USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.07

Required Report - public distribution

Date: 10/3/2005

GAIN Report Number: ID5024

Indonesia

Exporter Guide

Annual

2005

Approved by:
Chris Rittgers
U.S. Embassy, Indonesia

Prepared by:
Fahwani Y. Rangkuti

Report Highlights:
U.S. high-value agricultural exports to Indonesia reached a record $145 million in 2004 and are on pace to surmount that record in 2005, with the value reaching $103 million in the first 7 months of 2005. Prospects for further economic growth plus the rapid expansion of the modern supermarket sector and the food service industry are expected to continue to boost demand for imported products. Vast opportunities exist for U.S. food exporters in Indonesia, but potential entrants must establish personal contacts and be aware of import regulations. U.S. dairy products are becoming an increasingly important export. Other major high-value exports include fresh fruit, processed fruit & vegetables, and snack foods (confectionery, potato chips, popcorn).

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Jakarta [ID1]
[ID]

TABLE OF CONTENT

SECTION I. MARKET OVERVIEW

Economic Trends and Outlook

Indonesia is an archipelago nation of around 220 million people (2005), making it the world's fourth most populous nation. Per capita income is still relatively low, so great potential for further growth in aggregate demand for consumer-ready food products exists. Consumer demand has driven economic growth in recent years. In 2005, GDP growth is expected to approach 5.1 percent, and most analysts forecast similar growth for 2006.

The Indonesian economy must overcome numerous challenges before achieving a sustainable foundation for long-term growth. The most serious challenges include an unattractive investment climate, weak banking sector, exchange rate volatility, weak infrastructure, and lack of an efficient and transparent legal system. The business sector and consumers have also had to adjust to the mandated increases in fuel prices in March and October 2005.

In 1996, (before the financial and economic crisis hit much of Asia), total U.S. agricultural and forestry products exports to Indonesia were nearly $900 million. Beginning in late 1997, however, Indonesia experienced a dramatic collapse in its economy. U.S. agricultural and forestry exports dropped to $813 million in 1997 and $495 million in 1998. In 1999, the economy and in turn U.S. agricultural exports began to recover. U.S. agricultural exports have rebounded since and are expected to approach $1 billion in 2005.

The overall economic outlook for Indonesia is for relatively slow but continued growth, with annual U.S. agricultural exports expected to grow concurrently.

Market Opportunities

- Indonesia's population is relatively young with more than half of the population (66%) between 15-64 years old. Nearly 60 percent of the population lives on Java and accounts for 60-65 percent of the sales of fast moving consumer goods. Java also has the best infrastructure although urban areas in Sumatera, Bali and Sulawesi are also developing.

- It is currently estimated that the upper and middle income groups combine to represent 15 percent of the population, or equal to about 33 million people. This is about half of the pre-crisis level of 78 million. Most of these people live in the major urban areas, including cities on Java (Jakarta and its surroundings, 12.5 million people; Surabaya, 3 million; Yogyakarta and surroundings 1.8 ; Bandung, 2 million; and Semarang, 1.3 million); Sumatera (Medan, 2.1 million; and Palembang, 1.5 million); Sulawesi (Makassar, 1.5 million; and Manado, 1 million); and the island of Bali (1.6 million); Kalimantan (Balikpapan & Samarinda, 1 million).

- The population has become increasingly more literate and Westernized during the past decade due to increased overseas studies and international travel; access to international TV; expansion of modern malls in big cities; dramatic growth in major international hotel and restaurant chains (including fast food), and foreign tourist arrival (5.3 million in 2004 and slightly above 2001 arrival at 5.1 million in 2001).

- The peak business periods are during the holiday seasons when consumer spending increases. The most important holiday seasons are Ramadhan (the month-long Muslim fasting period in which food consumption goes up significantly), Lebaran or Idul Fitri (Muslim celebration of the end of the fasting), and Chinese New Year. Indonesians consume significantly greater amounts of flour, sugar, eggs, baking ingredients, poultry, meat, cheese, cakes, cookies, pastries, fresh and dried fruits during these holiday periods.

