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Indonesia

Food Processing Ingredients

Food Processing Ingredients Update

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Report Highlights:

Indonesia needs a variety of raw materials for its food processing industry, and offers significant opportunities for U.S. ingredient suppliers. In 2017, U.S. exports of condiments, flavorings, protein bases, vegetable oils, syrups, sweeteners, and other ingredients totaled about \$250 million. The food processing industry continues to grow, and will continue to hold great potential for U.S. exporters.

Post:
Jakarta

I. MARKET SUMMARY

The Indonesian food processing industry offers significant market potential for U.S. food and ingredient suppliers. With 265 million consumers in 2018, the value of the food and beverage processing industry is estimated \$92.3 billion (IDR1, 238 trillion), with the raw materials accounting for \$59.0 billion (IDR 791.8 trillion).

According to the National Statistical Agency (BPS), there are approximately 5,700 large and medium-sized producers with 765,000 employees, and 1.61 million micro and small scale producers with 3.75 million employees. In 2016, the large and medium-sized sector grew 6.9 percent, while the small-scale sector grew 11.5 percent. Small-scale producers include home industries and small roadside restaurants, retail kiosks, and pushcarts.

Despite decreasing purchasing power reported by retailers in 2017, several factors are contributing to food processing industry growth: 1) the introduction of new products, flavors and package sizes (single serve); 2) a growing middle class; 3) aggressive promotional activities, with extensive use of social media; 4) the growth of modern retail outlets; 5) and growing health and physical fitness awareness.

In 2017, packaged foods sales' growth was around 9.4 percent. With more women in urban areas entering the workforce and preferring the convenience of processed food products, this growth is expected to continue in 2018. Consumers seek affordable and practical foods, which also offer health and dietary attributes. Demand for certain new products, such as children breakfast cereals, flavored milk drinks, individually packed snacks in flexible containers, and single serve caches of soluble coffee is also growing. Meanwhile, changing lifestyles continue to shape consumer demand for products such as frozen processed meat, poultry, and seafood. The recent emphasis on fitness is leading to growing demand for single serving protein and fruit beverages. Supplies of surimi, on the other hand, are facing a problem due to shortage of fish for raw material due to GOI's stricter regulation of fishing methods.

Indonesia's ties to Europe are strong, influencing tastes and manufacturing methods. Australian, U.S., Korean, and Japanese packaged foods are also common. The growing Asian expatriate community in Jakarta and surrounding areas 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. Wheat flour, dairy products, noodles, cooking oil, cookies, and frozen processed chicken fortified with minerals and vitamins are key products.

Another important trend is healthy eating. Food manufacturers are responding to this demand by providing products with heightened vitamin content, healthier ingredients, lower sugar, cholesterol and fat content, as well as gluten and lactose free products. Indonesians traditionally offer food as a gift for a number of occasions (called "oleh-oleh" in Indonesian). Oleh-oleh are often presented in the form of a snack food and pastries. Since the large majority of Indonesians are Muslim, most foods are produced using methods and products that meet halal requirements.

Changing lifestyles and a new emphasis on socializing after office hours and school is encouraging development of new beverages. Local food companies are launching new products and variants with attractive packaging and flavors. Interest in healthier products is driving fruit juices, coconut water, tea and sports/energy drinks growth. Demand for instant coffee continues to expand. In response to a GOI regulation curbing alcoholic distribution, non-alcoholic beer is also gaining popularity.

Food processors are differentiating products according to different market demands. For example, premium packaging is offered at high end retail outlets, while small packs are available for price sensitive consumers. Private labels are also growing and widely available in supermarkets. Meanwhile, processors are also making food packaging for the rapidly growing food service industry. Several food processors (such as Cimory, Magnum café and Richese) have expanded their businesses to serve the food service sector. This also includes wheat millers, Sriboga Raturaya that established Marugame Udon in addition to their Pizza Hut restaurants, and Bogasari/ Indofood with Popola Mama. Franchise restaurants serving Japanese, Korean, and U.S. foods continue to grow.

Small roadside restaurants (called warungs) and push carts 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 push carts 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 also popular as gifts and snacks for the middle and upper classes. Indonesians visit high-end retail food stores to buy small packages of imported snacks too.

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 commonly used as a food processing ingredient or are used to mix with fresh milk. Indonesia produces only about 20 percent of its dairy product needs.

Indonesian importers are sensitive to foreign exchange fluctuations, and at any given time a weakening Rupiah can adversely affect 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), issues 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.

