's Welfare" - Cabinet Secretary April 2014). The food processing industry is challenged by the increasing prices of raw materials, packaging

materials, and energy.

Healthy eating is becoming more popular. Food manufacturers are responding to the demand for healthier products by providing products with heightened vitamin content, healthier ingredients, lower sugar, cholesterol and fat content. Wheat flour, dairy products, noodles, cookies, and frozen processed chicken fortified with minerals and vitamins are commonly available.

Other products that are growing in popularity include fruit juice, snack bars, breakfast cereals, fresh and pasteurized milk, ice cream, yogurt, pasta, frozen processed food (nuggets, sausages, meatballs, etc.) and frozen snacks, (shiumai, chicken and shrimp puffs, spring rolls, dumplings, and croquettes).

Indonesians traditionally offer food as a gift for a number of occasions (called “oleh-oleh” in Indonesian). Oleh-oleh is often presented in the form of a snack food and pastry, and is enjoyed by peoples of all ages and income levels. Since the large majority of Indonesians are Muslim, most foods are produced using methods and products that meet halal requirements.

The soft drink industry has grown in the past few years. Changing lifestyles and a new emphasis on socializing after office hours and school encourages this trend. New products and variants with attractive packaging and flavors have been launched. Interest in healthier products is driving fruit juices, package coconut water, tea and sports/energy drinks. Demand for instant coffee continues to expand.

Food processors are differentiating products for different markets and demands. For example, premium packaging is offered as well as small packs for price sensitive consumers. Private labels are also growing and are easily found on supermarket shelves. Food packaging oriented to the food service industry is being developed for the growing of food service sector. This supports the preference of eating out for family events, socializing and business purposes, as well as catering to families that have less time to prepare daily meals at home. Recently, several food processors (such as Cimory, Magnum café and Richese) have expanded their businesses to cater to eating out. Franchise restaurants serving Japanese, Korean, and U.S. foods are growing in Indonesia.

Small roadside restaurants (called warungs) and kaki limas are ubiquitous and provide a variety of meals and popular snacks for Indonesians. U.S. soybeans and beef offals (heart) are popular ingredients for traditional dishes such as tempe and bakso (meat balls). Homemade soy milk in single-serving plastic bags is popular in both urban and rural areas. Soymilk in UHT packaging is increasingly found on supermarket shelves. Warung and kaki limas also drive sales of processed foods in small and individual packages in the confectionery, bakery, sweet & savory snack, dairy categories and soft drink items.

Fresh bakery products sold in shopping areas and malls are popular as gifts and snacks for the middle and upper classes. Indonesians also visit high-end retail food stores to buy small packages of imported snacks.

Rice is a staple eaten at every meal. However, noodles from imported wheat, especially instant noodles, are a popular substitute and wheat consumption continues to grow. Dairy ingredients such as milk powder are increasingly used as a food processing ingredient or are used to mix with fresh milk. Indonesia currently produces about 25 percent of its milk requirement.

Indonesian importers are sensitive to foreign exchange fluctuations and the weakening Rupiah is adversely affecting imports. Other threats to imports include the GOI's trade protectionist measures, and inconsistent and often confusing regulations. Indonesia's Ministry of Trade (MOT), and their FDA-equivalent National Agency of Drug and Food Control (BPOM), issued requirements for imported packaged food products and for imported ingredients. Animal-based foods and horticultural products also face import permit constraints from the Ministry of Agriculture (MOA) and MOT.

Table1. Indonesia: Retail Packaged Food Sales in 2015

Product	Volume (000 ton)	Value (IDR Trillion)
Baby food	295.71	33.28
Baked Goods	590.77	28.43
Breakfast Cereals	9.62	0.85
Biscuits	282.08	15.66
Confectionery	297.39	25.46
Dairy	1,004.08	26.03
Ice cream and frozen desserts	68.91	4.82
Oils and Fats	766.30	16.04
Processed Fruit and Vegetables	10.31	0.49
Processed Meat and Seafood	230.43	16.92
Ready Meals	1.09	0.72
Noodles	1,506	30.25
Pasta	5.99	0.30
Sauces, dressings and condiments	525.82	14.90
Snack Bar	0.88	0.16
Soup	0.64	0.71
Spreads	18.08	1.26
Sweet and Savory Snacks	305.29	17.02

Source: Euromonitor

Table2. Indonesia: Volume Growth of Packaged Food Sales

Package Food	2014- 2015 Growth (%)	2015 - 2020 Forecast Growth Per year (%)
Baby food	5.91	3.83
Baked Goods	4.52	4.01
Breakfast Cereals	9.42	7.39
Biscuits	3.79	3.13
Confectionery	4.32	3.74
Dairy	5.92	5.28
Ice cream and frozen desserts	9.45	8.92
Oils and Fats	0.40	4.33
Processed Fruit and Vegetables	3.34	3.05
Processed Meat and Seafood	8.84	6.82
Ready Meals	6.20	6.89

Noodles	4.01	3.36
Pasta	6.8	7.50
Sauces, dressings and condiments	6.00	5.78
Snack Bar	15.00	10.58
Soup	6.51	5.84
Spreads	6.23	5.34
Sweet and Savory Snacks	6.30	6.65

Source: Euromonitor

Table 3. Indonesia: Retail (Off trade and On-trade) Beverage Sales in 2015

Product	Value (IDR Trillion)	Volume (million liters)
Bottle Water	25.42	18,157
Carbonates	16.06	1.034
Concentrates	9.29	106.6
Juice	3.12	179.6
RTD Coffee	0.48	17.9
RTD Tea	28.86	2,262
Sport and Energy Drinks	9.30	655.9

Source: Euromonitor

Note: Most of the products by volume (97%) are sold off-trade

Table4 . Indonesia: Volume Growth of Soft Drinks Sales in Retails (Off-trade)

Soft Drinks	Volume growth (%) 2014-2015	2015- 2020 Forecast Growth Per Year (%)
Bottle Water	4.3	5.0
Carbonates	4.0	6.5
Concentrates	1.8	2.2
Juice	7.0	8.3
RTD Coffee	11.0	12.6
RTD Tea	5.5	7.9
Sport and Energy Drinks	6.4	11.4

Source: Euromonitor

Table5. Indonesia: Advantages and Challenges for U.S. Food Ingredients

Advantages	Challenges
Market size – Indonesia’s 2017 population will be approximately 261 million people.	Import regulations are often complex and non-transparent. Permits can be difficult to obtain, thus requiring a close relationship with a local agent.
Industry is constantly creating new products based on consumer preferences and trends. These new products often require ingredients unavailable domestically.	Quantities of ingredients for new product and market trials are usually not enough to fulfill the minimum required by U.S. suppliers.
U.S. products are considered high quality.	Non-U.S. origin products are often less expensive, and are used equivalently to U.S.

	products.
Modern retail outlets, hotels and restaurants are growing, thus requiring a wider variety of food products.	Food ingredients from the region enter Indonesia at lower prices due to the ASEAN Free Trade Area, while food ingredients from the U.S. have higher shipping cost.
Applied duties on most food and agricultural products are 5 percent.	88% of the population require halal-certified products.
The chilled, frozen and canned/preserved meat and meat products industry is growing. Local meat supply is insufficient.	Meat and horticultural products must have an import recommendation from MOA and an import permit from MOT before importing to Indonesia.
Fruit juice production is growing and requires fruits that are not produced domestically.	Average purchasing power of the majority of the population is weak.

II. ROAD MAP FOR MARKET ENTRY

A. ENTRY STRATEGY

The best way to overcome the hurdles associated with exporting to Indonesia is to work with an agent. An agent should be chosen based on his ability to assure the widest distribution of products and the ability to undertake the marketing efforts necessary to create awareness for products among consumers. Price, quality, and continuous supply are important to Indonesian agents but personal interaction with potential business partners is also important. A face-to-face meeting will likely be needed, though younger importers maybe more comfortable with establishing relationships via electronic communication.

