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Indonesia

Exporter Guide

Exporter Guide Update

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Report Highlights:

In Fiscal Year (CY) 2012, Indonesia remained the 8th largest export market for U.S. agricultural, fish and forest products with \$2.5 billion in U.S. total exports. Nonetheless, U.S. agricultural exports to Indonesia decreased by 16.7 percent over FY 2011. Indonesia maintained a relatively healthy macroeconomic environment in 2012, as gross domestic product (GDP) growth in the third quarter reached an estimated 6.17 percent. Government of Indonesia (GOI) analysts predict that fourth quarter GDP growth may reach 6.3 percent. The Central Bank of Indonesia projects the GDP growth will remain strong in 2013, at 6.5 percent. However, despite expanded levels of trade, increasing barriers to trade continue to exist. Also, uneven enforcement of existing regulations, combined with new regulations which are often not properly notified to trading partners, create additional uncertainty for

U.S. exporters.

Post:

Jakarta

Executive Summary:

SECTION I. MARKET OVERVIEW

Economic Situation

Indonesia managed to maintain a relatively healthy macroeconomic environment, with positive growth rates of 6.1 percent in 2010 and 6.5 percent in 2011. According to the Indonesian Central Bureau of Statistics (BPS), GDP growth in third quarter 2012 has reached 6.17 percent and will become 6.3 percent at the end of this year. Economic growth in 2012 primarily came from natural resource extraction, to include petroleum, gas and coal, agriculture, manufacturing, tourism, and other service industries. The role of the industrial sector in economic growth is becoming more significant. The Bank of Indonesia projects that in 2013 Indonesian GDP growth will reach again at around 6.5 percent. Strong domestic consumption and investment also support Indonesia's economic growth.

The Indonesian rupiah generally weakened against the dollar in 2012. However the GOI considers the rupiah's value within a healthy range. Going forward in 2013, inflationary pressures could also be driven by government plans to strictly limit food imports, which has already resulted in dramatic price increases for beef. The GOI may also reduce certain fuel subsidies, which will lead to higher prices at the fuel pump, as well as to increase the rates on electricity. Inflation and more protectionist policies are likely to create challenges for the expansion of U.S. food products in Indonesia.

Significantly, Indonesia is now considered as the most stable democracy in Southeast Asia. In 2001, Indonesia embarked on an ambitious and challenging decentralization effort. Today Indonesia is one of the most decentralized countries in the world with substantial funds and authorities devolved to the regional levels.

As of December 2012, Indonesia maintains free trade agreements (FTA) with ASEAN-South Korea, ASEAN-China, ASEAN-Australia and New Zealand, Indonesia-Japan; Indonesia-Pakistan. However beside the gradual reduction in tariffs and quotas following trade agreements, exporters and importers still continue face lengthy and cumbersome custom procedures and non-tariff measures.

Country	International Cooperation	Signed	Effective date
ASEAN - Japan	Regional	October 2003	December 1, 2008
ASEAN - South Korea	Regional	May 2006	July 2006
ASEAN - China	Regional	2002 frame work of FTA	2010 for Brunei, Indonesia, Malaysia, Philippines, Singapore Thailand 2015 for Burma, Cambodia, Laos,

			<i>Vietnam</i>
AANZFTA	Free Trade Agreement	February 2009 by ASEAN and Indonesia January 10, 2010	
Japan	Bilateral <i>Indonesia will exempt 93% import duty of 11,163 Japan products amounting of 92% of its export value and fostering the service sector and the export of workers to Japan.</i> <i>Japan exempt 90% import duty of 9,275 Indonesian products amounting 99% of its export value and ensured the steady supply of energy and raw materials from Indonesia.</i>	August 20, 2007	July 1, 2008
Pakistan	Preferential Trade Agreement. <i>Indonesia offered reduced tariff on 216 tariff line including fresh fruit, cotton yard, garments, fans, sporting goods and leather goods.</i> <i>Pakistan extended preferential rates on 287 tariff lines, on crude palm oil and its derivative, sugar confectionery, cocoa products, consumer goods, chemicals, table ware, kitchen ware, rubber products, wood products, glassware products, and electronic items.</i>	February 3, 2012	Ratified by November 20, 2012 in Presidential Regulation PP No 98/2012

Key Demographics and Customer Expenditures

Indonesia is the 4th most populous nation in the world with a population of roughly 240 million people. Over 50 percent of the population is between the ages of 5 - 34 years. The emerging middle class and consumers from the Indonesian middle class broadly support domestic industry and imported goods, particularly for consumer products including processed foods. In 2011, consumption accounts for 44 percent of GDP growth in Indonesia.

The latest Nielsen survey in the third quarter of 2012 confirmed that consumers in Indonesia are some of the world's most optimistic, reaching an index of 119 Nielsen Global Consumer Confidence Index. Consumer Confidence Index levels above and below the baseline of 100 indicate degrees of optimism and pessimism.

Based on BPS data, in 2011 the monthly average expenditure per capita for food was Rp 293,556 (\$33.45). This averaged to be about 49.4 percent of total monthly expenditures per capita.

U.S. Food Product Exports to Indonesia

In Fiscal Year (CY) 2012, Indonesia was still the 8th largest export market for U.S. agricultural, fish and forest products at \$2.5 billion. Nonetheless, that reflects a decrease of 16.7 percent from the previous year. The decrease is most likely due to higher commodity prices and market access challenges for imported products. In the consumer-oriented product category, snack foods, fresh vegetables, processed fruits & vegetables, tree nuts, pet foods, and other consumer oriented products (food ingredients) reached record levels. Dairy products remained the largest export in this category, followed by fresh fruit.

Market Access Issues

Uneven enforcement of existing regulations combined with new regulations that are frequently not properly notified to trading partners or to the World Trade Organization (WTO) creates confusion for commercial stakeholders. In general terms, market access barriers are a result of a combination of protectionism, nationalism, corruption, and lack of soft infrastructure among inspection agencies. Recently the GOI issued regulations which impact the importation of horticulture products. The recent horticulture import regulations are structurally similar to the procedures and requirements for importing beef, which has resulted in significant losses in market share for U.S. and other third country beef exports.

Since December 2007, GOI has maintained a National Single Window (NSW) system to facilitate the movement of exported and imported products at the port. The NSW system requires all related government institutions to coordinate the process to clear exported & imported goods through an electronic system. The NSW system linked with the ASEAN Single Window (ASW) in 2009. All ASEAN countries were required to completely harmonize their NSW systems in 2012. However, the electronic system creates additional problems for Indonesian traders as confusion persists regarding unclear classifications of HS codes for the online system as well as requirements demanded by new regulations.

Meanwhile, the product registration number (ML) requirements remains time consuming and bureaucratic, although significant progress has been made. Issues pertaining to food labeling remain complicated and unclear.

Market Opportunities

- Indonesia's population of 240 million is relatively young with almost 18 percent of the population between 15-24 years, and 17 percent between 25-34 years. Nearly 58 percent of the population lives on Java (60 percent of households). Java also has the best infrastructure, although urban areas in Sumatera, Bali, and Sulawesi are developing rapidly. There are 118 million Indonesian people living in urban areas throughout the archipelago in 2012.
- Based on World Bank data published in 2010, media reports indicate that that 38.5 percent of the population spends \$2-4/day, 11.7 percent spends \$4-6/day, 5 percent spends 6-10%/day, and 1.3 percent spends \$10-20/day. Nielsen reports that 29 million people are classified as premium middle class (income per capita \$3,000/year), mostly in urban areas. 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. These domestic consumers, along with a large expatriate community, consume a wide array of imported products.

Table1. Population number in major urban areas in 2010

City	Island	Population (million)
Jakarta, Depok, Bogor, Tangerang Bekasi	Java	17.7

Surabaya	Java	2.8
Bandung & Cimahi	Java	2.9
Medan & Binjai	Sumatera	2.3
Semarang	Java	1.6
Palembang	Sumatera	1.5
Makassar	Sulawesi	1.3
Samarinda & Balikpapan	Kalimantan	1.3
Yogyakarta & Solo	Java	0.9
Batam	Riau Island	0.9
Pekanbaru	Sumatera	0.9
Bandar Lampung	Sumatera	0.9
Padang	Sumatera	0.8
Malang	Sumatera	0.8
Denpasar	Bali	0.8
Banjarmasin & Banjarbaru	Kalimantan	0.8
Pontianak	Kalimantan	0.6

Source: Indonesia Central Bureau of Statistic (BPS)

- The population has become increasingly literate and Westernized during the past decade, due to the number of Indonesians who have studied and traveled abroad; easier access to international media to include the internet and cable television; increased numbers of smart phone and internet users (more lap top and WiFi locations); expansion of modern malls in major urban areas; dramatic growth of major international hotels, restaurants, quick serve restaurants, bakery chains; and continued growth of foreign tourists.
- Indonesians generally tend to be internet savvy and there is widespread use of social media. Facebook and Twitter are widely used as a medium to share information, especially among younger, middle class adults. In 2011, Euromonitor reported that 42 million Indonesians were Facebook users.
- Demand for imported food ingredients is growing. Food manufacturers are continually developing new snack products. Snacking is popular in Indonesian culture and is promoted in the media.
- The Indonesian consumers tend to be price conscious and susceptible to economic swings, particularly middle and lower income level consumers. Overall, customers tend to prefer purchasing imports in smaller, less expensive packaging.
- There is growing interest in organic and products perceived as 'healthy'. This includes products oriented toward digestive health, immune system health, fortified, all natural, weight management, cardiovascular health, oral and skin health.
- More urban women are entering the workforce and are choosing to keep working after marrying and having children. With less time available for shopping and cooking, more urban women are basing purchasing decisions on convenience.
- The number of kitchen appliances throughout the country is relatively low. In 2010, 26 percent of households had a refrigerator; about 41.51 percent of Indonesians used liquid petroleum gas (LPG), and 1.53 percent use electricity for cooking. The remaining households used kerosene stoves (12.11 percent) and fire wood (42.46 percent). Following GOI reduction of the fuel subsidy in 2008, more households switched from kerosene to LPG.
- During both Muslim and Chinese holiday seasons, consumer spending increases. The most

important holiday seasons are Ramadan (the month-long Muslim fasting period in which food consumption goes up significantly), Lebaran or Idul Fitri (Muslim celebration at the end of Ramadhan), and Chinese New Year. Indonesians consume significantly greater amounts of flour, sugar, eggs, baking ingredients, poultry, meats, cheeses, cakes, cookies, pastries, and fresh and dried fruits and nuts during these holidays.