Table 1. Indonesia: Retail Packaged Food Sales in 2016

Product	Volume (000 ton)	Value (IDR Trillion)
Baby food	310.35	36.57

Baked Goods	615.50	30.79
Breakfast Cereals	10.41	0.97
Confectionery	290.47	25.26
Dairy	968.55	28.10
Ice cream and frozen desserts	75.40	5.65
Edible Oils	551.23	10.51
Processed Fruit and Vegetables	10.65	0.53
Processed Meat and Seafood	248.33	19.34
Ready Meals	1.17	0.81
Noodles	1,356.86	30.48
Pasta	6.41	0.34
Sauces, dressings and condiments	556.42	16.60
Soup	0.69	0.08
Spreads	19.13	1.39
Savory Snacks	312.02	18.81
Sweet Biscuit, Snack bars and Fruit Snacks	236.69	14.27

Source: Euromonitor

Table 2. Indonesia: Volume Growth of Packaged Food Sales

Package Food	2015/2016 Growth (%)	2016-2021 Forecast Growth Per year (%)
Baby food	4.95	3.40
Baked Goods	4.19	3.99
Breakfast Cereals	8.19	7.13
Confectionery	8.07	3.45
Dairy	4.68	5.27
Ice cream and frozen desserts	9.42	8.93
Edible oils	1.05	4.26
Processed Fruit and Vegetables	3.20	2.97
Processed Meat and Seafood	7.77	6.38
Ready Meals	6.44	7.10
Noodles	1.74	2.06
Pasta	7.0	7.74
Sauces, dressings and condiments	5.82	5.77
Soup	6.32	5.62
Spreads	5.76	5.16
Savory Snacks	3.31	5.83
Sweet Biscuit, Snack bars and Fruit Snacks	3.10	3.34

Source: Euromonitor

Table 3. Indonesia: Retail (Off trade and On-trade) Beverage Sales in 2016

Product	Volume (million liters)	Value (IDR Trillion)
Bottle Water	20,440.8	45.80
Carbonates	1,065	16.01
Concentrates	108.6	8.92
Juice	661.3	9.53
RTD Coffee	94.2	2.49
RTD Tea	2,752.8	30.74

Sport and Energy Drinks	661.1	10.10
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Source: Euromonitor

Note: Most of the products by volume (93%) are sold off-trade

Table 4. Indonesia: Volume Growth of Soft Drinks Sales in Retails (Off-trade)

Soft Drinks	Volume growth (%) 2015/2016	2016- 2021 Forecast Growth Per Year (%)
Bottle Water	11.6	8.8
Carbonates	3.4	3.1
Concentrates	- 1.5	-0.9
Juice	7.8	7.4
RTD Coffee	20.5	11.3
RTD Tea	9.6	5.5
Sport and Energy Drinks	4.5	4.2

Source: Euromonitor

Table 5. Indonesia: Advantages and Challenges for U.S. Food Ingredients

Advantages	Challenges
Market size: 2018 population 265 million.	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, which 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.	87% 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, dairy, and horticultural products must have an import recommendation from MOA and an import permit from MOT.
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/her 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.

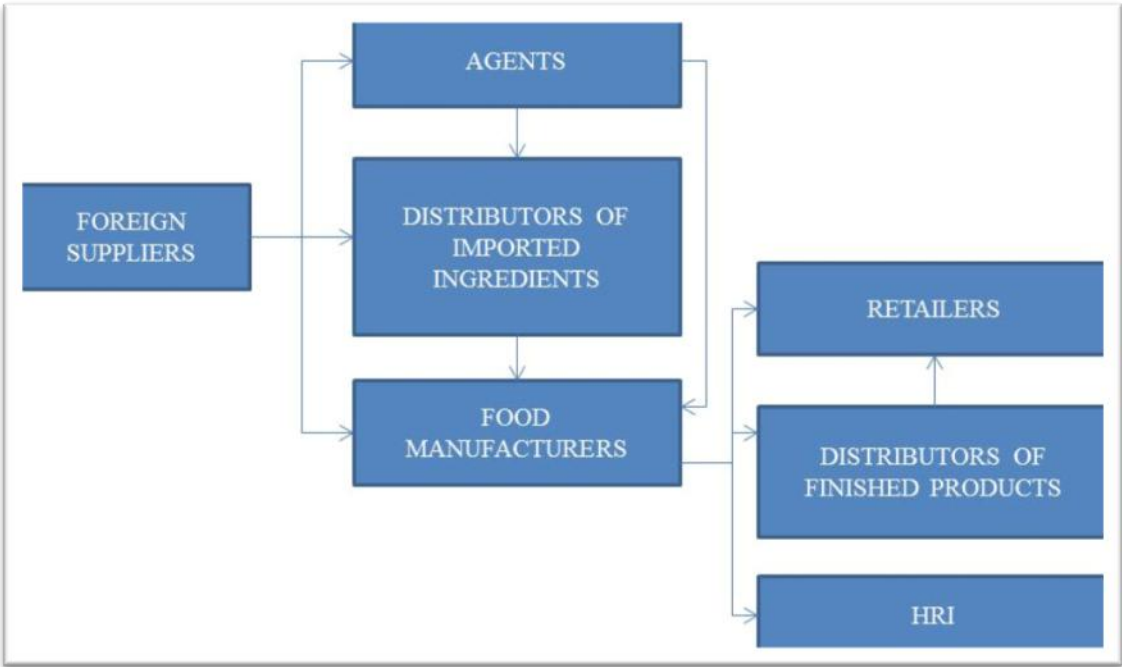
Market research for product testing, price comparison and adjusting the product for local tastes is important. Agents and distributors can help with market research and their assistance has proved to be an effective strategy in expanding sales since they understand the regulatory system and can bridge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