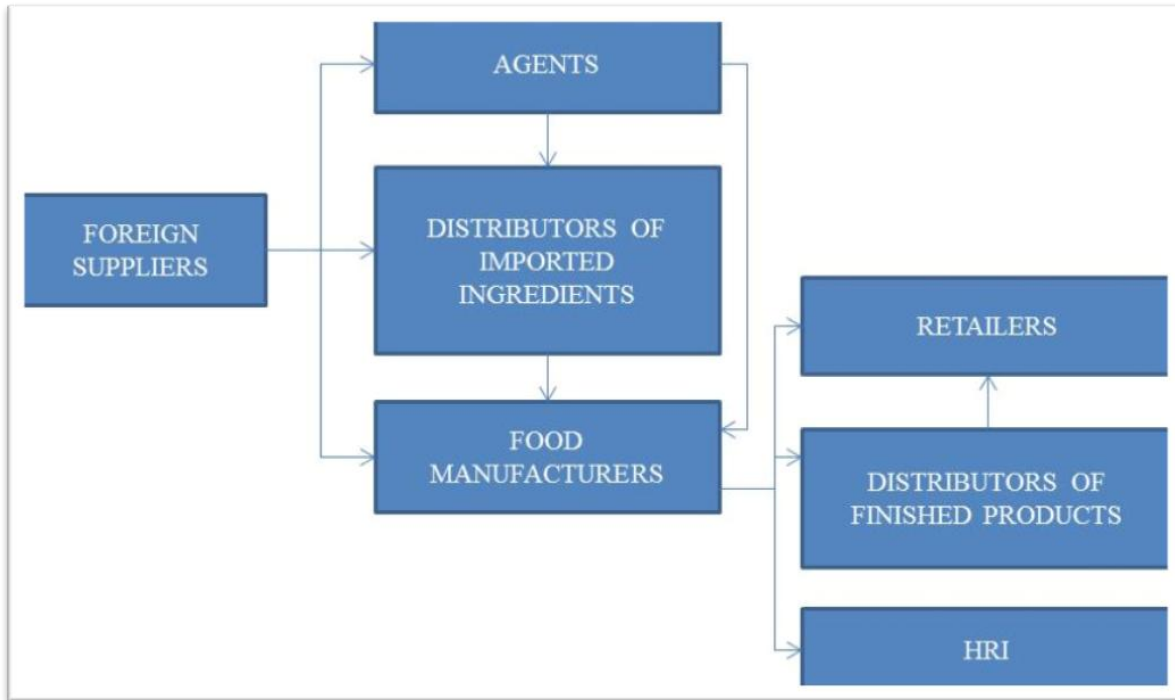
Market research for product testing, price comparison and adjusting the product for local tastes is important. Agents and distributors can help with market research and their assistance has proved to be an effective strategy in expanding sales since they understand the regulatory system and can bridge cultural differences.

Participating in food ingredient shows in Indonesia to introduce your products to a large audience and to meet with potential importers is strongly suggested.

B. MARKET STRUCTURE

Food ingredients can be imported by agents, distributors, or food manufacturers. The diagram below provides an overview of common distribution channels.

Figure 1. Indonesia: Distribution Channels



Food processors commonly import primary inputs, such as skim milk, whey powder, and frozen manufacturing meat. Food processors generally purchase essential complementary inputs/food additive like flavorings, preservatives, emulsifiers, and vitamins from a local agent or distributor because they are used in smaller quantities and often have limited shelf life.

Food processors that depend on a consistent supply of a product may have an exclusive sales agreement with a local agent. Some processors may choose to act as an importer if they find a better-priced alternative. Many multinational food processors operating in Indonesia must follow global product specifications. These companies have central purchasing offices, often in the United States, Europe or other Asian countries.

Larger, modern retail companies usually have an exclusive agreement with the processors to supply the food product that they need. Processors will reach an agreement with the retail company to supply specified quantities at agreed upon intervals and prices. In return, the retailer agrees to display products attractively and at agreed upon quantities. On the other hand, smaller independent retail stores and traditional markets get products mostly from distributors.

Although cold chain facilities are generally available in urban areas, many food items are sold without any temperature control in the more traditional distribution channels. Limited capital, low awareness of the benefits of refrigeration, and the practice of buying and consuming meals on the spot are still very common and limit the development of a cold chain network.

C. COMPANY PROFILES

Table 6. Indonesia: Major Food Processors

Company (Product Types)	Sales in 2015	End-Use Channels	Production Location in Indonesia	Procurement Channels
Dairy related products to include cheese, baby and toddler food				
Dairygold Indonesia, PT (cheese)	N/A	Retail and HRI	Cikarang - Bekasi (1)	Direct; Importer
Danone Dairy Indonesia, PT (+ yogurt).	N/A The company acquired by Indoklato, PT end of 2014	Retail	Cikarang – Bekasi (1)	Direct; Importer
Diamond Cold Storage, PT (+ice cream, yogurt, cheese, dressing, fruit juice)	N/A	Retail and HRI	Jakarta, Cibitung-Bekasi (2)	Direct
Frisian Flag Indonesia, PT	N/A	Retail and HRI	Jakarta (2)	Direct
Fonterra Brands Indonesia, PT	N/A	Retail	Cikarang – Bekasi (1)	Direct
Greenfields Indonesia, PT	N/A	Retail and HRI	Gunung Kawi-Malang (1)	Direct
Indofood Sukses Makmur Tbk, PT (+snack food, instant noodle, pasta, sauces, ready meals, confectionery, biscuit)	IDR64.06 trillion (to include Indomilk, PT and Indolakto, PT)	Retail and HRI	All over Indonesia, mostly in Java (34)	Direct, Importer
Indolakto, PT (+ ice cream, oils & fats, yogurt)	N/A The company is one company under Indofood Sukses Makmur Tbk, PT. Since 2008 Indomilk, PT merge with Indolakto, PT	Retail	Sukabumi (1), Jakarta (1), Malang (1)	Importer
Kalbe Farma Tbk, PT (+meal replacement, snack bars, juice)	IDR 17.88 trillion (to include pharmaceutical)	Retail	Yogyakarta, Bekasi, Bogor (4)	Direct
Kraft Foods Indonesia, PT (+cheese, sauces, biscuit, Juice)	N/A	Retail and HRI	Cikarang –Bekasi (1), Cimahi (1)	Direct
Mulia Boga Raya, PT (cheese)	N/A	Retail and HRI	Cikarang - Bekasi (1)	Direct
Milko Beverage Industry, PT	N/A	Retail	Sukabumi (1)	Importer
Nestle Indonesia, PT	N/A	Retail	Pasuruan (1),	Direct

(+ breakfast cereals, confectionery, sauce, instant coffee)			Karawang (2), Cikupa-Banten (1) Lampung (1- coffee)	
Nutricia Indonesia Sejahtera, PT	N/A	Retail	Bogor (1), Jakarta (1)	Direct
Nutrifood Indonesia, PT (meal replacement, fruit juice)	N/A	Retail	Jakarta (1), Bogor (1)	Importer
Sari Husada PT	N/A	Retail	Yogyakarta (2)	Direct; Importer
Ultrajaya Milk Industry & Trading Co Tbk, PT		Retail and HRI	Cimahi (1)	Direct; Importer
Yakult Indonesia Persada, PT (yogurt)	N/A	Retail	Sukabumi (1)	Importer
Yummi Food Utama, PT (yogurt, cheese)	N/A	Retail and HRI	Jakarta (1)	Importer
Baked goods				
Marizarasa Sarimurni, PT (+spreads, chili sauces)	N/A	Retail	Rangkasbitung – Banten (1)	Importer
Nippon Indosari Corporindo Tbk, PT	IDR 2.17 trillion	Retail	Cikarang (3), Serang (1), Pasuruan (1), Semarang (1), Medan (1), Palembang (1), Makassar (1), Purwakarta (1)	Importer
Pangan Rahmat Buana, PT	N/A	Retail	Bogor (1)	Importer
Swanish Boga Industrial, PT	N/A	Retail	Bogor (1)	Importer
Belinda Jaya, PT	N/A	Retail	Tangerang	Importer
Breakfast Cereals, biscuit, snack food, snack bar				
Amerta Indah Otsuka, PT (snack bar , energy drink)	N/A	Retail	Sukabumi (1)	Direct; Importer
Arnott's Indoneia, PT (biscuit)	N/A	Retail	Bekasi (1)	Direct
Dua Kelinci, PT (nuts/snack food)	N/A	Retail	Pati (1)	Importer
Garuda Food Group (+ chocolate confectionery, snack food, dairy, tea, biscuit)	N/A	Retail	12 owned plants (Pakanbaru, Lampung, Bandung, Tangerang, Bogor, Pati, Surabaya, Banjarmasin,	Direct, Importer