- Even though 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. Other western celebrations such as Valentine's Day, U.S. Independence Day, and Halloween have also become trendy among upper-scale restaurants in Indonesia.

- The Indonesian consumer is very price conscious and susceptible to economic swings, with purchasing fluctuations occurring more in the middle and lower level income groups. Customers mostly prefer smaller packs for affordability.

- More urban women are entering the workforce and choosing to stay there after marriage and children. With less time available for shopping and cooking, focus is increasingly on convenience.

- The number of household appliances for cooking is low. At average, 19 percent of households have a refrigerator (33.74 percent in urban and 8.12 percent in rural area). Cooking with gas stove appliances occurs only for about 14.42 percent household (24.58 percent in urban and 6.91 percent in rural area).

- Demand for imported ingredients is growing as food manufacturers are continuing to develop new products.

Advantage and Challenges Facing U.S. Food Products in Indonesia

ADVANTAGES AND CHALLENGES FACING U.S. FOOD PRODUCTS IN INDONESIA	
Advantages	**Challenges**
Market scale - Indonesia has a population of around 220 million people.	Weak purchasing power of the majority of the population.
Almost 10% of population is between 10-14 years of age (21 million). The majority are expected to participate in tomorrow's consumer market, or are already.	The Muslim population (88%) does not consume non- halal products.
Most applied duties on food and agricultural products are 5 percent or less.	Import regulations are complex, often non-transparent, and require exporters to establish close business relationships with local importers/agents.
The distribution system on the island of Java is improving, providing increased access to a population of 132 million	Infrastructure, including ports and cold storage, facilities outside of the main island of Java is poorly developed.
A reputation for quality is the strongest selling point for U.S. food products.	Third-country competition remains strong, especially from Australia, New Zealand and the Europe. Food products import from Malaysia, Philippines, Thailand and China is growing. ASEAN plus AFTA and China trade agreement are starting to be implemented.
Food processing industry is aggressively	Import financing remains a problem as

seeking a variety of imported food ingredients	Indonesia's banking system remains weak.
Distribution and availability of imported products will be expanded by the rapid growth of the modern supermarket sector and western restaurant chains.	Important considerations are labeling regulations, including halal, and shipment sizes. U.S. companies need to work with U.S. consolidators and be prepared to send smaller quantities.
Indonesia has a well-developed tourism industry with many hotel chains and restaurants purchasing imported products through local agents/importers.	In a cost-cutting measure, many hotels replaced much of their expatriate F&B staff with locally-hired staff. While most are well-qualified, they are unfamiliar with U.S. quality food products and tend to emphasize price over quality.
Indonesia is rich in natural resources, with multinational companies involved in the development of oil & gas, mining, and lumber. Some of the well-developed sites have commissary services with significant demand for imported products.	Sites tend to be in remote areas where transportation and lack of infrastructure presents barriers to cost-efficient distribution of imported food products.

SECTION II. EXPORTER BUSINESS TIPS

Business Customs

- While quality and price are important, they are secondary to the personal interaction of the business partners. Perhaps nowhere in the world is meeting face-to-face more important than in Indonesia.

- Market visits to conduct research, especially for product testing, price comparison, adjusting the product for local tastes, and understanding government regulations are critical. Meeting importers, distributors and retailers is an essential part of the market research.

- It is a good idea to start your research in Singapore where your product can easily move into the ASEAN region. Singaporean agents, importers, distributors and retailers are sophisticated and know the regional markets well. In addition, the shipping time is less and smaller shipment sizes can be sent into new markets from Singapore.

- Appoint one or several agents on a trial basis and provide them with incentives to get your product into the market. Support your agent by maintaining product quality. Educate the agent, the importer, the distributor, the retailer and the consumer about your product. This market for consumer-ready food products is relatively new and it should never be assumed that anyone knows how to promote, handle, and prepare your product.

- Assist the food processors to develop products using food ingredients.

- Be patient and think long term. It is not unusual to visit the market 2-3 times before details are finalized.