We strongly suggest participating in food ingredient shows in Indonesia to introduce your products to a large audience and to meet with potential importers.

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 and beverage processors commonly import primary inputs, such as skim milk, whey powder, frozen manufacturing meat, and fruit concentrate. Food and beverages processors generally purchase essential complementary inputs/food additives 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 and beverages 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 and beverages 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 and beverages 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 2016	End-Use Channels	Production Location in Indonesia	Procurement Channels
Dairy related products to include cheese, baby and toddler food				
Dairy gold Indonesia, PT (cheese)	N/A	Retail and HRI	Cikarang - Bekasi (1)	Direct; Importer
Danone Dairy Indonesia, PT (The company acquired by Indoklato, PT end of 2014)	N/A	Retail	Cikarang – Bekasi (1)	Direct; Importer
Danone Indonesia (PT Nutricia Indonesia Sejahtera dan PT Sari Husada are under this company)	N/A	Retail	Bogor (1), Yogyakarta (2)	Direct; Importer
Diamond Cold Storage, PT (+ice cream, yogurt, cheese, dressing, fruit juice, chocolate)	N/A	Retail and HRI	Jakarta, Cibitung-Bekasi (2)	Direct

Frisian Flag Indonesia, PT (+baby food)	N/A	Retail and HRI	Jakarta (2)	Direct
Fonterra Brands Indonesia, PT	N/A	Retail	Cikarang – Bekasi (1)	Direct
Greenfields Indonesia, PT (+cheese, yogurt)	N/A	Retail and HRI	Malang (2)	Direct
Indofood Sukses Makmur Tbk, PT (+snack food, instant noodle, pasta, sauces, ready meals, confectionery, biscuit)	IDR 66.75 trillion (to include Indomilk, PT and Indolakto, PT)	Retail and HRI	All over Indonesia (21)	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 19.37 trillion (to include pharmaceutical)	Retail	Yogyakarta, Bekasi, Bogor (4)	Direct
Kraft Ultrajaya Indonesia, PT (cheese);	N/A	Retail and HRI	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 (+ breakfast cereals, confectionery, sauce, instant coffee)	N/A	Retail	Pasuruan (1), Karawang (1), Cikupa-Banten (1) Lampung (1- coffee)	Direct
Nutrifood Indonesia, PT (meal replacement, fruit juice)	N/A	Retail	Jakarta (1), Bogor (1)	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), Mojokerto (1)	Importer
Yummi Food Utama, PT (yogurt, cheese)	N/A	Retail and HRI	Jakarta (1)	Importer
Baked goods				

Marizarasa Sarimurni, PT (+spreads, layer cake, chili sauce, premix)	N/A	Retail	Rangkasbitung – Banten (1), Cikande – Banten (1)	Importer
Nippon Indosari Corporindo Tbk, PT	IDR 2.52 trillion	Retail	Cikarang (2), Cikande -Banten (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), Pasuruan (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	15 owned plants (Pakanbaru, Lampung, Bandung, Tangerang, Bogor, Pati, Gresik, Surabaya, Banjarmasin, Makassar); 1 beverage contract manufacturers; 6 food contract manufacturers	Direct, Importer
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,	IDR 18.34 trillion	Retail and HRI	Bekasi (1), Tangerang (3), Medan (2)	Direct; Importer