			Makassar); 16 beverage contract manufacturers; 11 food contract manufacturers	
Khong Guan Indonesia, PT (biscuit)	N/A	Retail	Bogor (2), Cikarang (1), Semarang (1)	Direct; Importer
Konimex Pharmaceutical Laboratories, PT (confectionery, biscuit)	N/A	Retail	Solo (1)	Importer
Manohara Asri, PT/Kapal Api group (snack food)	N/A	Retail	Sidoarjo (1)	Direct; Importer
Mayora Indah Tbk, PT (+chocolate confectionery, biscuit, chocolate paste, instant noodle, breakfast cereals, instant coffee)	IDR 14.81 trillion	Retail and HRI	Bekasi (1), Tangerang (3), Medan (2)	Direct; Importer
Nabisco Food, PT (biscuit)	N/A	Retail	Cikarang-Bekasi (1)	Direct; Importer
Orang Tua group (+dairy products, yogurt, snack, biscuit, chocolate & sugar confectionery, biscuit)	N/A	Retail	Java and Makassar (more than 10 plants)	Direct; Importer
Sekar group (+snack food, sauces, frozen food)	N/A	Retail	Sidoarjo (3)	Direct; Importer
Siantar Top Tbk, PT (snack food)	N/A	Retail	Sidoarjo (4), Medan (1), Bekasi (1), Makassar (1)	Direct; Importer
Simba Indosnack Makmur, PT (+ ready meals, breakfast cereals)	N/A	Retail; HRI	Bogor (1)	Direct; Importer
Tata Nutrisana, PT (produces cereal for Kalbe group)	N/A	Retail	Tangerang (1)	Importer
Tiga Pilar Sejahtera Food, Tbk, PT (noodle, snack, biscuit, confectionery, rice, palm oil plantions)	IDR 6.01 trillion	Retail	Sragen (1), Tangerang (1), Bogor (1), Medan (1), and Banjarmasin (1).	Importer

URC Indonesia, PT (+snack food, confectionery)	N/A	Retail	Cikarang (1)	Direct; Importer
Sauces, oils & fats, canned & dried products and noodles, soup and spread				
ABC President Indonesia, PT (instant noodles)	N/A	Retail	Karawang (1)	Direct; Importer
Asta Guna Wisesa, PT (spread)	N/A	Retail	Cikarang (1)	Importer
Bina Karya Prima, PT (+oils & fats)	N/A	Retail and HRI	Bekasi (1)	Importer
Heinz ABC Indonesia, PT (+sauces, fruit juice)	N/A	Retail and HRI	Tangerang (3)	Direct; Importer
Kobe & Lina Food CV (sauces)	N/A	Retail and HRI	Tangerang (1)	Importer
Nissin Mas, PT (+instant noodles)	N/A	Retail	Semarang (1)	Direct; Importer
Pido, PT (spreads)	N/A	Retail	Cikarang (1)	Importer
Pondan Pangan Makmur Indonesia, PT (baking mix)	N/A	Retail and HRI	Tangerang (1)	Importer
Perusahaan Industri Ceres, PT (Petrafood Group) (+chocolate confectionery, spread, chocolate powder)	\$405.9 million (group and Indonesia only \$285 million)	Retail, HRI and Food Processing	Bekasi (1), Bandung (1)	Direct; Importer
Pure Foods Suba Indah, PT (+sauces, chilled processed food)	N/A	Retail and HRI	Bogor (1)	Importer
Salim Ivomas Pratama Tbk, PT (oils & fats) includes palm oil plantations	IDR 13.83 trillion	Retail, HRI and Food Processing	Jakarta and other cities (5)	Importer
Sayap Mas Utama, PT/Wingscorp) (+instant noodles, sauces, fruit juice, instant coffee)	N/A	Retail	Jakarta (1), Surabaya (1), Bekasi (1), Palembang (1)	Direct; Importer
Sinar Meadow International, PT (+oils & fats)	N/A	Retail, HRI and Food Processing	Jakarta (1)	Importer
Tiga Pilar Sejahtera Food Tbk, PT (+noodles, snack foods)	N/A	Retail and HRI	Solo, Bogor, Medan, Sidoarjo (4)	Importer
Unilever Indonesia Tbk, PT (+ice cream, spreads, soup, sauces,	IDR 36.51 trillion (IDR 11.1 trillion for food and	Retail and HRI	Cikarang (3)	Direct; Importer

oils & fats +fruit juice)	refreshment only)			
Welco, PT (spread)	N/A	Retail	Surabaya (1)	Importer
Frozen, chilled and canned/preserved processed products				
Aroma Duta Mandiri, PT	N/A	Retail and HRI	Bali (1)	Importer
Belfoods Indonesia, PT	N/A	Retail	Bogor (1)	Importer
Bumi Menara Internusa, PT	N/A	Retail and HRI	Surabaya (1), Malang (1)	Direct; Importer
Eloda Mitra, PT (+soup)	N/A	Retail	Sidoarjo (1)	Direct; Importer
Frozen Food Pahala, PT (+ ready meals)	N/A	Retail	Bogor (1)	Importer
Kemang Food Industries, PT	N/A	Retail and HRI	Jakarta (1)	Importer
Macroprima Pangan Utama, PT (+ yogurt, milk, chocolate confectionery)	N/A	Retail	Cikupa-Tangerang (1)	Importer
Madusari Nusaperdana, PT	N/A	Retail and HRI	Bekasi (1)	Direct; Importer
Prima Food International, PT (Charoend Phokphand group)	N/A	Retail and HRI	Cikande-Tangerang (1)	Importer
San Miguel Pure Foods Indonesia, PT	N/A	Retail and HRI	Bogor (1)	Importer
Soejasch Bali, PT	N/A	Retail and HRI	Bali (1)	Direct; Importer
So Good Food, PT (+soup)	N/A	Retail	Serang-Banten (1)	Importer
Confectionery				
Agel Langgeng, PT (Kapal Api group) (+biscuit)	N/A	Retail	Bekasi, Pasuruan (2)	Retail and HRI
Perfetti Van Melle Indonesia, PT	N/A	Retail	Bogor (1)	Importer
Kino Sentra Industrindo, PT	N/A	Retail	Semarang (1)	Importer
Yupi Indo Jelly Gum, PT	N/A	Retail	Bogor (1)	Importer
Ice cream				
Campina Ice Cream Industry, PT	N/A	Retail and HRI	Surabaya (1)	Direct; Importer
Beverages				
Lassale Food Indonesia, PT (fruit	N/A	Retail and HRI	Bogor (1)	Direct; Importer

juice, + dressing, Del Monte sauces & dressing)				
Berri Indosari , PT (fruit juice)	N/A	Retail and HRI	Jakarta (1)	Direct
Coca-Cola Indonesia, PT (soft drink, fruit juice)	N/A	Retail and HRI	Cibitung-Bekasi, Medan, Padang, Lampung, Bandung, Semarang, Surabaya, Denpasar (8)	Direct
Sinar Sosro, PT (Rekso group) (fruit juice)	N/A	Retail and HRI	Cikarang (1)	Direct; Importer
Jaya Santos Abadi, PT (Kapal Api group) (instant coffee/coffee mix)	N/A	Retail	Sidoarjo (1)	Direct; Importer
Sari Incofood Corporation, PT (instant coffee/coffee mix)	N/A	Retail	Medan (1)	Direct; Importer
Canned fish/beef/vegetable				
Canning Indonesia Products, PT (fish, meat+ ready meals+seasoning)	N/A	Retail	Bali (1)	Direct, Importer
Jakarana Tama, PT (+instant noodle , sauces)	N/A	Retail	Bogor (1), Medan (1), Surabaya (1)	Direct; Importer
Maya Muncar, PT	N/A	Retail	Banyuwangi	Direct; Importer
Medan Tropical Canning, PT	N/A	Retail	Medan (1)	Direct; Importer
Surya Jaya Abadi Perkasa, PT (canned vegetables/meat, sauces-CIP brand)	N/A	Retail	Jember (1)	Importer
Alcoholic beverages				
Arpan Bali Utama, PT (using local wine and imported grape juice)	N/A	Retail and HRI	Bali (1)	Direct; Importer
Bali Hai Brewery Indonesia, PT(beer)	N/A	HRI	Bekasi (1)	Direct; Importer
Delta Jakarta, Tbk, PT/San Miguel corporation (beer)	IDR 1.57 trillion	HRI	Bekasi (1)	Direct
Multi Bintang Indonesia Tbk, PT (beer)	IDR 2.69 trillion	HRI	Mojokerto (1), Tangerang (1)	Direct