- Although Christmas is celebrated by less than 10 percent of the population, stores take advantage of the season and decorate and promote festive foods such as special fruits, sweets, and pastries. Western celebrations, including Valentine's Day and Halloween, have also become trendy among upper-scale restaurants in Indonesia.

ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS IN INDONESIA	
Advantages	Challenges
Market size - Indonesia has a population of around 240 million people.	Weak purchasing power of the majority of the population.
An expatriate population in 2010 of about 102, 000 (18.7 percent China followed by Japanese, Korean, Malaysia, India, U.S., and Australian) in Indonesia buys imported goods. 62 percent are in Jakarta, followed by Riau, Banten, Bali and East Java.	Muslims, who account for almost 90% of the population, require halal-certified products.
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. Getting an ML number (registration number) for imported retail packaged food products is also complicated but required. Label should use Indonesian language
US Fresh Food of Plant Origin (FFPO) safety control system has been recognized. The U.S. horticulture products are allowed to enter Tanjung Priok – port of Jakarta.	The GOI expect that the recognition will be reviewed every two years. Current regulations stipulate that only three sea ports and one airport are allowed as a horticultural entry points. Per September 28, 2012, around 57 fruit based products must have an import recommendation from Indonesian Ministry of Agriculture (MOA), and import permit from Ministry of Trade (MOT) before imported to Indonesia.
GOI approved a number of several U.S. meat and many U.S. dairy establishments to export products to Indonesia	Animal based food must have an import recommendation from MOA- Director-General of Livestock and Animal Health Service or The National Agency for Drug and Food Control (BPOM) and also import permit from MOT before imported to Indonesia. However, due to the detection of BSE in April 2012, the GOI banned the importation of U.S. bone in meat and offal per end of April 2012
The distribution system on the island of Java is 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.
U.S. food products have a reputation for quality.	Third-country competition and promotion remains strong, especially from Australia,

Indonesia also does not produce sufficient quantities of beef, dairy products, tree nuts, temperate zone fresh fruit and vegetables, and pet food	New Zealand and China. Food product imports from Malaysia, Philippines, and Thailand are also growing.
The food processing industry is constantly creating new products to accommodate Indonesian taste preferences. More ingredients are needed.	Bilateral free trade agreements with other countries encourage the use of more lower-priced ingredient products, particularly from China
Distribution and availability of imported products is expanding due to the rapid growth of the modern supermarket sector, western restaurant chains and bakeries, a well-developed tourism industry	Consumers tend to require smaller package sizes and importers tend to require smaller shipment sizes, making it difficult for some companies to ship to Indonesia

II. EXPORTER BUSINESS TIPS

Local Business Customs

- Agents/importers are only allowed to register imported package products for retail purpose in order to obtain an ML number to BPOM. So choosing a local agent is a very important decision. Several principles to keep in mind when choosing a local agent are:
 - Conduct careful, detailed research in order to confirm claims. Prospective representatives who claim connections to important people should be treated with extreme caution. Such connections are not necessary - commercial acumen is of greater value in the market.
 - Do not grant exclusive rights to a local representative until after working with them in order to gain a clear understanding of their capabilities.
 - Pay attention to accounting standards applied in the preparation of reports supporting the financial standing of a potential representative or partner.
- Most importers also act as distributors, whether as exclusive agents or as consolidators, and have offices or local distributors in major cities all over Indonesia.
- Educate the importer, the retailer, and the consumer about your product. Exporters should not assume that Indonesian companies know how to promote, handle, and prepare imported products. Food processors often require assistance developing products using imported food ingredients. Support your importer, distributor, and agent by maintaining product quality.
- Market research, especially for product testing, price comparison, and adjusting the product for local tastes is important. Importers, distributors, food service providers, and retailers can help with market research as well as understanding government regulations, which is critical.
- While quality and price are important, they are secondary to the personal interaction with business partners. Face-to-face meetings are very important to Indonesians, though younger importers are more comfortable with establishing their relationships via electronic communication. Exporters usually must visit Indonesia 2-3 times before details are finalized.
- Product should be packed and shipped for a tropical climate and have clear storage instructions. Few cold storage or air-conditioned facilities and delivery trucks exist. Sometimes stores turn off cold storage facilities at night to conserve energy.

General Consumer Tastes and Preferences

- The majority of consumers prefer fresh foodstuffs, which are readily available in their

neighborhood at affordable prices. Healthy eating is becoming more popular among educated consumers and is regularly featured in print and broadcast media. Fresh foods, fruit juices, fruit concentrated-based beverages, organic foods, sugar-free confectionary, packaged food with higher fiber content, dairy products, vitamin and calcium fortified packaged food and beverages are also preferred by middle to upper-income consumers.

- Traditional and modern snack foods, such as confectionaries, pastries, cakes, biscuits, ice cream, or sweet and savory snacks are very popular among Indonesians.
- Local flavors are generally preferred and local food manufacturers are exploring opportunities to produce new products using a combination of local and imported flavors.
- Frozen foods and instant noodles, which are easy to prepare for children, are popular among working mothers.
- Smaller package sizes are often preferred due to convenience, price considerations, and weight management concern.
- Consumers are showing a concern to food additive, high amount of MSG, fat, sugar, salt, and preservatives in packaged food.

Food Standards and Regulations & Export Certificates

- According to Indonesian regulations, imported products packaged for retail sale must be registered with the BPOM to obtain a ML number. The registration process can be lengthy, bureaucratic, and costly, so it is best to use a local agent.
- Food labeling is required. Requirements for labeling of food products are broad in scope. However, due to the different perception among government institutions and the difficulties in the implementation of this requirement, this issue is still pending.
- Halal certification is not mandatory at this time but these guidelines are also being considered. Given that almost 90 percent of the population professes the Islamic faith, it is highly recommended that halal certification be obtained. U.S. Islamic Centers must approved by the Indonesian Muslim Council (MUI) to issue halal certificates.
- All beef and poultry products and animal-based food products must be certified halal by Halal certifying body in the country of origin approved by MUI and the products must originate from slaughterhouses that have been approved by Directorate General of Livestock and Animal Health Service (DGLAHS), Ministry of Agriculture. Also, each imported animal-based food shipment requires prior approval by the Minister of Agriculture and Trade. The GOI does not issue import permits for U.S. chicken.
- Currently all imported fruits and vegetables must receive an import recommendation from the MOA, and an import permit from the MOT. The procedure is designed to limit the entry of imported horticultural products. Importers will not be granted import recommendations from the MOA if the imports compete with local production.
- Imported table grapes must be produced in pest-free areas. In the United States, only California has been declared by the GOI as an area determined to be free from *Ceratitis capitata*. Fresh fruits and vegetables, except table grapes originating in California, must be treated prior to shipment or subjected to in-transit cold treatment.
- Imported processed foods which are primarily derived from horticultural products (jams, fruit juices, pickles, canned fruits, etc.) require prior approval from BPOM (for retail) or the Ministry of Industry (MOI) (for value-added processing).
- Fresh Fruit of Plant Origin (FFPO) safety control system of country of origin has been recognized by GOI. All imported the U.S. FFPO do not need Certificate of Analysis (COA) of Pesticide Residue and allowed to enter Tanjung Priok port of Jakarta.

General import and inspection procedures

- At the end of 2008, the Indonesian Ministry of Trade issued a regulation increasing the requirements for imported products that fall under 505 Indonesian 10-digit harmonized tariff codes, including food and beverages under 188 lines. The regulation limits the ports of entry, requires importer registration, and requires surveys by government-approved companies before export (see **New Requirements for Selected Food & Beverages Report (ID9001)**). This regulation was amended in December 2010. HS Code 1604192000 (Horse mackerel – type of fish in airtight containers) was added to this regulation.
- Horticultural products that arriving in Indonesian after November 28, 2012 should be inspected by a surveyor at the country of origin prior to shipment.
- Indonesia’s Customs uses a schedule of arbitrary “price checks” rather than actual transaction prices on importation documents to assess duties on food products import.
- Indonesian bound tariff rates on major food and agricultural items generally range from 5 to 40 percent. Import duties for a number of processed food products mostly range from 5 to 10 percent.
- Duties applied to all imported alcoholic beverages effectively changed from ad valorem tariff to a specific tariff in April 2010. Sales tax is 2.5 percent and excise for alcoholic beverage and alcoholic concentrate ranges between Rp.11,000-130,000/liter (approximately \$1,25 cents to \$14,60), depending on the percentage of ethyl alcohol content. Additional information on the alcoholic beverages can be found at the following links: [\(ID9029\)](#) & [\(ID1011\)](#) and [\(ID1019\)](#).
- The government levies a 10 percent value-added tax on the sale of all domestic and imported goods. For imports, these taxes are collected at the point of import and are calculated based on the landed value of the product, including import duties.
- Import documents should be concise, simple and complete. If all documentation is complete, customs clearance can be finished as early as two days (green line) and 5-7 days (red line and yellow line). Incomplete documentation can result in long delays.