General Consumer Tastes and Preferences

- Lunch and dinner meals consist mainly of rice together with two or three meats/fish and vegetable dishes that are prepared according to various ethnic styles and tradition. There is a general tendency to consume a large portion of fresh produce, often bought on day of consumption. Religious affiliation affects food consumption. Muslims do not eat pork, and only eat meat products that have been certified halal as well as other domestically produced food items.

- When introducing new products, several factors should be kept in mind. Indonesian consumers have an aversion to low-quality products and are attracted to branded products. They also tend to be image conscious and very price sensitive. Brand loyalty is most likely to be broken by products that are of good quality, well packaged, well-distributed, well-promoted and competitively priced, rather than cheap products.

Food Standards and Regulation (FAIRS report ID5017)

- Have your appointed agent register your product. According to Indonesian regulations, all products must be registered through the National Agency for Drug and Food Control (BPOM) to obtain an ML ("Makanan Luar"/Import Registration) number. However, a significant percentage of the imported products on supermarket shelves are not registered and enter the market in mixed container loads. The registration process can be lengthy, bureaucratic and costly and generally requires a local agent or importer.

- Labeling and marking requirements: Food labeling are in place and the government is currently in the process of implementing new food labeling guidelines. Halal certification and labeling is not required at this time but these guidelines are also under review. Given that more than 88 percent of the population professes the Islamic faith, it is highly recommended that a *halal* certification be obtained.

- All beef and poultry products must be certified halal and the products must originate from slaughterhouses which have been inspected and approved by Indonesian veterinary (DG Livestock) and religious authorities (MUI). Also each meat shipment imported requires prior approval by the Ministry of Agriculture.

- Your product should be packed and shipped for a tropical climate, and have clear storage instructions. This is especially important as few cold storage or air-conditioned facilities and delivery trucks exist and sometimes stores turn off cold storage facilities at night to conserve energy.

General Import and Inspection Procedures

- Since April 1977, the Customs Directorate of the Ministry of Finance has operated a post –entry audit system, which relies primarily on verification and auditing rather than inspection to monitor compliance. Problems occur regarding the customs procedures and valuation made by the Indonesian Customs and the irregular and non-transparent fees required to get shipments released.

- Starting July 1, 2005, a new tariff regulation between China and AFTA has been implemented. However, the tariff rate regulation among AFTA member themselves (Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand) will be implemented starting July 2007 for 80% of pos tariff and the rest will be implemented in 2010. Vietnam, Cambodia, Laos and Myanmar will integrate in 2012.

- Tariff and Import Taxes: Indonesia's bound tariff rates on major food and agricultural items generally range from 5 to 40 percent. Applied tariffs, however, on most food items are 5 percent. The major exception is the 170 percent duty applied to all imported alcoholic beverages.

- Other Taxes: The government levies a 10 percent value-added tax on the sale of all domestic and imported goods. A luxury tax ranging from 10 percent to 75 percent is also levied on certain products. 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. Another tax is Sales tax (PPn) 2.5 percent.

Others

- Take advantage of the services offered by the Foreign Agricultural Service. We can provide a briefing in our office, provide contact lists for your areas of interest, arrange hotel accommodations, and inform you of upcoming events such as U.S. food product shows and agent shows.

- The Southeast Asia Market Access Program sponsored by the Western U.S.A. Trade Association (WUSATA) and the Midwest Agricultural Trade Association (MIATCO) provides many services for a fee including store checks, competitive products shopping, distributor referrals, and in-market assistance. See Section V for contact lists of all Foreign Market Development (FMD or Cooperator) programs and Market Access Program (MAP) participants active in the food sector in Indonesia.

- ***Always remember, while quality and price are important, they are secondary to the personal interaction of the business partners. Perhaps nowhere in the world is meeting face-to-face more important than Indonesia.***

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

A. Retail Sector

Market Overview

The retail industry has evolved significantly from poor traditional markets and modest kiosks to sophisticated hypermarkets and superstores. At present, many big retailers are engaged in major expansion projects. With the entrance of some foreign retail giants like Carrefour, Giant, Makro, and Lion Superindo (Delhaize group), competition in the Indonesian retail market has become very fierce. In recent years, major national and international chains continued to expand into other cities all over Indonesia in various format outlet such as hypermarket, supermarket and mini market. The modern retail outlets with all of their facilities support provide a good prospect for imported U.S. food products.