Food Ingredients				
BT Cocoa (cocoa powder, cocoa butter, cocoa liquor)	N/A	Food processing and HRI	Tangerang (1)	Direct
Foodex Inti Ingredients, PT (seasoning, flavor, meat extract)	N/A	Food processing	Cikarang-Bekasi (1)	Direct
Gandum Mas Kencana, PT (dessert mix, baking cocoa bar)	N/A	HRI and HRI	Tangerang (1)	Direct
Halim Sakti Pratama, PT (cake emulsifier, baking powder, jelly powder)	N/A	HRI	Surabaya (1)	Direct
Indesso Niagatama, PT (alavor, sweetener, seasoning)	N/A	Food processing	Bogor (1), Purwekerto (1)	Direct
Indofood Sukses Makmur Tbk, PT (wheat miller)	N/A	Food Processing, HRI and Retail	Jakarta (1), Surabaya (1)	Direct
Jaya Fermex, PT (yeast, bread improver, flavor, premixes fruit filling)	N/A	Food processing and HRI	Cimanggis-Bogor (1)	Direct
KH Roberts Indonesia, PT (food flavor, food color)	N/A	Food processing	Bogor (1)	Direct
Kievit Indonesia, PT (creamer)	N/A	Food Processing	Salatiga (1)	Direct
Pachira Distrinusa, PT (extract, concentrate, thickener, stabilizer, flavor, seasoning)	N/A	Food processing	Tangerang	Direct
Sukanda Djaja, PT (baking dough)	N/A	Retail and HRI	Cikarang (1)	Direct
Santos Premium Krimer, PT	N/A	Food Processing	Sidoarjo (1)	Direct
Cargill Indonesia, PT Cocoa & Chocolate	N/A	Food Processing	Gresik (1)	Direct

Source: Website, Media

D. SECTOR TRENDS

Consumption Trends

Health Awareness: More consumers are making decisions based on health and wellness concerns and fortified foods are increasing in popularity. As a result, consumption of many products is expected to grow. These include:

- sports drinks
- green tea beverages and green tea ingredients for food products
- fruit/vegetable juice
- flavored liquid ready-to-drink milk; special baby milk formula
- yogurt and other dairy products
- energy foods
- fortified foods
- high-protein, high fiber, gluten free, no trans-fat, low cholesterol, and sugar free snacks

Processed frozen food products: More consumers in urban areas are turning to frozen/chilled processed foods sold in retail shops (especially poultry products like nuggets and sausages) as opposed to wet markets.

Private label: There is an increasing tendency for hypermarkets and supermarkets to sell private label food products. More and more consumers seek private labels for commodity items such as rice, cooking oil, and sugar as well as sauces, snack, bakery products and processed frozen/chilled products.

Popular flavors:

- Chocolate, strawberry and vanilla for ice cream
- fruity flavors for yogurt (strawberry, grape, and mango)
- unique and localized flavors
- exotic cookie flavors

Alternative staple foods: Rice is an important staple for most Indonesians and is present at most meals. Noodles, bread, pasta, milk and cereals are starting to become important substitutes. As more food service outlets feature pasta and spaghetti on their menu, spaghetti is becoming more popular.

Packaging: Smaller package sizes (bite size) are preferred due to convenience and price considerations. Small/single portions are also considered a good way to manage weight and to limit consumption for health concerns. Inconsistent and unsteady incomes force many Indonesians to purchase food in small quantities, in some cases in daily portions. Toy inserts and individual cartons with bright colors and attractive designs including popular cartoon characters are popular for children. Shelf-stable milk and fruit juice in 90 and 125-ml packaging, as well as bite-sized snacks in smaller package sizes for school children have been successfully introduced in the last few years. Single serving jelly and ready to eat sausages for kids are also popular.

Table7. Indonesia: Popular Processed Food Products in Retail Outlets during 2015

Product type	Processed food
Baby food	Lactose –free special baby formula powder
Baked goods	Bread, pastry, cakes and dessert mix
Biscuit	Bite-size packs and single serving consumption sweet biscuit; chocolate confectionery (chocolate-coated biscuit)

Breakfast cereal	Flakes, children breakfast cereal and hot cereal
Cheese	Un-spreadable processed cheese, cheddar and parmesan.
Chocolate confectionery	Fill chocolate tablets (range of nut filled) and chocolate paste (in straw like plastic tube packaging)
Dried processed food	Package rice and instant noodle
Dairy products	Fortified flavored UHT milk drinks, fortified flavored powder milk, soymilk (non-dairy milk), condensed milk
Processed meat and seafood	Frozen processed poultry (sausages, chicken nugget, seasoned chicken wings , karaage), frozen processed beef (meat ball, sausages, beef patty), frozen processed fish (breaded fish fingers, coated prawns, crabsticks), frozen Chinese snack (dim sum, spring rolls, croquettes), sardine in chili sauce, corned beef
Ice cream	Chocolate, vanilla, strawberry, and mix flavored
Yogurt	Drinking dairy-based yogurt
Sauces, dressing, and condiments	Soy sauces, chili sauces, mayonnaise and monosodium glutamate.
Spreads	Honey, srikaya (egg and coconut milk based), fruit flavor (strawberry, pine apple, mix fruits) jam, chocolate, peanut.
Sugar confectionery	Sugar confectionary, and mints.
Sweet and Savory Snacks	Chips, extruded snacks, cup jelly, crackers, nut, and ethnic Indonesian snack.

Source: Euromonitor

Table8. Indonesia: Popular Soft Drink Products during 2015

Product type	Soft drink
Carbonates	Cola and non-cola carbonates
Concentrate	liquid concentrate (squash and syrup); sachet energy drink and fruit-based powder concentrate,
Fruit/vegetable juice	Homemade juice, single fruit-flavored (orange, lemon, apple, grape, manggo) and multi fruit-flavored drink
RTD Coffee	Packaged instant coffee drinks
RTD Tea	Bottle tea (black and green tea) and UHT packaged tea (black tea)

Source: Euromonitor

Note: The government strictly controls alcoholic beverage production, distribution, sale, consumption, and advertisement in Indonesia because the majority of Indonesians are Muslim. Alcoholic drinks are subject to specific import and excise duties.

Foreign Company Profiles

A number of multinational companies have food and beverage manufacturing plants in Indonesia; some were acquisitions of existing companies while others are joint ventures.