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

A. Retail Sector

Market Overview

The Indonesian retail sector began its rapid expansion in 1999, when a Presidential Decree allowed Carrefour, a French retailer, to increase its outlet numbers in Jakarta. Growth within the food retail sector includes foreign stakeholders such as Giant, Lotte (formerly Makro), and Lion Superindo. In late 2012, TransCorp, an Indonesian company, bought 100 percent share of Carrefour Indonesia. Competition among these retailers is high and the Indonesian consumers benefit directly. Some retailers have multi-format outlets.

Although modern retailers such as hypermarkets, supermarkets, and mini-markets are developing rapidly throughout Indonesia, they are not fully substituting traditional retail outlets, including wet markets and independent small groceries. Also, land availability and receiving necessary permits from the local governments can be a constraint. Presidential Decree No 111/2007 stated that only supermarkets under 1,200 square meters and mini-markets fewer than 400 square meters can be owned by domestic investors.

PT Midi Utama Indonesia opened Lawson (Japan retail chain) convenience store in July 2011. This format competes directly with 7-Eleven that already widely distribute all over Jakarta although just opened end of 2009 through a master Franchise agreement with PT. Modern Putra Indonesia (PT Modern) Jakarta. Family Mart/Eko Mart and Ministop, also a Japan retail chain, plan to open convenience outlets in the near future. Matahari Putra Prima just opened new mini market, Bigmart, in last August 2012. Some state-owned companies such as BULOG are also opening minimarkets. The convenience store concept generated by 7-Eleven is booming and are even beginning to cater to young adults as places to “hang out”. In addition to food and beverages, minimarkets also sell E-Toll, train tickets, cell phone vouchers, and provide ATMs.

In addition, Metro Cash & Carry has cancelled its plan to enter retail sector in Indonesia. Previously the company planned to open its outlet in 2012. Metro Group has partner with the Jakarta-based Sintesa Group-an affiliate of the publicly traded Tigaraksa Satria.

The development of information technology and changing lifestyles due to the increasing middle class consumers impacts consumers’ perception of the value and quality of food products, as well as the way they purchase daily necessities. Hery Toiba from University of Adelaide conducted a study on how Indonesian consumers perceive modern retail outlets versus traditional retail formats like wet markets. The study found:

- Price: traditional retailers are still preferred in terms of price for most food products, with the exception of dairy and processed food.
- Quality & Safety: consumers believe that traditional retailer offer better quality meat and seafood; and modern retail offer better quality fruits, dairy and processed foods.
- Trustworthiness: consumers believe those modern retailers are generally more trustworthy, with the exception for vegetables.

The management of traditional market admits that they only manage the stall not the food safety system of the food product sold in that market. To manage the food safety system, they need the involvement of the GOI (National Agency of Drug and Food Control, BPOM). However, they have not obtained it yet.

National modern retail chains generally start in Jakarta, then spread to other Javanese cities, and finally become established in other areas outside of Java. Foreign and national chains compete directly with existing regional modern outlets in these areas. AC Nielsen said that seventy eight percent (78 percent) of modern trade outlets are located in Java. During 2010, number of modern retail outlet in Sumatera grown 55 percent, other Island was 42 percent, and Java itself was 35 percent in 2010.

Despite the growth in the modern retail sector, the majority of Indonesians continue to shop at traditional stores located near their homes or places of work. Traditional stores sell conventional food and beverage products familiar to the majority of consumers. Nielsen reported that consumers visit the traditional markets 25 times per month for traditional grocery, 12 times per month for wet market and 19 times in vegetable vendors.

Table2. Number of modern retail outlets

Description	2005	2006	2007	2008	2009	2010	2011
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Supermarket	1,140	1,310	1,379	1,571	1,146	1,076	1,414
Hypermarket	83	105	121	127	141	154	
Mini market	6,465	7,356	8,889	10,289	11,927	16,922	19,460

Source: Nielsen

Weekends are the preferred time to visit hypermarkets and supermarkets as 34 percent and 45 percent consumers respectively choose to visit both channels during weekends. Many consumers likely consider shopping as their ‘recreation’ as well, as Jakarta and other major Indonesian cities have a strong mall culture. For peak hours for minimarkets are usually at night. Traditional outlets such as neighborhood stores and wet markets experience heaviest traffic in the morning during weekdays.

The ‘recreation’ function of modern outlets is also important, as 79 percent of consumers visit these outlets with their families. With traditional markets, more than 65 percent of consumers prefer to go alone.

According to AC Nielsen, in 2010, shoppers go to traditional market mostly to buy fresh vegetables (53 percent), fresh meat (70 percent), and fresh fish (67 percent).

Tabel3. Retail food sales in Indonesia

Description	Year (\$US bn)				
	2007	2008	2009	2010	2011
Food Retail Sales	145.6	162.9	165.2	208.1	243.3

Source: Global Business Guide: Indonesia

Domestic Industry Concentration

Modern retailers are concentrating on improving their marketing of quality fresh produce, a substantial portion of which is imported, as is exemplified by the emergence of a number of fruit boutiques. Beside growing numbers of specialty stores to serve high-end customers, dairy, poultry, and frozen fish products one-stop shopping stores are also starting in Jakarta and surrounding areas. Kalbe-e store just launched and selling milk too and start to serve Jakarta and Surabaya customers.

In addition, mini-markets, convenience stores, and other shops carry a wide range of convenience food items such as readymade meals, bakery products, processed foods, ice cream, beverages and fresh fruits. These stores are found throughout Indonesia’s major urban centers and are also co-located with gasoline stations, such as Bright, Circle K, Surya, Bonjour, and now Indomaret and Alfamart. Franchising is also driving the rapid growth of mini-markets and convenient stores. Some outlets open for 24 hours, such as 7-Eleven, Circle-K, Alfamart and Indomaret convenience stores.

New franchise regulation on modern retail outlet (Ministry of Agriculture No 68/2012) limits the companies to a maximum of 150 outlets. The outlets are also required to sell a minimum of 80 percent of local products out of total amount and goods traded.

Nielsen reports that consumers select different types of outlets for different categories. Consumers make their purchase for commodity goods like instant noodles, cooking oil, soy sauce in traditional channels. More 50 percent of consumers purchase milk, vitamins and personal care products in modern outlets.

As noted above, [New Ministry of Agriculture and Ministry regulations No 60/2012](#) regulates the importation of horticulture products as of September 28, 2012. Post expects that this regulation will have a tremendous impact to the availability of imported fresh fruit in retail outlets. Most of the hypermarkets sell more than 60 percent of imported fresh fruit products in their outlets.

In 2011 the monthly average expenditure per capita for food was Rp 293,556 (\$33.45). This averaged to be about 49.4 percent of total monthly expenditures per capita.

A typical break down of these expenditures is as follows:

Table4. Monthly Expenditure per Capita (%)

Commodity Group	Year (%)		
	2009	2010	2011
cereals	17.5	17.3	
fish	8.5	8.4	
meat	3.7	4.1	
Eggs & milk	6,5	6.2	
vegetables & legumes	10.8	10.4	
fruit	4.0	4.8	
Beverages stuff	4.0	4.4	
oil & fats	3.9	3.7	
prepared food and beverages	25	24.9	
The rest for other food products (tubers, spices, and tobacco & betel, misc food items)	16.1		

Indonesia Central Bureau Statistic (BPS)

Table5. Growth of Retail Package Food Sales

Product	Value Growth		Volume sales in 2011 (thousand tons)	Value sales in 2010 (Rp. Billion)
	2010-11 CAGR	2011-16 CAGR		
Baby Food	-	-	-	20,345.00
Bakery	5.13	4.04	724.60	27,844.42
Canned/Preserved Food	12.22	9.33	79.83	3,704.07
Chilled Processed Food	10.71	9.33	13,66	899.95
Confectionery	5.02	4.46	243.96	15,361.92
Dairy	-	-	-	20,674.70
Dried Processed Food	7.88	6.51	7,874.02	67,470.30
Frozen Processed Food	11.09	8.66	60.95	4,546.01
Ice Cream	7.06	7.93	94.77	3,559.43
Meal Replacement	9.24	9.45	0.80	223.18
Noodles	4.68	3.73	1,236.65	18,990.20
Oils and Fats	9.60	5.18	679.83	11,306.39
Pasta	7.50	5.08	4.68	178.70
Ready Meals	4.71	4.89	0.8 9	49.18
Sauces, Dressings and Condiments	6.35	5.47	414.15	8,993.91
Snack Bars	55	17.93	0.34	60.13
Soup	8.25	6.57	0.49	41.50

Spreads	5.85	6.99	14.08	815.75
Sweet and Savory	7.72	6.06	266.36	10,871.93

Source: Euromonitor

Western cuisine is more common and western products are often consumed, to include breakfast cereals, spreads and baked goods, which often replace traditional breakfasts of rice and noodles. Changing dietary habits also push the consumption of milk, yoghurt, cheese, pasta, meat nuggets, sausages, and red meats.