biscuit, chocolate paste, instant noodle, breakfast cereals, instant coffee)				
Mondelez Indonesia manufacturing, PT (formerly Nabisco then Kraft Indonesia) (biscuit)	N/A	Retail	Cikarang-Bekasi (1)	Direct; Importer
Orang Tua group (+dairy products, yogurt, snack, biscuit, chocolate & sugar confectionery, biscuit, beverages)	N/A	Retail	Java and Makassar (more than 10 plants)	Direct; Importer
Sekar group (crackers, bread, nuts, sauces, frozen food)	N/A	Retail	Sidoarjo (3), Cikupa (2), Lamongan (1)	Direct; Importer
Siantar Top Tbk, PT (snack food)	IDR 2.54 trillion	Retail	Sidoarjo (1), 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 plantations)	IDR 6.54 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, RTD tea)	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 (1), Karawang (1), Pasuruan (1)	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)	N/A	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 14.53 trillion	Retail, HRI HRI and Food Processing	Jakarta and other cities (5)	Importer
Sayap Mas Utama, PT/Wingscorp) (+instant noodles, sauces, fruit juice other beverages, 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
Unilever Indonesia Tbk, PT (+ice cream, spreads, soup, sauces, oils & fats +fruit juice)	IDR 40.05 trillion (IDR 12.4 trillion for food and refreshment only)	Retail and HRI	Cikarang (3)	Direct; Importer
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,	N/A	Retail	Cikupa-Tangerang (1)	Importer

chocolate confectionery)				
Madusari Nusaperdana, PT	N/A	Retail and HRI	Bekasi (1)	Direct; Importer
Prima Food International, PT (Charoen Phokphand group)	N/A	Retail and HRI	Surabaya, Salatiga, Cikande-Tangerang (3)	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 juice, + dressing, Del Monte sauces & dressing)	N/A	Retail and HRI	Bogor (1)	Direct; Importer
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, Sumedang-Bandung, Semarang, Surabaya, Bali (8)	Direct
Sinar Sosro, PT (Rekso group) (RTD tea, fruit juice)	N/A	Retail and HRI	Medan, Palembang, Pandeglang, Jakarta, Tambun-Bekasi, Cibitung, Ungaran, Gresik, Mojokerto, Gianbyar (10)	Direct; Importer
Jaya Santos Abadi, PT (Kapal Api	N/A	Retail	Sidoarjo (1)	Direct; Importer

group) (instant coffee/coffee mix)				
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 1.65 trillion	HRI	Bekasi (1)	Direct
Multi Bintang Indonesia Tbk, PT (beer)	IDR 3.26 trillion	HRI	Mojokerto (2), 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	N/A	HRI	Surabaya (1)	Direct

powder)				
Indesso Niagatama, PT (flavor, 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 these types of 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, lactose free, no trans-fat, low cholesterol, and sugar free snacks
- organic rice, red and black rice

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 well as meat and seafood products) 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
- unique and localized flavors
- exotic cookie flavors

Alternative staple foods: Rice is an important staple for most Indonesians and is present at most meals, but noodles, bread, and pasta consumption continues to grow. 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. Flexible pouch packaging pack for snacks and beverages is also common.

Table 7. Indonesia: Popular processed food products in retail outlets during 2017

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	Processed cheese, cheddar and parmesan.
Chocolate confectionery	Filled chocolate bars (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), 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

Table 8. Indonesia: Popular soft drink products during 2017

Product type	Soft drink
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	Fresh coffee brewed from instant packaged 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.

Table 9. Indonesia: Foreign Companies active in Indonesia

Company	Notes
ABC Kogen Dairy (Japan)	The company is a joint venture company between Mitsui Corporation and ABC holdings in September 2017. The company will produce dairy products. The plant is located in Bandung District-West Java area.
ABC President Indonesia, PT (Hongkong and Taiwan)	The company is a joint venture company with Uni-President Enterprise Corporation Taiwan and established in 1991. The company produces sauces, instant noodle and RTD tea. The company has a plant in Karawang.
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), oriental seasoning (Saori), and Mayonnaise (Mayumi). 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 is 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) and Club brand bottle water. 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 processed food (sausages, nuggets etc) in Subang – West Java plant.
Cahaya Gunung Food. PT (the U.S.)	This company is a joint venture company between PT So Good Food and P Cargill Food Investment Indonesia. The company has established in September 2016 and produce fully cooked poultry products for food service and convenient stores
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 1991 and 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 Indolacto-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 (The U.S.). 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 (New Zealand)	The company, formerly New Zealand Milk Indonesia, PT, was established in 1995. In 2004, the company becomes Fonterra Brands Indonesia, PT a subsidiary of the Fonterra Co-operative Group, New Zealand. Its dairy plant in Indonesia was built in Cikarang 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 built joint venture company with Asahi Group Holdings Southern Asia Pte Ltd in 2014. The company produces green tea beverages with “Tchi 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.
Java Seafood, PT (Korean)	LF Food Korean company established in 2011 and started to produce in mid-2014. The company produces surimi.
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 Ultra Jaya Indonesia, PT (Mondelez International-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. Currently the partnership is with Mondelez International.
KH Roberts Indonesia, PT (Australia and Singapore)	KH Roberts Indonesia and PT Jutarasa Abadi have 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 has 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.
Mondelez Indonesia Manufacturing, PT (The U.S.)	Formerly known as Nabisco Foods and then Kraft Foods that produce biscuit Oreo. The plant is located in Cikarang-Bekasi. The company also has a joint venture company with PT Ultra Jaya to produce cheese.
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 (Dutch)	Multi Bintang was established in 1929 and become public listed company in 1981. In 2013, Heineken International BV acquired majority share. The company produces various brand of beer and non-alcoholic beverages
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 produces biscuits.
Nestlé Indonesia, PT (Switzerland)	<p>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 produces baby food and beverages.</p> <p>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.</p>
Nippon Indosari Corporindo Tbk, PT (Japan)	The company was established in 1995 and started producing various types of bread in 1997. Currently they have 9 plants and located in Sumatera, West Java, Central Java, East java, and Sulawesi.
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 have 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 2015. The company will produce ready-to-eat fish sausages.
Sonton Food Indonesia, PT (Japan)	Mahadana Dasha Utama, PT (Mahadasha) established joint venture company with Sonton Holding Japan in 2014. The company produce filling, spread and custard in Cikarang plant for bakery, HRI and food industry starting 2016
Sorini Agro Asia Corp, Tbk, PT (The U.S.)	The company 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, Rancaekek and Bogor –West Java, and Banjarbaru-East Kalimantan).
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.