Table9. Indonesia: Foreign Companies active in Indonesia

Company	Notes
ABC President, PT (Hongkong and Taiwan)	The company is a joint venture company with Nan Gai Investment Co. Ltd, Hongkong and Yeuan Yeou Enterprises Co. Ltd, Taiwan. The company produces sauces and instant noodle.
Ajinomoto Indonesia, PT (Japan)	Ajinomoto products are manufactured in Mojokerto since 1969. The company produces flavor enhancer (Ajinomoto), flavor seasoning (Masako), ready to use seasoning (Sajiku), and oriental seasoning (Saori). Currently, the company has two plants in Karawang-West Java and Mojekerto-East Java.
AJE Indonesia, Pt (Peru)	Company established in 2010 as a subsidiary of AJE Group-Peru to produce soft drinks. The company has two plants in Cikarang and one in Mojekerto.
Amerta Indah Otsuka, PT (Otsuka Pharmaceutical Co. Ltd, Japan)	PT. Otsuka Indonesia launched canned Pocari Sweat in 1989. Then in 1997, PT. Amerta Indah Otsuka was established and start to produce Pocari Sweat domestically at Sukabumi-West Java i in 2004. The company produces Soy Joy in 2007. In 2010, new manufacturer was used in Kejayan – East Java
Arnott’s Indonesia, PT (The U.S.)	PT Arnott’s Indonesia ia a subsidiary of Campbell Soup Company Australian subsidiary and produces biscuit..
Asahi Indofood Beverage Makmur, PT (Japan)	Asahi Indofood Beverage Makmur, PT is a joint venture company with PT. Indofood CBP Sukses Makmur, Tbk. They produce non-alcoholic beverages, packaged tea (“Ichi-Ocha” brand). The company plant is in Sukabumi, West Java.
Berri Indosari, PT (Berrivale Orchads, Ltd, Australia)	PT. Berrivale Indosari was established in 1995 and in 2000 has changed to PT Berri Indosari. The company produces fruit juice in its plant at Serang-Banten
Bounty Segar Indonesia, PT (Philippines)	PT Sumber Energi Pangan (Tri Putra Group) established a joint venture company with Bounty Fresh Food Inc. Group Philippines in 2015. The company will produce chicken-based processed foods (sausages, nuggets etc) in Subang – West Java plant.
PT Calbee Wings Food (Japan)	PT Mitrajaya Ekaprana (Wings Group) established a joint venture company with Calbee Inc and Itochu Corporation (Japan) in 2013. The company produces snack foods made from potatoes in Krawang-West Java
PT. Cargill Indonesia Cocoa & Chocolate Gresik(The U.S.)	PT. Cargill Indonesia Cocoa & Chocolate Gresik established its plant in Gresik-East Java. The company gets a supply of cacao bean from South Sulawesi since 1995. However, just in 2014 the company built a plant located in Gresik.
Ceres Meiji Indotama, PT (Japan)	The company is a joint venture between Meiji Seika Khaisa Ltd, Meiji Seika Singapore, Petra Foods Ltd and PT Perusahaan Industri Ceres. The company was built in 1991and the plant is in Karawang. The company produce snack food for export.
Charoen Pokphand Indonesia, PT (Thailand)	The company was established in 1972 as a feed miller for poultry feed. Currently the company also produces day old chick and frozen processed products. The processed frozen processed products are produced in Cikande-Banten (1997), Salatiga-Central Java (2010), Medan-North Sumatera (2011), Sidoarjo and Mojokerto both in East Java (2006).
Coca-Cola Bottling Indonesia, PT (Australia)	Coca-Cola Amatil from Australia entered Indonesia in 1992, however its Indonesian partner was already producing and distributing Coca-Cola products under license from the Coca-Cola Company since 1932. It operates under the name PT Coca-Cola Bottling Indonesia with a brand portfolio consisting of Coca-Cola, Diet Coke (1996), Sprite, Fanta, Schweppes, Frestea (2002), A&W, Powerade Isotonic, Aquarius, minute maid (2008), and Ades-water. The company has 9 owned bottling plants located in Cibitung-Bekasi, Medan, Palembang, Lampung, Cikedokan, Bandung, Semarang, Surabaya, Denpasar and another contracted bottling company in Manado. The company also exports beverage base products to Singapore, Australia, New Zealand, Cambodia, Vietnam and Thailand from its plant in Cibinong since 1997.
Danone Group (France)	There are six subsidiary companies of the Danone group in Indonesia. They are: Tirta Investama, PT (water), Nutricia Indonesia Sejahtera, PT (infant nutrition), Sari Husada, PT (infant nutrition), Sugizindo, PT (infant nutrition) Danone Dairy Indonesia, PT (dairy products; acquired by PT Indolakto- PT.Indofood CBP Sukses Makmur Tbk holdings in 2014), and Nutricia Medical Nutrition, PT (medical nutrition).

Delta Jakarta Tbk, PT (Philippines)	Delta Jakarta was established in 1932 by German firm Archipel Brouwrij. In 1970, the company was established as Delta Jakarta, PT and in 1984 went public as Delta Jakarta, Tbk, PT. Currently majority share is owned by San Miguel Malaysia. The company produces various brand of beer.
Effem Indonesia, PT (USA). Currently called PT Mars Symbioscience Indonesia	The company established the cocoa processing plant in Makassar in 1996. The product is sold to Mars manufacturing's plants in other countries and to Ceres group.
Fonterra Brands Indonesia, PT	The company, formerly New Zealand Milk Indonesia, PT, was established in 1995. In 2004, the company become Fonterra Brands Indonesia, PT a subsidiary of the Fonterra Co-operative Group, New Zealand. Its dairy plant in Indonesia was built in 2014 and operating as of May 2015.
Frisian Flag Indonesia, PT (Dutch)	As of 2009, Friesland Campina Indonesia has three plants in Indonesia; PT. Frisian Flag Indonesia (2 in Jakarta) and PT Kievit Indonesia in Salatiga. PT. Frisian Flag Indonesia facilities were built in 1969 and 1974. The company produces powdered milk, drinking milk and sweetened condensed milk. PT Kievit Indonesia was built in 2005 and produces creamer, fast powder and capsulated functional ingredients.
Glico Wings, PT (Japan)	Wings group (Mitrajaya Ekaprana, PT) established a joint venture company with Ezaky Glico Co. from Japan in 2013. The company produce ice cream.
Heinz ABC Indonesia, PT (H.J. Heinz Company Limited, The U.S.)	PT ABC Central Food Industry that established in 1975 became PT. Heinz ABC Indonesia in 1999. The company has three plants in Indonesia, Jakarta, Karawang and Pasuruan. The company produces sauces, canned fish and beverages.
Ichitan Indonesia, PT (Japan & Thailand)	The company is a joint venture company between Sigmantara Alfindo (Alfa retail group) and Mitsubishi Living Essential Indonesia (PT Atri Pasifik) with Ichitan Group Ptl. Ltd. The company was established in 2014 and produces non-alcoholic beverages. Their products are currently manufactured on their behalf by another manufacturer.
Indofood Fritolay, PT (The U.S.)	Indofood built a joint venture company with Seven-Up Nederland B.V. – Pepsico Inc. in 1990. The company produced snack food with various brand to include Lay's,
Indofood Asahi Sukses Beverages, PT (Japan)	Indofood and Asahi Group Holdings Southern Asia Pte Ltd built this joint venture company in 2014. The company produces green tea beverages under the "Ichi Ocha" brand name.
Indofood Tsukishima Sukses Makmur, PT (Japan)	Indofood (Indofood Mitra Bahari Makmur, PT) created this joint venture company with Tsukishima Foods Industry Co. Ltd in 2013. The joint venture will produce and market sweet margarine products, compound margarine, laminated margarine, whipped bread filling cream, batter conditioner, and other oil derivative products
Intan Kenkomayo Indonesia, PT (Japan)	PT So Good Food built a joint venture company with Kenko Mayonnaise Co., Ltd in July 2013. The company produces mayonnaise, sauces and pasteurized liquid egg in its plant in Cakung-East Jakarta.
Kanemory Food Services, PT (Japan)	The company is a joint venture company between Cimory Group with Kanematsu Corporation. The company's first plant opened in April 2015 in Serang Banten. The company produces processed meat, fish, flour, vegetables and bread to supply domestic Japanese fast food outlets, minimarkets and supermarket.
Kraft Foods Group (The U.S.)	Kraft Foods own PT Nabisco Foods and having joint venture company with PT Ultra Jaya to produce cheese.
Kraft Ultra Jaya Indonesia, PT (Kraft General Food Ltd, The U.S.)	PT Ultra Jaya Indonesia signed a licensing agreement with Kraft general Food Ltd produce cheese products in 1981. In 1994 the partnership was upgraded by establishing joint venture. The manufactures locates in Bandung.
KH Roberts Indonesia, PT (Australia and Singapore)	KH Roberts Indonesia and PT Jutarasa Abadi has built a partnership to supply food flavoring and coloring for food, beverage and pharmaceutical products since 1985. The company has a plant in Bogor.
Kewpie Indonesia, PT (Japan)	PT Kewpie Indonesia was built in February 2013 as joint venture between Mitsubishi Corporation and Kewpie Egg Corporation. The company has a manufacturer in Bekasi and produce mayonnaise and dressing in November 2014