Opportunities for Foreign-Supplied Products

The local industry dominates the markets for baked goods, noodles, and other wheat-based products, snacks, frozen poultry and fish products, processed dairy products, canned fish, soft drinks, and bottled and packaged teas, tropical fruits and vegetables, and fresh sea food.

While businesses featuring fresh produce compete on their ability to supply competitively priced locally-grown products, businesses featuring processed food and beverages compete based on brand name. There are several multinational companies in this sector, including Unilever, Nestle, Kraft, Danone, Heinz, Frito Lay, and Effem.

Temperate fresh fruits, fruit juices, beef, frozen french fries, confectionaries, tree nuts, cheese, and pet foods are mostly imported. Primary competing suppliers include Australia, New Zealand, Netherlands, South Africa, Canada, Brazil, China, Japan, Korea, Taiwan, Pakistan, Thailand, Malaysia, and Singapore. However the new regulation on imported horticulture products will become a burden to the availability of imported fresh fruit, fruit juice, frozen French fries.

Imported items continue to face burdensome registration requirements, making business difficult. This is particularly true for specialty stores carrying a higher percentage of imported food products that serve expatriate (such from western country, Korean, and Japan) or stores that want to test the market for new products. Since September 2008, BPOM has enforced the ML number regulation for all imported package food for retail purpose. All non-ML products displayed in supermarket shelves and storages are subject to being confiscated.

In addition to that, labeling issues that came up in late 2010 also will hamper the imported products. All imported package food products must use complimentary labels that include ingredient information. Although this regulation was supposed to be fully implanted by March 1, 2011, as of December 2012, GOI officials have not enforced the Bahasa labeling requirements. Post continues to carefully monitor the situation regarding labeling, as labeling requirements are rumored to become more of a problem in early 2013.

Indonesian halal concerns continue to challenge U.S. food exporters. According to Indonesian regulations, halal products shall be foods, beverages, drugs, cosmetics, biochemistry products, genetically modified products composed of halal elements to be consumed, drank, used, or worn that have undertake process of halal products in accordance with Islamic Law.

Trends in Promotion and Marketing Strategies

Expatriates and high-income Indonesian consumers are not as price sensitive and often look for branded, gourmet, and imported items. Organic and healthy products are starting to become more popular. Younger consumers from middle and upper income families are also looking for more variety

and are less cost conscious.

Social media marketing is increasingly targeting children, teenagers and young adults. Small serving size packaging is also rising because most of the Indonesian consumer is not a big eater and it is affordable.

The latest Nielsen survey found that Indonesian consumer purchasing decision for food is 19 percent influenced by online reviews, consumer researching is 23 percent influenced by online reviews, and 17 percent will not buy without consulting online reviews. In Indonesia, about 30 percent of consumers will share a negative product experience online.

Modern retailers use television and print media for regular and seasonal promotions.

Trends in Tourism Sales, Holiday Gift Sales, and Internet Sales

Food in retail sale mostly goes to domestic consumers. Indonesian people tend to buy food for their family, relatives, neighbor, friends, and colleagues especially after travel and during holidays. Anecdotally, in the last few years, the GOI prohibited holiday gifts for GOI official to support an anticorruption campaign.

Although the Indonesian consumers have begun to use the internet to buy products, it is not commonly used to buy food products at this point.

Best Product Prospects

For U.S. products currently available in the Indonesian market, fresh fruit continues to have the best sales prospects. U.S. cheese and processed fruits & vegetables have also started to increase in market share. Some of the best selling processed foods include frozen french fries, frozen and canned vegetables, breakfast cereals, snack foods, biscuits, crackers, popcorn, baby food, dressings, sauces, seasonings, cooking and salad oils, fruit juices and beverages.

There are also good opportunities for sales of other U.S. high-value items. Many of these are not yet in the market in significant quantities. These include refrigerated frozen foods such as frozen pizzas, frozen meats, delicatessen meats, organic foods, and specialty fruits, particularly certain types of berries.

B. HRI (Hotel, Restaurant, and Institutional) Food Service Sector

Market Overview

Over the past few years, the HRI sector - especially hotels, restaurants, bars and cafés - has expanded into the major secondary cities in Java and the bigger cities in other islands. This is driven by business visitors and cultural events: Meeting, Incentive, Convention, and Event (MICE) - to include domestic tourists and the opening of new modern shopping malls in those cities.

Bali remains the most visited tourist destination in Indonesia followed by Jakarta and Batam. A total of 7.6 million tourists visited Indonesia in 2011. GOI data indicated that in 2011, 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, Netherlands, and

Germany. The number of tourist arrival is predicted to over 9 million in 2013.

Table6. Indonesian Tourism Indicators

Description	Year					
	2006	2007	2008	2009	2010	2011
No. of foreign tourists (mil)	4.9	5.5	6.2	6.3	7.0	7.6
Revenue (US \$bill)	4.4	5.3	7.3	6.3	7.6	8.6
Occupancy Rate (%)	46	47	48	48	49	
Number of hotel rooms	285,530	303,376	325,218	334,817	353,138	381,976

Source: Indonesia Central Bureau Statistic (BPS)

There are around 1,500 star rated, boutique and resort hotels with roughly 143,000 rooms in Indonesia. Major concentrations of the five star hotels/resorts were in West Java (Bandung and the greater Jakarta metro area, 199 hotels), Jakarta proper (162 hotels), Central Java (Yogyakarta, Solo, Semarang 131 hotels) and in Bali (199 hotels). Currently more and more hotel and budget hotel have built in the big cities all over Indonesia for business people. State owned companies are also entering the hotel business. The hotels in the main cities other than Bali depend very much on Meeting Incentive Convention and Exhibition (MICE) business and also as a new tourist destination area. The rapid growing aviation sector in the past years has prompted domestic tourists visiting the new tourist spots.

Indonesia's growing middle class has resulted in higher incomes, more middle class communities, and a new generation of people that demand socializing after hours, western food products and brand names. Middle class consumers also have easier access to media and internet facilities. These mediums further expose Indonesian consumers to various international products, activities and lifestyles.

In 2010, there are 2,916 large and medium chain and independent restaurants in Indonesia, increase 7.84 % from 2009 (totally 2,704). The rapid growth of Western-style, specialized coffee shops, café, bars and wine lounges as well as bakeries have also resulted in an increase of imported specialty and gourmet food and beverage products.

Table7. Number of Large and Medium Chain and Independent Chain Restaurant in 2010

Province	Number of Large and Medium Chain and Independent Restaurants
Jakarta	1,359
West Java	286
East Java	231
Bali	225
North Sumatra	167
Banten	98
Riau	75
Central Java	74
Riau Island	55
Yogyakarta	52
South Sulawesi	47
Other Provinces	247

Source: Indonesia Central Bureau Statistic (BPS)

Fast food outlets continue to thrive, despite the domination of roadside stalls and vendors in the food service industry. Currently, over thirty percent of Indonesia's urban population eats fast food once a week. The most prevalent fast food outlets include Kentucky Fried Chicken (427 outlets as of May 2012), McDonald's (112 outlets as of 2011), A&W (207 outlets as of May 2011) and Pizza Hut (274 outlets as of November 2012). These outlets will remain popular due to affordable prices, high standards and quality, and their widespread throughout Indonesia. More and more burger (ex: Burger King, Carl's Junior, MOS Burger, Fatburger, Wendy's) and pizza (ex: Domino pizza, Marzano Pizza) outlets from different companies open in Jakarta and its surrounding in the last few years.

KFC and MC Donald's also develop their stand-alone outlets appearance with two storey and open air as well as introduce new menu to attract and maintain their customers. However, the GOI announced that they will issue a restaurant franchise regulation in near future, which may limit the expansion of the outlets.

Street stalls & kiosks sell various local dishes (bakso/meat ball/noodle soup, fried rice/noodle, satay, etc), western (burger, hot dog, fried chicken, steak), Japanese (sushi, dimsum, shabu shabu), and Middle Eastern foods (kebab).

Tabel8. Food Service Outlets

Description	2011		% Growth 2010/2011		Annual Forecast % Growth 2011-16 CAGR	
	No of Outlets	Value (Rp. billion)	No of Outlets	Value	No of Outlets	Value
Cafes and bars (Chain & Independent)						
Specialist Coffee Shop	500	1,582.6	11.6	15.5	7.8	7.3
Café/Bars	3,618	32,659.3	4.1	8.5	3.2	2.6
Full-service restaurants (Chain & Independent)						
Asian	97,623	261,985	0.8	7.6	0.4	2.6
European	341	2,979	2.4	7.0	2.7	2.5
Latin American	42	272.5	5.0	12.5	4.4	4.8
Middle Eastern	30	157.4	3.4	11.0	3.1	4.0
North American	778	4,026	4.9	8.9	4.0	3.4
Pizza	433	3,337.2	0.9	7.1	4.5	6.3
Others	470	3,558.1	2.2	6.9	2.9	4.0
Fast Food (Chain & Independent)						
Asian	1,592	5,006.7	2.2	8.6	3.3	3.5
Bakery products	943	1,216.9	5.5	17.7	3.2	7.4
Burger	463	2,406.5	7.9	10.5	9.5	9.0
Chicken	1,098	4,460.3	6.1	10.2	3.6	6.3
Convenience Store	397	114.6	44.9	65.0	18.9	16.3
Ice cream	333	238.6	32.1	39.5	17.3	18.3
Middle Eastern	21	30.5	-19.2	-23.3	4.4	2.5
Traditional food seller						
Street Stalls and Kiosks	91,882	12,653.7	1.4	5.4	0.9	1.1

Source: Euromonitor

Opportunity for Foreign-Supplied Products

Hotels in tourist areas like Bali and main urban centers such as Jakarta, Bandung, Surabaya, and Medan are more likely to serve imported food products in their fine dining restaurants, bars and wine lounges. Imported foods are also used by airlines, mining and petroleum companies, and international standard catering services, to include star rated hotels and independent restaurants that provide outside-catering serving private social events and weddings. Other non-Indonesian food restaurants are also dominant users of imported food products.