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will slowly integrate their operations, expanding their businesses 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 have expanded their businesses to the baking sector, food service, and retail.

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. 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.

Table 10. Indonesia: Competition between Domestically Produced Goods and Imports 2016

Product Category	Major Supply Sources (by Volume)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Wheat Net Volume Import: 10.53 million ton Value: \$2.40 billion	Australia 33.22 % Ukraine 23.44 % Canada 15.74 % Argentina 12.24% U.S. 8.91% France 2.54%	Australia has a geographic proximity. Indonesia prefers Australian wheat due quality preference for specific purpose (noodle) Ukraine and Canada offer competitive price	No wheat produced domestically
Sugar Net Volume Import: 4.76 million ton Value: \$2.09 billion	Thailand 47.61 % Brazil 27.54% Australia 18.83 % Argentina 2.60%	Thailand and Australia's geographic proximity Brazil is one of a major source	Indonesia does not produce raw sugar
Soybeans Net Volume Import: 2.26 million ton Value: \$0.959 billion	The U.S. 98.9% Argentina 0.33% Canada 0.33%	Indonesia prefers U.S. soybeans due to characteristics optimized for tempeh and tofu.	Soybean is not produced extensively in Indonesia.

		The U.S. has exportable supplies and good quality.	
<p>Dairy excl cheese</p> <p>Net Volume Import: 404 thousand ton</p> <p>Value:\$0.802 billion</p>	<p>New Zealand 23.80 %</p> <p>U.S 16.94 %</p> <p>France 13.37%</p> <p>Australia 12.34 %</p> <p>Germany 6.61 %</p> <p>Poland 5.23%</p> <p>Netherlands 4.37%</p> <p>Belgium 3.82 %</p> <p>China 3.02%</p>	<p>New Zealand and Australia have a geographic proximity. Europe offers lower prices and they have milk processing plants in Indonesia.</p>	<p>Less dairy produced locally (only around 23%)</p>
<p>Wheat flour</p> <p>Net Volume Import:148 thousand ton</p> <p>Value: \$42.34 million</p>	<p>Turkey 60.08 %</p> <p>Ukraine 19.29 %</p> <p>Sri Lanka 6.13%</p> <p>Philippines 5.38%</p> <p>Vietnam 3.06%</p>	<p>Turkey, Ukraine and Sri Lanka offer competitive prices compared to local wheat flour.</p>	<p>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</p>
<p>Fish and Seafood products</p> <p>Net Volume Import:128 thousand ton</p> <p>Value:\$260.98 million</p>	<p>China 38.85 %</p> <p>Japan 11.90 %</p> <p>Malaysia 9.18 %</p> <p>Pakistan 6.32 %</p> <p>Norway 5.19 %</p> <p>Micronesia 4.73%</p> <p>Oman 2.91%</p> <p>Vietnam 2.86%</p>	<p>Tuna, Mackerel, and sardines are used as an additional source for fish canning industry.</p> <p>Surimi is used to produce frozen seafood products</p>	<p>Local fish and seafood production is significant in volume.</p> <p>However. fishing management needs to be upgraded to get sustainable fish source.</p>