Lotte Indonesia, PT (Japan)	The company was built in 1994 to produce gum and snack food in its Cikarang plant. PT Lotte Indonesia is a joint venture between Lotte, Gudang Garam group and Marubeni.
Mane Indonesia, PT (French)	PT Mane Indonesia was established in 1998 and produces flavors & fragrances. The company a plant in Cikarang.
Megmilk Snow Brand Indonesia, PT (Japan)	The company is a joint venture company between Megmilk Snow Brand Co., Ltd., PT. Rodamas Indonesia and Itochu Corporation. The company was built in 2012 to produce cheese and has a plant in Cikarang.
Morinaga Kino Indonesia, PT (Japan)	The company is a joint venture company with Morinaga & Company Limited from Japan in 2013. Originally the company was named PT. Kinosentra Industrindo, producing snacks and confectionery. Currently Kino Corporation has a 49% share and Morinaga & Co. Ltd has 51% share. The company has two plants in Central Java.
Multi Bintang Indonesia Tbk, PT (Singapore)	Multi Bintang was established in 1929 and become public listed company in 1981. In 2010, Asia Pacific Breweries-Singapore based acquired majority share. The company produces various brand of beer.
Munchy Indonesia, PT Japan & (Malaysia)	The company is a joint venture between Sigmantara Alfindo (Alfa retail group), Mitsubishi Living Essential Indonesia (PT Atri Pasifik) and Munchy Food Industries Sdn Bhd Malaysia. The company will produce biscuits.
Nestlé Indonesia, PT (Switzerland)	Nestlé Indonesia, a subsidiary of Nestle SA, is one of the leading International food companies in Indonesia. Their production line includes dairy (Dancow, Carnation, Bear brand), coffee (Nescafé brand), tea (Nestea brand), other beverages (Milo brands), sauces (Maggi brand), chocolate and candies (Kit-Kat, Fox's and Polo brands), baby foods, cereals, and health nutrition. Nestlé's started in Indonesia in 1971, when Nestlé built a milk processing plant in Pasuruan- East Java. Currently the company has four plants. Pasuruan produces dairy products, Panjang-Lampung produces coffee products, Cikupa Banten produces confectionery, and Kerawang Nestlé Indofood Citarasa Indonesia PT (NICI) is a joint venture between Nestlé Indonesia PT and Indofood Sukses Makmur Tbk PT established in February 2005. The joint venture produces sauces, dressings, and condiments. The company markets both Indofood and Nestlé's brands, including Indofood brand, Piring Lombok and Maggi.
Nippon Indosari Corporindo Tbk, PT (Japan)	The company was established in 1995 and started producing various types of bread in 1997.
Nissin Mas, PT (Japan)	The company was established in 1992 as a joint venture between Nissin Food Product Co., Ltd and Roda Mas. Currently Indofood and Nissin Food Product Co., Ltd has a major share and the third share is hold by Nissho Iwai Corporation. The company produces instant noddle in its Cikarang plant.
Pepsi-Cola Indo Beverages, PT (The U.S.).	The company was established by Indofood CBP Sukses Makmur, PepsiCo and Asahi Group Holdings Ltd. The company has a plant in Purwakarta and produces Pepsi, 7 Up, Mirinda, Gatorade, Tropicana Twister, Tehkita, and Frutamin. The company now uses the name Prima Cahaya Indobeverages, PT
Perfetti Van Melle Indonesia, PT (Italia)	The company was established in 1997 as PT Perfetti. PT Perfetti and PT Van Melle Indonesia became PT Perfetti Van Melle Indonesia following the merger of Perfetti Group (Italia) and Van Melle group (Netherlands) in 2000. The company produces confectionery at its plant in Bogor for domestic and export markets.
Petra Foods Limited (Singapore)	Petra Foods Limited produced Silver Queen and Ceres brands confectionary products as an Indonesian company starting in the 1950's. In 1984, the company was registered in Singapore. The company produces chocolate confectionery for domestic and export to Singapore, Malaysia, Thailand and the Philippines. In 1988 and 89, they built cocoa processing factories in the Philippines and Thailand. The company acquired cocoa processing plants in Mexico and Brazil in 2003, and expanded to Hamburg and France in 2007. In 2013 the company terminated the cocoa ingredient business and sold to Barry Callebaut. The group now focuses on its branded consumer business.

San Miguel Pure Foods Indonesia, PT (Philippines)	Formerly a joint venture between San Miguel Pure Foods Company and Hero Group, the business was sold to San Miguel Pure Foods and Penderyn of Singapore in 2004. The business manufactures processed meat products.
Sekar Seinan Food, PT (Japan)	Sekar Bumi Tbk, PT established a joint venture company with Seinan Kaihatsu Company Ltd (30% share) and Nomura Trading Co Ltd (19% share) in 2014. The company will produce ready-to-eat fish sausages.
Sonton Food Indonesia, PT (Japan)	Mahadana Dasha Utama, PT (Mahadasha) established a joint venture company with Sonton Holding Japan in 2014. The company will produce custard cream, jams and spreads in its Cikarang plant for the bakery, HRI and food industries.
Sorini Agro Asia Corp, Tbk, PT (The U.S.)	The accompany was established in Surabaya in 1983 and produces sorbitol. In 2011, Cargill Foods Indonesia completed acquisition of a majority stake in the company. Today, the company has two starch sweetener factories and three starch plants in East Java and Lampung
Suntory Garuda Beverage, PT (Japan)	This is a joint venture company between Suntory Beverage & Food Ltd and the Indonesian food and beverage company Garuda Food Group. The company was established in 2011 and produces soft drinks in 4 plants (Pati-Central Java, Gresik-East Java, Rancaek and Bogor –West Java, and Banjarbaru-East Kalmantan).
UHA Mikakuto Indonesia, PT (Japan)	The company is a subsidiary of Mikakuto Co.Ltd and produces milk candy. The company was established in 2004.
Ultra Jaya Ito En, PT (Japan)	Ultrajaya Milk Industry & Trading Company Tbk established a joint venture company with Ito En Asia Pacific Holdings from Japan in 2013. The company produces the “Kiyora” green tea beverage.
Unilever Indonesia, Tbk, PT and its subsidiaries	Unilever has been present in Indonesia since 1933. Unilever Indonesia’s portfolio includes many of the world’s best known brands, including Wall’s (1992), Blue Band (1936), Royco, Bango (2000), Sariwangi tea (1990), and Buavita fruit juice (2008). The Company owns seven factories in the Jababeka Industrial Estate, (Cikarang, Bekasi), and two factories in Rungkut Industrial Estate, (Surabaya, East Java). Its head office is in Jakarta. Its products consist of about 43 key brands and 1,000 SKUs which are sold through a network of about 500 independent distributors covering hundreds of thousands of outlets throughout Indonesia. Products are distributed through its own central distribution centers, satellite warehouses, depots and other facilities.
URC (Universal Robina Corporation) Indonesia, PT (Philippines)	The company produces snacks, wafers, candies, chocolate, and beverage at its plants in Cikarang.
Yakult Indonesia Persada, PT (Japan)	This company produces Yakult under license from Yakult Honsa Co. Ltd. They have operated a plant in Sukabumi since 1996.
Yamazaki Indonesia, PT (Japan)	Sigmantara Alfindo (Alfa retail group) and Mitsubishi Living Essential Indonesia (PT Atri Indonesia) established a joint venture company with Yamazaki Baked Co. Ltd, Japan. The company produces bread and is located in Cikarang and Bekasi.

Source: Website, Media

III. COMPETITION

Competition among food processors is expected to increase as the market matures. As companies grow, it is expected that food processors will slowly integrate their operations, expanding their business upstream and working with farmers to procure raw material directly.

Factors contributing to ingredient import growth include the establishment of new manufactures, production expansion, expanding product development, and improved distribution systems and storage facilities. Several processors plan to expand their businesses serving baking sector, food service, and retail.

On February 27, 2009, Australia and New Zealand signed a free trade agreement with ASEAN (AANZ-

FTA). The agreement calls for Indonesia to gradually eliminate the tariff on imports of many Australian and New Zealand products. Most tariffs are to be gradually reduced starting in October 2009 with exceptions for some of dairy products, meat products, fish (such as grouper, tilapia and fish fillet), fruit and vegetable products (such cabbages, carrot, tomato and potatoes, banana, pine apple, avocado, mandarin and mango). AANZFTA is the first region-to-region free trade agreement for both ASEAN and Australia and New Zealand.