However, three-star or lower budget hotels, independent medium and small-scale caterers (over 6,500) that serve factories, offices, schools, hospitals, and most outer island mining and oil operations typically only use local food items. The main imported items used at this level of service tends to include beef offal and trimmings, fresh and canned fruits, frozen potatoes and vegetables, dressing, sauces, and bakery ingredients.

Western style fast food outlets purchase imported foods, but the variety is limited to such items as frozen french fries, mozzarella cheese, and condiments. 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 offal/trimming, 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.

Australia still holds the largest market share of dairy products, meat, cheese, fresh fruits and vegetables, wine and processed products. New Zealand's main exports are dairy products, cheese, and meat.

Geographically, both countries have the advantage of shorter shipping time in comparison to U.S. which effects in lower price with equally great quality products.

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

South Africa has gained stronger market share in fresh fruits, juices, and wine. China is another U.S. competitor in fresh fruits sector, to include products such as apples and oranges.

Canadian frozen potatoes/french fries are the only main competitor of U.S. products, Indonesia's highest consumption in fast foods, restaurants and cafes.

U.S. dairy and non-dairy based beverage mixes for cafes, fast foods, and beverage vendors have done well during the past five years. Main U.S. competitors in these products include Taiwan and Korea.

France and Chile have become very competitive in the Indonesian wine market. The past few years, local wine makers have also begun to produce varieties of wine from both local grapes and imported Australian grape must to avoid the high taxes on imported alcoholic beverage. These wines become readily available and more affordable for all HRI industry type throughout the country.

The U.S. market share remain strong with high potential in fresh fruits, frozen potatoes, dairy, bakery ingredients, and beverage ingredients since 80 percent fast food, restaurant, and café industries are U.S. franchise holders.

As incomes rise and the retail sector modernizes, demand for quality food products increases

concomitantly. However, haphazard enforcement of government regulations limits the ability of importers and retailers to fully meet that increased demand. This limits consumer choices and tends to add to higher costs and prices.

Table9. Growth of Food Service Package Food Sales

Product	Annual Forecast % Growth		Volume sales in 2011 (000 tonnes)
	2010-11 CAGR	2011-16 CAGR	
Baby Food	-	-	-
Bakery	6.66	5.12	496.57
Canned/Preserved Food	4.92	3.61	4.50
Chilled Processed Food	3.50	4.92	1.07
Confectionery	3.10	2.45	8.67
Dairy	-	-	-
Dried Processed Food	6.94	6.53	2,599.97
Frozen Processed Food	7.10	7.52	64.00
Ice Cream	9.46	8.17	65.56
Meal Replacement	-	-	-
Noodles	2.38	1.73	232.44
Oils and Fats	14.41	5.66	1,043.73
Pasta	11.00	7.99	3.28
Ready Meals	-	-	-
Sauces, Dressings and Condiments	9.62	8.11	510.41
Snack Bars	-	-	-
Soup	3.70	3.29	0.03
Spreads	4.08	5.30	3.68
Sweet and Savory	3.99	4.66	71.59

Source: Euromonitor

Domestic Industry Concentration

Business meetings and socializing in the large cities often occur in specialty coffee shops, tea shops, as well as franchise and independent cafes. Those food service operators expand their outlets in shopping mall, campus, hospital, as well as in apartments. In addition, the food service sector enjoys the growing demand of home/office food delivery transaction. New international franchise food service is predicted to take an opportunity to have a business in Indonesia inviting by entrepreneur families graduated from abroad.

These changes dynamics require the HRI industry to improve at all level of management, hygiene, food quality, and healthy food awareness which will set the future trend of Indonesian eating culture among the upper class society.

The latest trends in café business for high-end consumers in Jakarta is those joining forces/collaborating with bookstores for a café-reading style. They serve mainly pastries and desserts, sandwiches, salads, light pasta dishes, and long list of coffee drinks and blends, and fresh juices.

Frozen yogurt boutiques or bars have taken off in the past four years as a new trend in Jakarta, Surabaya and Bandung. Each year an average of four new outlets of a single brand open up in malls for high-end

consumers. The plan is to expand the business to Medan, Makassar, Banjarmasin, and Semarang.

In addition, some fast foods like KFC and McDonald's have opened cafés for young adults with internet free Wi-Fi service following the trend-setter cafés all over the country. The U.S. franchises such as KFC, McDonald's, Wendy's, A&W, Texas Fried Chicken, as well as local California Fried Chicken provide more services to their family type outlets with *Kids Program* or *Party Club* packages, safe playgrounds for children, free Wi-Fi and computers for youth. These outlets along with the other market leaders like Dunkin Donut, Starbucks, and local franchise Solaria started to open their outlets in gas stations and/or rest areas on the main inter-province highways along Java, which most likely to be followed by other islands like North Sumatera, South Kalimantan and South Sulawesi. KFC is also selling CD music and it is very successful.

Throughout Bali, the 24 hour convenience stores like Circle K provide tourists and expatriates with hot coffee, tea, cold beverages, burgers, hotdogs, freshly baked pastries, bread and cookies. This sector shows a great deal of improvement in the future and the consumption of imported standard food ingredients, food and beverage (soft drinks, local and imported beer/liquor) products will increase. In Jakarta, 7-Eleven convenience stores are popular. This trend is followed by Indomaret, Alfamart, and Starmart.

Trend in Promotion and Marketing Strategies

Promotion efforts by the Indonesian Board of Tourism around the country for new tourism spots and also the increasing of business travelers have driven the flight frequencies. It is expected to also improve the ground transportation facility, and hotel & restaurant services. Eastern part of Indonesia has become well known for marine tourist destination. Currently the number of flight includes budget airlines, have increased rapidly to connect the cities all over Indonesia.

Currently, comments and information about food and restaurants are commonly spread through smart phones and social networking sites like Facebook and Twitter. This trend is widely use by users in big cities in line with improvement of internet connection. Besides that, food service operators also use social media networking to update their products and build up connection to the potential customers. In addition, more and more programming related to culinary arts are also broadcast on television.

In addition, flyer distribution, Facebook and billboards to promote home delivery and takeaway service are increasing to support busy life style demand such as student, the office workers, and young families.

Best Product Prospects

The HRI industry will continue to demand a number of food items, such as chicken, beef, processed meats, seafood, and frozen potatoes.

Best market prospects for U.S. suppliers include duck, turkey, seafood, french-fries, bakery ingredients, sauces and seasonings, oil and vinegars, cereals, seafood, canned food, fresh fruits, soft drinks, juices, tree nuts, ice cream, snacks, beer, reasonably-priced wines, liquor, beef and beef offals.

USDA choice meat, processed meat, chicken, salmon, cheeses, and wine are among the products that have potential, but lack of availability due to complicated procedures.

The demand for U.S. dairy and non-dairy based beverage mixes/blends for cafés, fast foods, and beverage vendors (*Pop Ice*) will continue to grow.

Imported healthy flavored ice drinks like green-tea and fruit ice blends, pure chocolate and non-fat milk drinks, fresh and concentrated fruit juices are expected to increase dramatically in the next few years.

Table10. Variety of Imported Food Products in Indonesia Market for HRI Industry

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

Source: FAS Jakarta interview

However, the GOI regulations on importation of animal based food and horticultures products have a huge impact to the availability of those products for HRI industry.

C. Food Processing Sector

Market Overview

In 2011, the estimated value of goods produced by large and medium sized Indonesian food processors was \$58.67 billion, 19.2 percent increase over 2010. Meanwhile, the estimated raw material inputs during the year were \$31.45 billion, up 4 percent from 2010.

The industry consists of businesses of all sizes. In 2010, about 5,864 large and medium-sized, as well as 929,910 small-scale producers were found all over Indonesia. The large and medium-size food industry accounts for around 90 percent of output. However the total employees of those processors are only around 25 percent out of total employees for all type processor which reached 2.87 million. The remaining 10 percent of processed food is produced by home industries. Food products produce at this level is typically sold on the street vendors and by small, outdoor restaurants. These small roadside restaurants are called *warungs*, and street vendors who sell food in small carts called *kaki limas*.

Warungs, small restaurants along the road, and *kaki limas* are ubiquitous in Indonesia and provide a variety of meals and popular snacks for Indonesians. Snacking is very popular. In Indonesia, giving food as a gift is a popular tradition.

Several medium and large-scale Indonesian snack food manufactures have merged over the past several years. The results of these mergers include lower production costs, and an increased use of more modern manufacturing methods and equipment. This has ultimately led to higher quality, and more consistent products that are less expensive for consumers. Also, large scale Indonesian snack food manufacturers are developing more creative ways to compete with imports in the domestic market.

Other than beef, chicken, fish, and soybean-based foods (e.g. *tofu* and *tempe*), processed meat and products are an alternative protein source for over 50 percent of the Indonesian population – namely among the middle and lower income consumers. Processed meat products include delicatessen products, burger patties, meatballs, sausages, and nuggets. These products are more affordable to the middle and lower income consumers than beef or poultry meat.