<p>Corn starch</p> <p>Net Volume Import: 173 thousand ton Value: \$60.55 million</p>	<p>China 43.35 % Turkey 17.01 % Ukraine 9.00% Brazil 7.75 % Germany 7.34% India 7.03%</p>	<p>China offer competitive prices.</p>	<p>Local corn starch is not produced extensively.</p>
<p>Cocoa beans</p> <p>Net Volume Import: 61.01 thousand ton Value:\$ 184.66 million</p>	<p>Ecuador 18.35% Malaysia 17.21% The U.S. 16.25% Papua New Guinea 13.42% Cote d Ivory 10.73 % Uganda 4.63%</p>	<p>Industry needs a variety of cocoa beans for blending.</p>	<p>Domestic production is limited</p>
<p>Potato starch</p> <p>Net Volume Import: 14.06 thousand ton Value: \$9.73 million</p>	<p>Netherland 36.99 % Germany 34.73 % France 14.01 % Denmark 9.28 %</p>	<p>European countries offer competitive prices and consistent supply.</p>	<p>No potato starch produced locally.</p>
<p>Dehydrated potato</p> <p>Net Volume Import: 7,860 ton Value:\$9.33 million</p>	<p>Germany 41.556 % The U.S. 22.43 % Malaysia 12.86% Denmark 9.53% Netherlands 4.41% American Samoa 4.02% Poland</p>	<p>European countries offer competitive prices and consistent supply.</p> <p>Aggressive promotion of U.S. dehydrated potato is effective.</p>	<p>No domestic production.</p>

	3.36%		
<p>Non-alcoholic preparation used in beverages manufacturers</p> <p>Net Volume Import: 3,612 ton Value:\$27.47 million</p>	<p>China 26.22 % Denmark 17.88 % Singapore 14.98 % Italy 10.27 % Taiwan 8.22% Chili 7.03% Malaysia 3.35% Cyprus 2.77% The U.S. 2.30%</p>	<p>Consumers seek novel flavors and new concepts.</p>	<p>Domestic beverage manufacturing is growing and requires inputs for new flavors.</p>
<p>Onion powder</p> <p>Net Volume Import: 4,180 ton Value: \$14.32 million</p>	<p>The U.S. 84.62 % China 12.93 % India 2.22</p>	<p>U.S. produces high quality onions with whiter color and high total solid content.</p>	<p>No onion powder produced locally.</p>
<p>Chili powder</p> <p>Net Volume Import: 4,774 ton Value: \$8.53 million</p>	<p>India 63.83 % China 31.05 %</p>	<p>Those countries offer competitive price.</p>	<p>No chili powder produced locally.</p>
<p>Garlic powder</p> <p>Net Volume Import: 4,580 ton Value: \$12.52 million</p>	<p>China 93.52 % The U.S. 5.46%</p>	<p>China offers competitive price.</p>	<p>No garlic powder produced locally.</p>
<p>Bakery dough</p> <p>Net Volume Import:3,823 ton Value: \$9.43 million</p>	<p>Thailand 28.90 % Singapore 17.81% Australia 13.65% Germany 13.63 % Malaysia 10.49% The U.S. 4.37% Vietnam 3.51%</p>	<p>Indonesia prefers Asian type of bakery products and also opens to new Western type of bakery products.</p>	<p>Domestic production is growing.</p>

<p>Fresh Fruit</p> <p>Net volume import: 47.99 thousand ton Value: \$816.18 million</p>	<p>China 45.48 % Thailand 12.64 % The U.S. 11.84 % Australia 7.12 % Pakistan 3.67 % South Africa 2.99 % New Zealand 2.71% Egypt 2.52%</p>	<p>China offers very competitive prices.</p>	<p>Local fresh fruit is limited in variety and inconsistent in supply.</p>
<p>Processed fruit & vegetables</p> <p>Net volume import: 152.06 thousand ton Value: \$ 203.63 million</p>	<p>China 31.06 % The U.S. 19.44 % Vietnam 8.68% Netherlands 8.243 % India 4.33% Thailand 4.01% Belgium 3.46% Canada 3.44% Brazil 3.40 %</p>	<p>China and Thailand supply processed fruit and vegetable products. Brands are well known and prices are competitive.</p> <p>U.S., EU and Canada supply French fries and frozen vegetables</p>	<p>Limited processed fruit and vegetables products produced locally.</p>
<p>Red meats fresh, chilled, frozen</p> <p>Net volume import: 150.26 thousand ton Value: \$ 574.75 million</p>	<p>Australia 54.49% India 26.30% New Zealand 10.37% The U.S. 8.48 %</p>	<p>New Zealand and Australia have a geographic proximity and competitive pricing and no reported cases of FMD and BSE.</p> <p>GOI just open market for Indian meat buffalo second semester</p>	<p>Shortage of domestic supply. Most domestic production is sold fresh to traditional markets and modern retail outlets.</p> <p>Meat processing industry and food service sector rely on imports.</p>