As of October 2015, Indonesia has free trade agreements (FTA) with ASEAN-FTA/CEPT-AFTA (1992), ASEAN-China/ACFTA (2004), ASEAN-South Korea (2005), ASEAN-Australia and New Zealand/AANZFTA (2009), ASEAN-India (2009), Indonesia-Japan (2007); Indonesia-Pakistan (2012). Despite these FTAs, exporters and importers still face lengthy and cumbersome custom procedures and non-tariff measures.

The ASEAN Economic Community (AEC) was integrated in 2015. The AEC envisages the following key characteristics: (a) a single market and production base, (b) a highly competitive economic region, (c) a region of equitable economic development, and (d) a region fully integrated into the global economy. AEC 2025 will see the region ascend global value chains with more sustainable production activities, technology-intensive manufacturing industries, and knowledge-intensive services (Source: Blueprint for Growth ASEAN Economic Community 2015: Progress and Key Achievements).

Table10. Indonesia: Competition between Domestically Produced Goods and Imports 2015

Product Category	Major Supply Sources (by Volume)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Wheat Net Volume Import: 7.4 million ton Value: \$2.08 billion	Australia 57.6% Canada 23.1% Ukraine 9% U.S. 5.3% Russia 3.5%	Australia has a geographic proximity. Indonesia prefers Australian wheat due quality preference for specific purpose (noodle)	No wheat produced domestically
Sugar Net Volume Import: 3.37 million ton Value: \$1.25 billion	Thailand 53.2% Australia 30.2% Brazil 13.6%	Thailand and Australia's geographic proximity.	Indonesia does not produce raw sugar
Soybean Net Volume Import: 2.25 million ton Value: \$1.03 billion	U.S. 97.8% Canada 1.2%	Indonesia prefers U.S. soybeans due to characteristics optimized for tempeh and tofu. The U.S. has exportable	Soybean is not produced extensively in Indonesia.

		supplies and good quality.	
Dairy excl cheese Net Volume Import: 352 thousand ton Value:\$0.87 billion	New Zealand 22.5% U.S 16.7% France 14.8% Australia 14.2% Germany 7% Poland 5.2% Belgium 5.1% Netherlands 3.5% Malaysia 2.4% Ireland 2.3% Thailand 1.5%	New Zealand and Australia have a geographic proximity. Europe offers lower prices and they have milk processing plants in Indonesia.	Less dairy produced locally (only around 25%)
Wheat flour Net Volume Import: 97 thousand ton Value: \$33.96 million	Turkey 29.3% Ukraine 22.3% India 21.3% Sri Lanka 11.5% Vietnam 6.3% Singapore 4.4% South Korea 2.6%	Turkey, Ukraine, India and Sri Lanka offer competitive prices compared to local wheat flour.	Locally-produced wheat flour price is higher than imported flour but has a good quality and has been fortified with Zn, Fe, B1, B2 and Folic acid
Fish and Seafood products Net Volume Import:138 thousand ton Value:\$217.52 million	China 40% Japan 13.9% Malaysia 8% Pakistan 6.8% Norway 5.2% India 4.0% Thailand 3.6% Taiwan	Tuna, Mackerel, and sardines are used as an additional source for the fish canning industry.	Local fish and seafood production is significant in volume

	2.5%		
Corn starch Net Volume Import: 207 thousand ton Value: \$80.14 million	India 32.3% China 21.1% Turkey 14.1% Brazil 12.2% South Korea 5.9% Ukraine 4.4%	India and China offer competitive prices.	Local corn starch is not produced extensively.
Cocoa beans Net Volume Import: 53.37 thousand ton Value:\$169.73 million	Cote d Ivory 47.2% Ghana 11.6% Cameroon 11.5% Ecuador 10.5% Papua New Guinea 7.6% Malaysia 5.3%	Industry needs a variety of cocoa beans for blending.	Domestic production is limited
Potato starch Net Volume Import: 16.13 thousand ton Value: \$10.16 million	Netherland 37.4% Germany 30.8% France 19.5% Denmark 10.7%	European countries offer competitive prices and consistent supply.	No potato starch produced locally.
Dehydrated potato Net Volume Import: 6,958 ton Value:\$9.52 million	Germany 48% The U.S. 41.9% Denmark 7.2% Poland 1.9%	European countries offer competitive prices and consistent supply. Aggressive promotion of U.S. dehydrated potato is effective.	No domestic production.
Non-alcoholic preparation used in beverages manufacturers Net Volume Import: 3,104 ton Value:\$27.43 million	China 24.2% Denmark 21.4% Singapore 14.6% Italy 11.7% U.S. 8.6% Taiwan	Consumers seek novel flavors and new concepts.	Domestic beverage manufacturing is growing and requires inputs for new flavors.

	6.6% Chili 2.6% South Korea 2.6%		
Onion powder Net Volume Import: 3,750 ton Value: \$12.25 million	U.S. 93.8% China 4.6% India 0.9% Spain 0.7%	U.S. produces high quality onions with whiter color and high total solid content.	No onion powder produced locally.
Chili powder Net Volume Import: 4,016 ton Value: \$6.05 million	India 71.3% China 18.7% South Korea 6.5%	Those countries offer competitive price.	No chili powder produced locally.
Garlic powder Net Volume Import: 2,724 ton Value: \$4.86 million	China 96.4% U.S. 3.5%	China offers competitive price.	No garlic powder produced locally.
Bakery dough Net Volume Import: 3,328 ton Value: \$7.66 million	Thailand 35.7% Germany 17.7% Singapore 14.1% Malaysia 8.7% Australia 7.9% U.S. 6.6% Japan 3.4% Vietnam 3.4%	Indonesia prefers Asian type of bakery products and also opens to new Western type of bakery products.	Domestic production is growing.
Fresh Fruit Net volume import: 427 thousand ton Value: \$640.81 million	China 50.9% Thailand 12.2% U.S. 9.4% Australia 7.0% Pakistan 4.7% Egypt 2.8% Vietnam 2.3% South Africa 2.3%	China offers very competitive prices.	Local fresh fruit is limited in variety and inconsistent in supply.
Processed fruit & vegetables Net volume import: 126.11 thousand ton Value: \$170.53 million	China 30.9% U.S. 21.7% Netherlands 7.6% Canada	China and Thailand supply processed fruit and vegetable products. Brands	Limited processed fruit and vegetables products produced locally.

	5.0% Belgium 4.3% Thailand 4.3% India 3.9% Vietnam 3.7% Brazil 3.3%	are well known and prices are competitive. U.S., EU and Canada supply French fries and frozen vegetables	
Red meats fresh, chilled, frozen Net volume import: 54.22 thousand ton Value: \$ 257.90 million	New Zealand 63.9% U.S. 15.6% Australia 13.5%	New Zealand and Australia have a geographic proximity and 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. Meat processing industry and food service sector rely on imports.
Cheese and curd Net volume import: 20.71 ton Value: \$87.08 million	New Zealand 63.9% U.S. 15.6% Australia 13.5% Netherlands 2.1%	New Zealand and Australia have a competitive pricing and geographic proximity.	Domestic cheese processing industry and cheese application in food processing industry are growing, but local ingredients supplies do not exist.
Tree nuts Net volume import: 3,145 ton Value: \$16.89 million	U.S. 35.1% Thailand 21.2% Vietnam 20.7% China 10.6%	Thailand supplies repackaged tree nuts from the U.S.	Local tree nut production is limited to cashew nuts.
Coffee Extract/Essence/Concentrate/preparation with the basis of these products Net volume import : 10.99 thousand ton Value : \$65.39 million	Brazil 36.7% Vietnam 27.8% India 14.0% China 11.0% Malaysia 7.1%	Brazil supply mostly Arabica coffee	Local production is mostly green bean of robusta
Non Dairy Creamer Net volume import : 57.33 thousand ton Value : \$121.73 million	South Korea 29% Malaysia 22.8% China 20.2% Thailand	Sector is dominated by low- price producers.	Coffee processors require non-dairy creamer. Domestic non-dairy creamer industry is

	11.3% U.S 5.1% Poland 3.9% Singapore 2.7% Netherland 2.3%		growing.
--	---	--	----------

Source: Global Trade Atlas

IV. BEST PRODUCT PROSPECTS

A. Product Present in the Market with Sales Potential

Below is a list of major ingredients used by the Indonesian food processing industry.