Meatballs have always been a significant source of meat protein for the total population. Hamburger patty, sausage, and nugget production took off after the financial and political crises in 1998. The meat processing industries require consistent supplies of quality meat as basic ingredients; this demand cannot be met locally and are totally reliant on meat imports. The limited availability of imported beef recently caused business uncertainty for the industry and meatball sellers.

In the last few years, more and more processed meat and fish products have been available in the market. The availability of freezer in traditional wet markets supports the supply of those products to the wet markets customers.

Functional and ‘health foods’ are currently surging in popularity with urban consumers. Functional beverage products currently popular in the Indonesian market are beverages that feature vitamin C, minerals, polyphenols, ginseng, fruit juice extract, and are ‘low calorie’. The rapid expansion of convenience stores and mini-markets support the distribution channel those variety beverage products.

Table11. Beverage Sales in 2011

Product	Sales in 2011				Off Trade -% Volume Growth	
	Volume (million liters)		Value (Rp. Billion)		2010/2011	2011-16 CAGR
	Off-trade	On-trade	Off-trade	On-trade		
Bottle Water	14,586.1	1,007.7	15,490.2	5,719.2	7.6	5.5
Carbonates	654.0	104.4	7,1196.7	2,857.7	5.9	4.6

Concentrates	87.2	-	6,659.0	279.0	11.2	6.3
Fruit/Vegetable Juice	121.9	10.1	1,280.3	247.1	6.7	6.8
RTD Coffee	10.4	0.6	207.6	16.5	13.0	13.9
RTD Tea	1,270.2	422.5	10,645.4	6,358.5	6.6	6.7
Sports & Energy Drinks	432.3	5.4	5,678.7	138.2	14.1	11.9
Asian Specialty Drinks	1,275.7	416.9	11,030.3	6,286.8	6.8	6.8
Soft Drinks	17,253.6	1,552.8	48,230.0	15,651.3	7.6	5.8

Source; Euromonitor

Domestic industry Concentration

Indonesia's 63 million children and teenagers are often targeted consumers for snack and beverage manufactures. Medium and low-end manufactures produce snack foods almost exclusively for traditional markets, as these outlets have lower quality and packaging requirements. About five to ten percent of these products go to modern retailers.

Currently, they are fifteen large-scale snack manufactures in Indonesia. About six of these companies manufacture savory snacks. The numbers of medium and small manufactures are estimated to be in the thousands; mostly located on Java. The number of these manufactures has increased over sixty percent during the past five years. Also, many medium-scale snack food manufactures produce bulk plain snacks, which they sell to larger snack companies for further processing. The large manufactures add flavoring and then packed the products. The finished products are sold under their brand names to the retail stores and traditional markets.

The medium and large scale snack food manufactures distribute their products directly to retailers' warehouses, hypermarkets, supermarkets, and minimarkets, and traditional markets. Small vendors purchase branded snacks from agents, sub-agents, or wholesalers. They introduced new product variants under their brand.

Despite energy supply and infrastructure problems, there are a number of trends contributing to the growth of the food processing industry. These include the introduction of new flavors and products, aggressive promotional activities, growth of modern retail outlets, and a growing awareness of the benefits of healthier products, which is particularly strong among consumers who were educated in the west.

Smaller ready-to-eat packages are popular because of lower prices, the variety offered, and new product launch. Popular products include frozen poultry, frozen seafood, sausages, sugar confectionery, instant noodles, sweet and savory snacks, dairy drinks, and soft drinks includes instant coffee mix in small package (sachet) served by mobile (bicycle) vendor and small warung. New brands and products with local flavors are also growing. All ages and income levels enjoy extruded snacks and other snacks of all kinds.

More processors are adding value by fortifying their products. Currently wheat flour, dairy products, noodles, cooking oil, cookies, and frozen processed chicken fortified with minerals and vitamins are for sale in the market. Other products that are growing in popularity include functional packaged foods, breakfast cereals, fresh and pasteurized milk, yogurt, pasta, and frozen snacks, such as Chinese snacks, chicken and shrimp puffs, spring rolls, dumplings, and croquettes.

Various powdered and UHT milks for children and adults are easily found in the retail outlets. The convenient package and the awareness of healthy food create demand for dairy products. In addition to the healthy lifestyle, bar (such as soy joy and fitbar) is getting popular and it is promoted intensely.

Fruit juice demand is growing due to the increasing awareness of healthy living. It also happens with sport and energy drink.

Since the majority of Indonesians are Muslim, most foods are produced to meet halal requirements. The ASEAN free trade agreement creates opportunity to supply food products produce domestically to other ASEAN countries.

Opportunity for Foreign-Supplied Products

Indonesia offers significant potential for U.S. suppliers of ingredients to the local food processing sector. Forecasted increases in U.S. sales are attributed to more aggressive marketing, GOI efforts to promote the local food processing industry, concerns about the safety of Chinese ingredients, and opportunities to differentiate their products with U.S. ingredients which have recognized with its quality.

Medium and large scale snack food manufactures generally use between 20 percent and 40 percent of imported ingredients. The remaining ingredients generally consist of locally sourced products.

The demand for processed meat is year round, the survey indicates that most products (65 percent) go to the wet/traditional markets, while 30 percent go to modern retailers. The remaining 5 percent is absorbed by high-end meat products for foodservice industries and upscale retailers.

Rice is a staple food product and is typically eaten at every meal. However, noodles from imported wheat are a popular substitute and the use of wheat flour continues to grow. Dairy products continue to offer opportunities for U.S. milk powder to be mixed with fresh milk and as an ingredient. Indonesia currently only produces about 25 percent of milk production needs.

Most importers prefer to work directly with U.S. suppliers in obtaining ingredients for snack manufactures, rather than work through agents or traders. However, in recent years it has been more difficult for Indonesian importers to find responsive U.S. suppliers. Demand of imported food ingredient includes food additive, other food chemical for fortification, and processing aid.

Future food products trend is food that are able to enhance health, convenience, indulgence, ethics, and environment.

Trend in Promotion and Marketing Strategies

The growing number of more sophisticated, critical and educated Indonesian consumers is leading to an expanding market for more high value food ingredients and for more value added end products. Emphasizing of the superiority of food ingredients utilized in the food product advertisements in the media has proven to be an effective tool in educating the consumers especially children and mother in TV. Social media, such as twitter and facebook also are also used as one of marketing tool.

One leading snack food producer also has become an official sponsor of Real Madrid in Indonesia. Having a live event is also conducted by large food and beverage food manufactures for their target market, such as one manufacturer organizes an annual food stall festival in several big cities made with its product. During the event, the visitor can purchase the product at discounted price.

Small packaging with nice package design and good quality package is common for children breakfast or lunch box. The key selling point of the small food package is its convenience and affordable.

With the growth of modern retail outlets, consumers have better access to a wider variety of foods in general, and package food in particular, leading to positive growth in the food processing sector.

Consumers with higher levels of education and income tend to seek out and consume bread products containing oats, rye, sunflower seeds, pistachios, walnuts, cranberries, blueberries, and other berries. These products have gained popularity as consumers become more health conscious and are exposed to western trends through cable TV and internet.

Trend in Tourism Sales, Holiday Gift Sales, and Internet Sales

The preferred breads for typical Indonesian consumers include sliced white bread, and bread rolls stuffed with chocolate, cheese, or meat. Middle and upper income consumers, to include international tourists and expatriates, demonstrate a growing interest in wheat bread, pastries made with almonds and other tree nuts, pastries and doughnuts made with blueberries, blackberries, and fresh-fruit tarts. This segment of the population is eager to try any new bakery products including cheese cakes, muffins, brownies, cupcakes, fruitcakes, red velvet cakes and other western pastries. Those products are usually bought by the Indonesian for their family, relatives, friends, and colleagues especially after travel and special day includes holiday season.

The volumes of ingredients required may increase three to five times more prior to and during the Ramadan period. In addition, snacks are popular during the fasting month and are exchanged as gifts during Ramadan among most Indonesians.

Best Product Prospects

Sweet snack foods, which generally include items like sweet biscuits, creamed layered biscuits, butter cookies, chocolate and cheese wafers, and different types of extruded snacks, to include chocolate and vanilla rolls, *chiki* chocolate balls, chocolate filling squares, and chocolate coated square.

Beside for baby food and drinking milk products, the manufactures add imported skim milk powder, sweet whey, full cream, and demineralized whey to the ingredient mixture and/or as additional ingredients for chocolate coating and filling. Other imported products, such as egg powder, malt extract, emulsifier, flavoring, vitamin premix (B1, B2, B6, B12) are used in smaller amounts. Primary ingredients include wheat flour (although milled from imported wheat), vegetable fats and oils, sugar, and cocoa powder.

Savory snacks consists of potato chips, corn chips, extruded cheese balls, short sticks (*Cheetos*), square/roll stick with cheese filling and/or cheese coating or other fillings. The primary imported ingredients are mostly corn starch, potato starch, sweet whey, cheese powder, and cream cheese. These imported items are used in smaller quantities when compared to the primary local ingredients, like corn powder and dried corn kernel for extruded snack food production.

Various secondary cut, variety meat, offal, chicken meat, and isolated soy protein (ISP) are needed by processed meat manufacturers.