		2016. The price is cheaper than beef.	
<p>Cheese and curd</p> <p>Net volume import: 24.27 ton Value: \$92.99 million</p>	<p>New Zealand 67.39 % Australia 14.40% U.S. 9.75% Denmark 2.37% Netherlands 2.26%</p>	<p>New Zealand and Australia have a competitive pricing and geographic proximity.</p>	<p>Domestic cheese processing industry and cheese application in food processing industry are growing, but local ingredients supplies do not exist.</p>
<p>Tree nuts</p> <p>Net volume import: 4,032 ton Value: \$23.24 million</p>	<p>Vietnam 31.39% The U.S. 31.65 % Thailand 14.61 % Australia 7.37% China 4.86% Philippines 3.32%</p>	<p>Thailand supplies repackaged tree nuts from the U.S.</p> <p>Vietnam supplies cashew nut</p>	<p>Local tree nut production is limited to cashew nuts.</p>
<p>Coffee Extract/Essence/Concentrate/preparation with the basis of these products</p> <p>Net volume import : 8.70 thousand ton Value : \$47.41 million</p>	<p>Brazil % India 25.60% Malaysia 13.34% Vietnam 9.49 % China 3.71%</p>	<p>Brazil supply mostly Arabica coffee.</p>	<p>Local production is mostly green bean of Robusta</p>
<p>Non Dairy Creamer</p> <p>Net volume import : 62.08 thousand ton Value : \$109.17 million</p>	<p>South Korea 28.22 % China 26.03% Malaysia 17.30 % Thailand 15.20 % The U.S 4.03 5.1% Poland 2.85 % U.K 2.18%</p>	<p>Sector is dominated by low-price producers.</p>	<p>Coffee processors require non-dairy creamer.</p> <p>Domestic non-dairy creamer industry is growing.</p>

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.

Table 11. Indonesia: Products Present in the Market with Good Sales Potential

Product Category	2016 Import (thous and tons)	2016 Import (\$mil)	5 Yr. Avg Annual Import (Volume) Growth (%)	Import Tariff Rates (%)	Key Constraints to Market Development	Market Attractiveness for USA
Wheat	10,534	2,408	14.30	5	Competition from Australian and Canada. In 2016, Ukraine start to gain more market share	Demand for high quality flour for bakery industry
Sugar	4,761	2,090	15	Rp 790/kg	Indonesia prefers cane sugar over sugar beet.	Food processing industry seeks low cost inputs.
Soybean	2,261	959	2.01	0	Trade barriers and food sovereignty issues.	Tempeh and tofu made from soybean are staple proteins. The soymilk industry is growing.
Dairy excl cheese	40	80	4.75	5	Price competition with	Domestic dairy processing

	4	2			Australia, New Zealand and European countries.	industry demand is growing.
Wheat flour	14 8	42. 34	-17.93	5 (non-fortified) 10 (fortified)	Price competition with Turkey, Ukraine and Sri Lanka.	U.S. wheat is needed by domestic milling industry.
Non-alcoholic preparation used in beverages manufacturers	3.6	27. 47	- 2.01	5	Complicated import permits procedures	Limited fruit options available in domestic market for fruit-based industry
Onion powder	4.1 0	14. 32	2.08	5	No concerns.	Instant noodle and sauces/condiment industry needs onion as a seasoning
Chili powder	4.7 4	8.5 3	13.4 8 (data available since 2012)	5	No concerns.	Instant noodle and sauces/condiment industry needs chili as seasoning
Garlic powder	4.5 8	12. 52	16.8 5	5	No concern	Seasoning for instant noodles, sauces/condiments and snack. Food industry is growing

Bakery dough	3.8 2	9.4 3	17.8 0	10	Price concerns.	Bakery industry is growing.
Non-dairy creamer	62. 08	10 9.1 7	- 0.08	5	No concerns. Domestic Non-dairy creamer industry is growing	Coffee processing industry is growing and need creamer .
Coffee Extract/Essence/Concentrate/preparation with the basis of these products	8.7 0	47. 41	0.07	20	High import duty (per July 2015)	Coffee processing industry is growing
Fresh Fruit	47 1	81 6	- 7.84	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	15 2	20 3	6.3	5 and 10% depend on the products 20% for products 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	24. 27	92. 99	7.20	5	Cheese manufacturers in the country of origin must be approved by the GOI before they are able to export to Indonesia .	Cheese applications in food processing industry are growing.
Tree nuts	4.0 3	23. 28	- 6.35	5	Price concerns.	Bakery industry is growing and consumer understands U.S. tree nut quality.
Corn starch	17 3	60. 55	23.8 4	10	Price concerns.	Corn starch is a key ingredient in the snack food industry and does not been produced locally.
Potato starch	14. 06	9.7 3	34.9 1	5	Price concerns	Potato starch is needed by snack industry.
Dehydrated potatoes	7.8	9.3	18.9	5	Price concerns.	Snack food , bakery and HRI

	6		3			industry is growing and need the products
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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 pea flour and yogurt powders have a potential but not present in significant quantities.