Table 1. Number of Retail Outlets by type 1999-2003

Description	1999	2000	2001	2002	2003
Co-operatives	74,751	79,512	84,510	89,748	95,264
Independent grocers	70,300	74,952	80,031	85,421	91,305
Convenience stores	1,025	1,121	1,225	1,325	1,615
Supermarkets	1,173	1,210	1,255	1,312	1,377
Department stores	522	550	573	602	643
Warehouse clubs	22	23	28	29	29
Hypermarkets	6	7	8	11	13
Others	21,571	28,573	38,595	48,050	60,222
Wet market	10,430	10,452	10,475	10,502	10,532
Total	179,800	196,100	216,700	237,000	261,000

Source: Euromonitor

Table 2. Percentage Growth of Retail Sales by Type of Outlet

Description	1999/2003 (excluding wet market)	2002/2003 (excluding wet market)
Co-operatives	74.0	11.1
Independent grocers	66.5	13.7
Convenience stores	64.7	13.0
Supermarkets	36.5	8.1
Department stores	36.7	7.3
Warehouse clubs	19.5	4.8
Hypermarkets	148.3	32.0

Source: Euromonitor

Table 3. Food Retailer Sales by Type of Outlet 1999-2003 (IDR billion)

Description	2001	2002	2003	2004 est	2005 est
Co-operatives	9,161	10,802	12,003	13,466	15,122
Independent grocers	32,003	36,246	41,201	44,000	48,958
Convenience stores	2,615	2,946	3,328	3,944	4,681
Supermarkets	9,981	10,756	11,625	12,636	13,761
Hypermarkets	1,995	2,720	3,590	4,739	6,351
Wet market	204,685	231,846	263, 826	291,931	322,241
Others	8,575	9,829	11,550	13,444	15,675
Total	269,044	305,144	347,122	384,160	426,790

Source: Euromonitor

Most supermarkets, hypermarkets, and warehouse outlets buy their imported products from distributors or agents, such as fresh fruit, meat, and other processed food. Some are importing direct from foreign suppliers, particularly perishable products. This trend is expected to expand in the near future. In general, new products and suppliers must be approved by the purchasing unit in headquarters (for national chain stores) in Jakarta. Subsequent orders may take place from individual stores, especially those outside of Jakarta. Delivery is to a central warehousing facility or individual stores.

Future Trends

In the near future, recently-developed patterns of consumer behavior are expected to continue growing (prefer shopping at the supermarket/modern outlet due to comfortable shopping space, a complete range of goods, guaranteed quality of products, competitive price, good service, and easy accessibility to the residents of the settlement area). Consumers are adjusting to paying higher prices for imported and local food products. They will remain very selective in their product purchases and will be looking for good quality products at low prices. Promotion will be important as consumers will be more fickle and there will be opportunities to replace traditional brands. There are growing concern with the nutritional aspects of food products.

Future trends include Ready-to-Cook and Ready-to-Eat foods due to modern life styles, both parents work, and international exposure.

Entry Strategy

The best way to penetrate the Indonesian market is to select an agent. In general, the volume of imported product sales is small. An agent is needed to assure the widest distribution for your products as well as to undertake the marketing efforts necessary to create awareness for your products among consumers as well as to register your products (ML number) with the National Agency for Drug and Food Control.

In some situations, it may make sense to sell your product directly to supermarkets and/or to appoint them as the exclusive distributors. This is primarily the case when your product is a gourmet, upscale product and not likely to generate sufficient volume to interest an agent in bringing in container loads or the retailers has sufficient outlets for supplying the products or fresh fruit. Nevertheless, your initial sales efforts to Indonesia should include both visits with potential agents as well as with key retailers.

Best Market Prospects

Best market prospects for U.S. suppliers include fresh fruit, frozen french fries, frozen vegetables, snack foods (confectionery, potato chips, popcorn), canned foods, sauces & seasonings, and salad dressings. Niche markets exist for frozen meat & poultry, delicatessen items, cooking/salad oils, breakfast cereals, pasta, tomato paste, and non-alcoholic beverages.