SECTIONIV. BEST CONSUMER ORIENTED PRODUCT PROSPECT

Best market prospects for imported product, as identified by FAS Jakarta based on The Indonesian Statistic Global Trade Atlas website:

Product Category	2011 Total Import (\$mil)	2011 Import from US (\$mil)	5Yr. Avg Annual Import (Value) Growth (%)	Import Tariff Rates	Key Constraints to Market Development	Market Attractiveness for USA
Other consumer oriented food products	1,417.9	121.8 (Mainly other food preparation, coffee whitener, mayonnaise, coffee, mustard, mix seasoning, pastry, soup, gelatin)	34 (Value)	5%	Competition from Thailand, Malaysia, China, Singapore, South Korea , India, Bulgaria, Netherlands, and Madagascar	Food processors and Food Service need more and consistent supply of products due to growth
Dairy Products excl cheese	1,109.7	191.7 (Mainly Non fat dry milk, Whey, Lactose, Buttermilk)	21 (Value) 5 (Quantity)	5% except Yogurt & SCM - 10%	Competition from New Zealand, Australia, Netherlands, France, Germany, Belgium, Ireland, Poland. GOI regulations only allowed approved US plan to export dairy products to Indonesia	Demand for dairy processors, other food & beverage industries, and bakeries are increasing
Fresh fruit	793	82 (Mainly Apples, Grapes, and oranges)	21 (Value) 14 (Quantity)	5% except mandarin and mangoes 20%	Competition from China, Thailand, Argentina, South Africa, Australia, Vietnam, Egypt, Chile, Pakistan. GOI requires a permit to allow imported horticulture products to enter Indonesia	Health awareness pushes the demand for quality fresh products
Red meats fresh, chilled,	330	26	35 (Value)	5%	Competition from Australia, New Zealand, and	High demand of prime beef for high-end

frozen			13 (Quantity)		Canada. GOI regulations only allowed certain US plan to export beef to Indonesia	restaurants ; variety meat and offal for the lower to mid-class food service industry
Fish & Sea food	261	14.6 (Mostly shrimp, flat fish, squid, cod)	47 (Value) 36 (Quantity)	10% and 5 % depend on the HS Code	Competition from China, Japan, Malaysia, India, Thailand, and Pakistan. GOI requires a permit to allow imported fish and fish products to enter Indonesia	Raw material for fish manufacturer and non-tropical seafood products needed by high-end restaurant
Processed fruit & Vegetables	141.6	48.8 (Mainly French fries, onion powder, raisin, dates, tomato paste, dried garlic, potato flakes, jam)	17 (Value) 12 (Quantity)	10% and 5% depend on the HS Code	Competition from China, Thailand, India, Bangladesh, Brazil, Malaysia	Increased consumption by food service and food processor
Snack food excl nuts	90.9	0.5 (Mainly food prep containing cocoa, popcorn, corn chip, sweet confectionery,)	19 (Value) 0 (Quantity)	chocolate & other food prep containing cocoa, mix an doughs, sweet biscuit, waffle & wafer 10%, and sugar confectionary not containing cocoa 10%	Competition from Malaysia, China, Thailand, Belgium, Germany, South Korea, Philippines Product registration number problem	Retail industry development pushes sales of snack food products
Cheese	84	21 (fresh cheese, all kind cheese, cheddar cheese)	24 (Value) 13 (Quantity)	5%	Competition New Zealand, Australia, Philippines, France. GOI regulations only allowed approved US plan to export dairy products to Indonesia	Demand from the food processing industry, and food service includes bakeries are increasing
Pet foods	23	5.2 (Mostly dog & cat food)	26 (Value) 17 (Quantity)	5%	Competition from Thailand , France Australia, Brazil, Netherlands, Canada	Demand exists for niche market
Tree nuts	21	3.6 (Mostly Almonds, then	34 (Value)	5%	Competition from Mozambique,	Demand from fast-growing bakery industry

		walnut and pistachiuos)	11 (Quantity)		Vietnam, Benin, Thailand, China, Singapore	
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SECTIONV. KEY CONTACTS AND FURTHER INFORMATION

Organization	Contact Person	Address	Phone	Fax
Government of Indonesia Contacts for Food & Beverage Control				
BPOM (National Agency for Drug and Food Control)	Dra. Lucky S. Slamet, MSc.	Jl. Percetakan Negara 23, Jakarta Pusat, Indonesia	62-21-424-4688; 424-4691	62-21-425-0764
Ministry of Agriculture - Department of Agriculture- Directorate General of Livestock and Animal health Services	Ir. Syukur Iwantoro MS., MBA	Central Office of Agriculture, , C Bld, 6 th Floor, Departemen, Jl. Harsono R.M. No.3, Jakarta 12550, Indonesia	62-21-781-5580	62-21-781-5581
Ministry of Agriculture – Agency for Agricultural Quarantine	Ir. Banun Harpini, M.Sc.	1 st Floor, Building E, Jl. Harsono RM. No. 3, Ragunan, Jakarta 12550	62-21-781-6481, 780-5641 to 44 ext 1103	62-21-781-6481/ 6483
Indonesian Trade Association Contact List				
APRINDO (Indonesian Retail Merchants Association)	Mr. Tutum Rahanta – Mr. Benjamin Mailool Chairman	Jl. M. H. Thamrin No 11, Gedung Sarinah, Lantai 13 Jakarta 10350	62-21-315-4241, 392-8545, 316-1596	62-21-392-8545 Email: aprimdo@cbn.net.id
ASSIBSINDO (Indonesian Fruit & Vegetables Exporters & Importers Association)	Kafi Kurnia - Chairman	Jl. Senopati 20, Kebayoran Baru, Jakarta	62-21-7280-0343	62-21-720-0670 E-mail: biangpenasaran@cbn.net.id
ASPIDI (Association of Indonesian Meat Importers)	Mr. Thomas Sembiring - Chairman	Wisma BNI 46, 9th Floor Suite 9.05 Jakarta	62-21-574-2103	62-21-574-2104 Email: asp_1984@cbn.net.id
NAMPA (National Meat Producers	Ir. Haniwar Syarif	Jl. Pembangunan II No. 27	62-21-9290-	62-8499-8279

Association)		Jatibening I, Pondok gede Bekasi 17412	7948	
APIKI (Indonesian Fish Cannery Association)	Hendri Sutandinata, MBA, Chairman	Jl. Cipinang Indah Raya No. 1, Jakarta 13420, Indonesia	62-21-819-6910	62-21-850-8587
AIPS (Dairy Processor Association)	Mr. Sabana, Director & Mr. Syahlan Siregar (Secretary)	Wisma Nestle, 5 th . Arcadia Office Park, Jl. Letjen T.B. Simatupang Kav 88, Jakarta 12520	62-21-7883-6000 ext 1501	62-21- 7883-6001
GAPMMI (Indonesian Food & Beverage Association)	Mr. Adhi S. Lukman - Chairman	Kantor Pusat Kementerian Pertanian F Building, 2 nd Floor, Room 224-A Jl. Harsono RM No. 3 Ragunan, Pasar Minggu Jakarta 12550	62-21-7032-2626-27	62-21-780-4347 E-mail: gapmmi@cbn.net.id ; Homepage: http://www.gapmmi.or.id/
Indonesian Cold Chain Association (ARPI/Assoc Rantai Pendingin Indonesia)	Ir. Hasanuddin Yasni, MM Executive Director	Jl. Pasanggrahan Raya No. 2B Kebon Jeruk Jakarta 11620	62-21-5890-3307;	62-21-7369-1872; 587-3492 E-mail: arpi@arpionline.org ; arpi@cbn.net.id hsyasni@arpionline.org

U.S. Cooperator and MAP Participants

Organization	Contact Person	Address	Phone	Fax
AgriSource Co., Ltd Regional representative for USA Dry Peas, Lentils & Chickpeas	Tim Welsh, Managing Director	Ambassador's Court, 4 th Floor, No. 416, 76/1 Soi Lang Suan, Ploenchit Road, Bangkok, Thailand 10330	(66-2) 251-8655 /6	(66-2) 251-0390 E-mail: agsource@loxinfo.co.th
Lieu Marketing Assoc. Pte. Ltd Regional representative for: California Table Grape Commission, Pear Bureau	Richard Lieu, Director	48 Toh Guan Road East # 02-129 Enterprise Hub Singapore 608586	(65) 6515-6113	(65) 6278-4372 E-mail: gabaric@singnet.com.sg

Northwest, Raisin Administrative Committee, United States Potato Board, US Apples				
Peka Consult, Inc. Country representative for Washington Apple Commission, California Table Grape Commission, Pear Bureau Northwest, Sun-maid Raisin, Sunkist Growers, US Potato Board.	Kafi Kurnia, Leonard Tjahjadi	Wijaya Grand Center Blok F-62B; Jl. Wijaya II; Jakarta 12160	(62-21) 723--1608	(62-21) 723-1609 E-mail: peka@indo.net.id
PacRim Assoc. Ltd Regional Representative for the U.S. Dairy Export Council	Dan Fitzgerald, Director	P.O. Box 1492, Nana Post Office, Bangkok 10112, Thailand	(66-2) 254-3768	(66-2) 254-3769 E-mail: usdec@pacrim.asia
U.S. Meat Export Federation	Joel Haggard _ Senior Vice President, Asia Pacific Region	101 Leighton Road, 8 th Floor, Zoroastrian Building, Causeway Bay, Hong Kong	(852) 2890-7408	(852) 2576-7345 E-mail: hongkong@usmef.org www.usmef.org
	Sabrina, ASEAN Director	627A Aljuned Road, 04-04, Biztech Centre, Singapore 389842	(65)-6733-4255/6	(65)-6732-1977 Email: singapore@usmef.com.sg
USA Poultry & Egg Export Council	Margaret Say Regional Director	# 15-04 Liat Towers, 541 Orchard Road, Singapore 238881	(65) 6737-1726	(65) 6737-1727 E-mail: usapeec_sing@pacific.net.sg
U.S. Wheat Associates	Michael M Spier Vice President for South Asia	# 15-02 Liat Towers, 541 Orchard Road, Singapore 238881	(65) 6737-4311	(65) 6737-9359 E-mail: mspier@uswheat.org
American Soybean Association	John Lindblom Regional Director	#11-03 Liat Towers, 541 Orchard Rd., Singapore 238881	(65) 6737-6233	(65) 6 737-5849 E-mail: asaspore@pacific.net.sg
PT Swaco Prima	A. Ali Basry,	Wisma Mitra	(62-21)	(62-21) 6583-1087