Table 12. Indonesia: Products Not Present in Significant Quantities but That Have Good Sales

Product Category	2016 Import (thousand tons)	2016 Import (\$mil)	5Yr. Avg Annual Import (Volume) Growth (%)	Import Tariff Rates (%)	Key Constraints to Market Development	Market Attractiveness for USA
Dried Egg	1.62	8.54	6.92	5	MOA has to approve the establishment in the country of origin.	Manufacturer of instant noodle, instant seasoning, instant porridge and instant soup and food chain seasoning need the products. Domestic products just growing

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.

Table 13. Indonesia: Products not Present in the Market Because They Face Significant Barriers

Product Category	2016 Import (Volume, thousand T)	2016 Import (\$mil)	5Yr. Avg Annual Import (Volume) Growth (%)	Import Tariff Rates (%)	Key Constraints to Market Development	Market Attractiveness for USA
Poultry Meat	3.50	4.87	52.73	5 except 20% for chicken thighs	<p>MOA has not issued poultry import recommendations (including duck and turkey) since January 2014.</p> <p>MOA will only issue import recommendations for poultry originating from MOA-approved establishment.</p> <p>MOA requires poultry that exported to Indonesia must be slaughtered manually and halal</p>	<p>Domestic chicken prices are high and turkey is not produced locally.</p> <p>Chicken MDM (mechanically deboned meat) for the independent poultry processing industry is not available.</p>

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 439
FPO, AP 96520-0439

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>.

Additional related reports for Indonesia:

1. [Indonesia Issues Local Content Requirement for Dairy Importers \(ID1722\)](#)
2. [Indonesia's Fees on Import Application \(ID1721\)](#)
3. [FAIRS Export Certificate Report 2016 \(ID1644\)](#)
4. [FAIRS Country Report 2016 \(ID1643\)](#)
5. [Exporter Guide Update 2016 \(ID1642\)](#)
6. [Retail Foods Update 2016 \(ID1638\)](#)
7. [Food Service - Hotel Restaurant Institutional Update 2016 \(ID1640\)](#)
8. [Indonesia Revises FFPO Import Procedures \(ID1637\)](#)
9. [Ministry of Trade Updates Beef Import Regulation \(ID1626\)](#)
10. [Indonesia Expands U.S. Plants Products Eligible for Recognition \(ID1624\)](#)
11. [Indonesia Eases Import Rules for Meat Products \(ID1623\)](#)
12. [Indonesia Amends Import Regulations for Livestock Products \(ID1618\)](#)
13. [Indonesia Raises Import Tariffs on Value-Added Goods \(ID1530\)](#)
14. [California Recognized as Fruit Fly Free Area \(ID1522\)](#)
15. [Indonesia Revises Seafood Import Rules \(ID1501\)](#)
16. [New Regulation on Alcoholic Beverage Distribution \(ID1411\)](#)
17. [Alcohol Beverages Excise Tax Update \(ID1408\)](#)
18. [Unofficial Translation of Ministry of Agriculture Decree No 4390/2013 \(ID1335\)](#)
19. [Indonesia Extends Import Requirements on Food and Beverage Products \(ID1304\)](#)
20. [Phytosanitary Requirement for Fresh Bulb \(ID1303\)](#)
21. [Minister of Agriculture Regulations No 42 and 43 Year 2012 \(ID1218\)](#)
22. [Prior Notice-Application of Imported Fresh Food of Plant Origin \(FFPO\) \(ID1206\)](#)
23. [Market Brief-Wine \(ID1113\)](#)

24. [Mandatory Labeling of Imported Food and Beverage Products \(ID1028\)](#)
25. [Indonesian Market Brief on Functional Beverage Ingredients \(ID1041\)](#)
26. [Processed Meat-Chicken and Fish Products Ingredient \(ID1039\)](#)
27. [Snack Food Ingredient \(ID1037\)](#)
28. [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	13,563	13,436	13,330
2017	13,343	13,352	13,308	13,327	13,321	13,319	13,323	13,351	13,492	13,499			13,364

Source: Business Indonesia Daily Newspaper & Bank Indonesia