Table11. Indonesia: Products Present in the Market with Good Sales Potential

Product Category	2015 Import (thousand tons)	2015 Import (\$mil)	5 Yr. Avg Annual Import (Volume) Growth (%)	Import Tariff Rates (%)	Key Constraints to Market Development	Market Attractiveness for USA
Wheat	7,412	2,082	9.17	5	Competition from Australian and Canada	Demand for high quality flour for bakery industry
Sugar	3,375	1,256	14.78	Rp 790/kg	Indonesia prefers cane sugar over sugar beet.	Food processing industry seeks low cost inputs.
Soybean	2,256	1,034	5.96	0	Trade barriers and food sovereignty issues.	Tempeh and tofu made from soybean are staple proteins. The soymilk industry is growing.
Dairy excl cheese	352	879	3.8	5	Price competition with Australia, New Zealand and	Domestic dairy processing industry demand is growing.

					European countries. Dairy product manufacturers must be approved by the GOI before they can ship to Indonesia	
Wheat flour	97.83	33.9 6	-30	5	Price competition with Turkey, Ukraine, India and Sri Lanka.	U.S. wheat is needed by milling industry.
Non-alcoholic preparation used in beverages manufacturers	3.1	27.4 3	-10	5	Complicated import procedures	Limited fruit options available in domestic market for fruit-based industry
Onion powder	3.75	12.2 5	0.9	5	No concerns.	Instant noodle and sauces/condiment industry needs onion as a seasoning
Chili powder	4.0	6.0	11.9 (data available since 2012)	5	No concerns.	Instant noodle and sauces/condiment industry needs chili as seasoning
Garlic powder	2.72	4.86	1.4	5	No concerns.	Seasoning for instant noodles, sauces/condiments and snack. Food industry is growing
Bakery dough	3.32	7.66	17	10	Price concerns.	Bakery industry is

						growing.
Non-dairy creamer	57.33	121. 73	0	5	No concerns. Domestic Non-dairy creamer industry is growing	Coffee processing industry is growing
Coffee Extract/Essence/Concentrate/preparation with the basis of these products	10.99	65.3 9	41	20	High import duty (per July 2015)	Coffee processing industry is growing
Fresh Fruit	427	64 0	-5	5% for all fruit except Mandarins and mangos (20%)	Current Government of Indonesia regulations inhibit fresh fruit imports.	Health awareness and rising middle class pushes demand of quality fresh products Lack of supply and quality of domestic fruit products
Processed fruit & vegetables	126	17 0	9. 3	Mostly 5 20% for product preserved by sugar	Complicated import permitting process.	Lack of processed fruit and vegetables produced locally. Food service sector, bakery and biscuit industry are growing and need processed fruit/vegetables.
Cheese and curd	20. 7	87. 08	6. 3 5	5	Cheese manufacturers in the country of origin must be	Cheese applications in food processing industry are growing.

					approved by the GOI before they are able to export to Indonesia .	
Tree nuts	3.1 4	16. 89	- 4. 8	5	Price concerns.	Bakery industry is growing and consumer understands U.S. tree nut quality.
Corn starch	207	80. 14	1 4. 7 5	10	Price concerns.	Corn starch is a key ingredient in the snack food industry.
Potato starch	16. 13	10. 16	2 9. 8	5	Price concerns	Potato starch is needed by snack industry.
Dehydrated potatoes	6.9 5	9.5	11 .2	5	Price concerns.	Snack food industry is growing.

Source: Global Trade Atlas

B. Product Not Present in Significant Quantities but which have Good Sales Potential

In addition to egg granule below, Post source inform that chickpea powder and yogurt powder have a potential but not present in significant quantities.

Table12. Indonesia: Products Not Present in Significant Quantities but That Have Good Sales

Product Category	2015 Import (thousand tons)	2015 Import (\$mil)	5Yr. Avg Annual Import (Volume) Growth (%)	Import Tariff Rates (%)	Key Constraints to Market Development	Market Attractiveness for USA
Dried Egg	3.3	7.28	2.3	5	MOA has to approve the establishment in the country of origin.	Indonesian manufacturers of instant noodles, instant seasonings, instant porridges,

						instant soups, and food chain seasonings require this ingredient.
--	--	--	--	--	--	---

Source: Global Trade Atlas

C. Products not Present (only a few) in the Market Because They Face Significant Barriers

The processed beef and poultry industry is growing. However, the GOI regulates beef and poultry imports. Indonesia has a number of major integrated poultry companies that own up-stream and down-stream production facilities.

Table13. Indonesia: Products not Present in the Market Because They Face Significant Barriers

Product Category	2013 Import (Volume, thousand T)	2013 Import (\$mil)	5Yr. Avg Annual Import (Volume) Growth (%)	Import Tariff Rates (%)	Key Constraints to Market Development	Market Attractiveness for USA
Poultry Meat	2.57	3.43	42.6	5 except 20% for chicken thighs 5% and 30% for processed meat	MOA has not issued poultry import recommendations (including duck and turkey) since January 2014. MOA will only issue import recommendations for poultry originating from MOA-approved establishment. MOA requires poultry that exported to Indonesia must be slaughtered manually and halal	Domestic chicken prices are high and turkey is not produced locally. Chicken MDM (mechanically deboned meat) for the independent poultry processing industry is not available.

Source: Global Trade Atlas

V. POST CONTACT AND FURTHER INFORMATION

The Foreign Agricultural Service (FAS) of the 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 into the Indonesian market. Questions or comments regarding this report should be directed to FAS Jakarta at one of the following local or U.S. mailing 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 436
FPO, AP 96520-0436

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. [Ministry of Trade Updates Beef Import Regulation \(ID1625\)](#)
2. [Indonesia Expands U.S. Plants Products Eligible for Recognition \(ID1624\)](#)
3. [Indonesia Eases Import Rules for Meat Products \(ID1623\)](#)
4. [Indonesia Amends Import Regulations for Livestock Products \(ID1618\)](#)
5. [Indonesia Amends Export Procedures for Plant Products \(ID1615\)](#)
6. [Ministry of Trade Changes Horticulture Import Regulations \(ID1533\)](#)
7. [Indonesia Raises Import Tariffs on Value-Added Goods \(ID1530\)](#)
8. [California Recognized as Fruit Fly Free Area \(ID1522\)](#)
9. [Indonesia Revises Seafood Import Rules \(ID1501\)](#)
10. [FAIRS Export Certificate Report 2015 \(ID1545\)](#)
11. [Exporter Guide Update 2015 \(ID1548\)](#)
12. [New Regulation on Animal Quarantine Measures \(ID1429\)](#)
13. [New Regulation on Alcoholic Beverage Distribution \(ID1411\)](#)
14. [Alcohol Beverages Excise Tax Update \(ID1408\)](#)
15. [Indonesian Government Explain New Horticulture Import Permit Reg. \(ID1352\)](#)
16. [Unofficial Translation of Ministry of Agriculture Decree No 4390/2013 \(ID1335\)](#)
17. [Indonesia Extends Import Requirements on Food and Beverage Products \(ID1304\)](#)
18. [Phytosanitary Requirement for Fresh Bulb \(ID1303\)](#)
19. [Minister of Agriculture Regulations No 42 and 43 Year 2012 \(ID1218\)](#)
20. [Prior Notice-Application of Imported Fresh Food of Plant Origin \(FFPO\) \(ID1206\)](#)
21. [Market Brief-Wine \(ID1113\)](#)

22. [Mandatory Labeling of Imported Food and Beverage Products \(ID1028\)](#)
23. [Indonesian Market Brief on Functional Beverage Ingredients \(ID1041\)](#)
24. [Processed Meat-Chicken and Fish Products Ingredient \(ID1039\)](#)
25. [Snack Food Ingredient \(ID1037\)](#)
26. [Bakery Products Ingredient \(ID1036\)](#)

Table 14. Indonesia: Exchange Rate (Rp./1US \$) on Period 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
2014	12,226	11,675	11,404	11,589	11,611	11,969	11,591	11,717	12,212	12,163	12,196	12,436	11,899
2015	12,625	12,863	13,084	12,922	12,937	13,332	13,481	14,027	14,657	13,563	13,747	13,794	13,419
2016	13,846	13,395	13,276	13,204	13,615	13,180	13,094	13,300	12,998	13,051	13084		13,227

Source: Business Indonesia Daily Newspaper & Bank Indonesia