Windutama Country representative for American Soybean Association	Director	Sunter #201, Blok C-2, Blvd Mitra Sunter, Jl. Yos Sudarso Kav 89, Jakarta, Indonesia 14350	651- 4752/53	E-mail: asagrains@indosat.net.id
U.S. Grains Council	Adel Yusupov - Regional Director	Suite 3B-7-3A, Block 3B Level 7, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia	(60-3) 2273 6826	(60-3) 2273 2052 E-mail: usgkl@usgc.com.my

APPENDIX I- STATISTIC

TABLE A. KEY TRADE & DEMOGRAPHIC INFORMATION

Item	Import from the World (\$ millions)			U.S. Market Share (% value)		
	2009	2010	2011	2009	2010	2011
Agricultural Products	9,533	12,932	18,894	18	17	17
Consumer-Oriented Agr.	2,555	3,432	4,546	10	11	11
Edible Fish & Seafood Products	156	225	261	2	2	5.6
Demographic Information: Indonesia						
2010, Total Population (million)	240			Annual Growth Rate in 2000-2010		1.49%
2010, Urban Population (million)	118			Annual Growth Rate in 2005-2010 (predicted)		3.8%
2010, Number of Major Metropolitan Areas (>1 mil population)	11					
2010, Size of the Middle Class (millions) *	134			Growth Rate in 2010		N/A
2011, Per Capita Gross Domestic Product *	Rp. 30,812.9 (\$ 3,512.6)					
2011 Unemployment Rate	6.56%					
2011, Per Capita Average Food Expenditures *	Rp. 3,522,672 (\$401.58)					
2010, Female workforce (million)	39.5					
2010, Percent of Female Population Employed	91%					
*Middle Class: 56.5% of the population						
** Average US \$1=IDR 8,772 (2011)						

Source: Indonesia Statistic (BPS)

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	9,633		

Source: Indonesia Statistic (BPS-Badan Pusat Statistik) and Business Indonesia Daily Newspaper

TABLE B. CONSUMER FOOD & EDIBLE FISHERY PRODUCT IMPORTS

Indonesian Imports (in millions of dollars)	Import from the World			Import from U.S.			U.S. Market Share (% value)		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
CONSUMER-ORIENTED AGRICULTURAL TOTAL	2,555	3,432	4,546	250	382	509	10	11	11
Snack Foods (Excl. Nuts)	44	74	91	0.7	0.5	0.5	1.6	0.7	0.5
Breakfast cereals & Pancake Mix	14	13	15	0	0	0	1.3	0.7	0.6
Red Meats, Fresh/Chilled/Frozen	273	401	330	3	2	26	1	5.9	8
Red Meats, Prepared/Preserved	5	5	7	0	0	0	0	1	4
Poultry Meat	5	1	1	3	0.2	0.7	62	19	49
Dairy Products (Excl. Cheese)	578	932	1,109	63	137	191	11	15	17
Cheese	49	69	84	5	12	21	11	17	25
Eggs & Products	8	7	6	0	0.7	0	0	10	3
Fresh Fruit	591	639	793	65	73	82	11	11	10
Fresh Vegetables	235	348	471	1.5	1.9	2.4	0.6	0.5	0.5
Processed Fruit & Vegetables	91	105	141	29	39	49	31	37	34
Fruit & vegetable Juice	17	20	25	5	5.6	4.7	29	28	18
Tree Nuts	10	10	21	2.7	4	3.6	28	41	17
Wine & Beer	0	2	2	0	0	0	5	0	0.4
Nursery Products & Cut Flowers	1	2	3	0	0	0	0	0.8	0
Pet Foods (Dog & Cat Food)	15	19	23	4.7	5	5	25	27	22
Other Consumer-Oriented Products	623	812	1,417	66	79	121	11	10	8
FISH & SEAFOOD PRODUCTS	156	225	261	3	5	15	2	2	5.6
Salmon	3	4	5	0	0	0	4	1	8
Surimi	0	0	0	0	0	0	0	0	0
Crustaceans	17	26	56	1	2	9	6	7	16
Groundfish & Flatfish	13	24	13	0	0	0	3	1	1
Mollusks	11	10	9	0.6	1	2	6	13	23
Other Fishery Products	113	161	178	1	1	2	1	0	1
AGRICULTURAL PRODUCTS TOTAL	9,533	12,932	18,894	1,734	2,251	3,165	18	17	17
AGRICULTURAL, FISH & FORRESTRY TOTAL	9,954	13,516	19,620	1,772	2,304	3,240	18	17	16

Source: Global Trade Atlas

TABLE C. TOP 15 SUPPLIERS OF CONSUMER FOODS & EDIBLE FISHERY PRODUCTS

CONSUMER-ORIENTED AGRICULTURAL TOTAL - 400				FISH & SEAFOOD PRODUCTS-700			
(\$1,000)	2009	2010	2011	(\$1,000)	2009	2010	2011
China (Peoples Republic of)	624,308	850,728	1,001,618	China (Peoples Republic of)	63,270	83,818	107,172
United States	249,523	382,403	509,275	Japan	11,128	19,362	26,379
New Zealand	342,182	495,530	497,748	Canada	395	7,384	15,087
Australia	337,226	417,497	456,880	United States	3,342	4,486	14,646
Thailand	234,535	245,966	340,189	Malaysia	11,346	19,237	13,620
Malaysia	145,029	211,062	294,499	India	1,693	6,342	13,330
Madagascar	0	229	267,230	Thailand	16,432	28,504	12,954
Netherlands	116,112	151,974	136,957	Russia	66	51	9,677
Singapore	79,043	88,884	130,169	Vietnam	11,135	18,099	7,775
France	51,275	99,627	103,346	Pakistan	2,456	4,037	6,682
Tanzania	0	295	65,427	Indonesia	6,032	4,274	6,128
Philippines	45,487	46,072	60,613	Norway	1,687	3,457	5,364
Vietnam	17,257	24,969	59,787	Taiwan	5,497	8,263	4,092
Germany	25,470	37,524	56,759	Singapore	3,570	4,559	3,694
India	22,573	38,764	55,805	Yemen	2	84	1,923
Other	264,875	340,509	646,844	Other	18,1275	12,817	12,865
World	2,554,895	3,432,033	4,546,189	World	156,176	224,774	261,388

Source: Global Trade Atlas

APPENDIX II. CALENDAR OR TRADE SHOWS IN INDONESIA

Name of Event: **FOOD & HOTEL INDONESIA 2013**
Event Location: Jakarta International Exhibition Center, Kemayoran, Indonesia
Industry theme: The 12th International Hotel, Catering Equipment, Food and Drink Exhibition
The 9th International Retail Technology, Equipment, Display, and Storage Exhibition

Dates of Event: **April 10-13, 2013**
Type of Event: International Exhibition
Name of Organizer: P.T. Pamerindo Buana Abadi
Phone of Organizer: (62-21) 316-2001
Fax of Organizer: (62-21) 316-1983/4
E-mail of Organizer: wiwiek@pamerindo.com
Web site: www.pamerindo.com

Name of Event: **FOOD & HOTEL INDONESIA 2014**
Event Location : Bali International Convention Center, Nusa Dua - Bali, Indonesia
Industry theme: The 9th International Exhibition for Equipment, Food, Beverages and Services to Support Indonesia's Tourism and Hospitality Industries; the 9th International Retail , Equipment, Display, and Storage Exhibition

Dates of Event: **April 10-13, 2014**
Type of Event: International Exhibition
Name of Organizer: P.T. Pamerindo Buana Abadi
Phone of Organizer: (62-21) 316-2001
Fax of Organizer: (62-21) 316-1983/4
E-mail of Organizer: wiwiek@pamerindo.com
Web site: www.pamerindo.com

Name of Event: **FOOD INGREDIENT ASIA 2014**
Event Location: Jakarta International Exhibition Center, Kemayoran, Indonesia
Industry theme: The only exhibition that unites the growing ASEAN food ingredients community in one place and alternate with FiA Bangkok
The fair encompasses all ingredients which makes the food and beverage we consume today, such as sweeteners, emulsifiers, flavoring, coloring, etc

Dates of Event: **September 24-26, 2014**
Type of Event: International Exhibition
Name of Organizer: UBM Asia
Phone of Organizer: (62-21) 729-2662; (66-2) 642-6911
Fax of Organizer: (62-21) 729-3539
E-mail of Organizer: fiasia@ubm.com; Nongnaphat.J@ubm.com; Maria.Lioe@ubm.com
Web site: www.fiasia-indonesia.com