Further Information

For a more detailed assessment of the Indonesia retail food sector, please see: *Indonesia, Market Development Report, Retail Sector Report 2004*. Information on how to access this report is available under Section V.

B. HRI Food Service Sector

Market Overview

The Hotel, Restaurant, and Institutional (HRI) industry in Indonesia is extremely diverse. It consists of hotels, restaurants that serve local and Western food, fast food outlets, and clubs. Small restaurants, street stalls known as warungs, and hawkers that sell food to customers on the street comprise the majority of retail outlets. Catering operations service airlines, factories, and private social functions. Cruise and military ships, mining and oil operations, prisons, and hospitals are also a part of this sector.

The majority of imported products are sold to four and five-star hotels and up-scale restaurants that sell Western food. A significant volume of imported items is also sold to Western fast food outlets, but the variety is limited. In compliance with that, tourism and the high-end income Indonesian who dine out on imported food are the important target group for this consumer food service.

In 2003, there were around 10,435 hotel-type institutions (263,000 rooms) in Indonesia, and 1,300 of those accommodation (37,000 rooms) are in Bali. The subsector comprises 7.7 percent five star hotels, 14.8 percent four stars, 23.8 percent three star, and the rest below three star hotels. Most of the three star hotels and above are owned by international and domestic hotel chains.

Table 4: Sales in Consumer Foodservice by Sector 1999-2003 (IDR billion)

	1999	2000	2001	2002	2003
Cafes/bars	7,703	8,761	10,427	12,103	13,928
Full-service restaurants	32,881	41,367	52,678	63,626	74,985
Fast food	2,607	3,403	4,287	5,022	5,872
100%m home delivery /takeaway	81	90	111	134	154
Self-service cafetaries	629	703	824	961	1,134
Street stalls/kiosks	4,395	4,799	5,434	6,270	7,051
Total	48,297	59,123	73,760	88,116	103,124

Source Euromonitor

Table 5: Sales in Consumer Foodservice by Sector 1999-2003 (% transaction growth)

	2002/03	1999-03 (Average growth/ year)	1999-03 (Total)
Cafes/bars	6.1	7.4	33.3
Full-service restaurants	6.0	6.6	29
Fast food	9.7	10.3	48.1
100% home delivery/takeaway	4.7	6.4	28
Self-service cafetaries	7.7	6.8	29.9
Street stalls/kiosks	3.8	3.6	15.2
Total	4.8	4.9	21.1

Source Euromonitor

Despite international franchises outlets (such as bread talk, a bakery chain from Singapore that open the bread lover eyes in Jakarta), local restaurant and bakery franchises outlets are also rapidly increasing. This include noodles, pizza, fried chicken, as well as modern bakery outlets.

Shops specializing in coffee are growing including international chain (Starbuck Coffee, The Coffee Bean and Tea Leaf, Gloria Jean's, Dome coffee) and local chains. Fast food pizza as a meal alternative and bakery also experienced a significant growth. New bakeries are introduced with modern concept (bread boutiques or serving hot/cold sandwiches). The growth of foodservice industry is also push by the development of the shopping malls in the big cities where the food service outlets are located. New outlets in the café/bars sector increase but the popularity of specific outlets tends to be short-lived due to the frequent shifting of the consumer preference.

Away-from-home eating is a very common activity across all levels of income. For various reasons, the custom is gaining acceptance all over Indonesia. Apart of the basic reason such as lunching at work, the change in lifestyle and income levels (dining out with peers in standard Western food service outlets become a trendy and modern way of life; shopping malls become recreational places during the weekend) has also become major driving force behind the trend. For a few, eating out as a family activity is done every weekend.

Private social functions, such as wedding party, also contribute to the sales of food service industry. For high income consumer, wedding party is a prestige ceremonial event and conducted in four or five-star hotels or in up-scale restaurants with thousand invitees and serve with abundant food from appetizer to desert. This is common in Indonesian culture to invite a lot of people for wedding ceremony and provide them with foods.

Future Trends

In 2004, the Revenue from the hotel and restaurant sector was $4.8 million from 5.3 million tourists and in 2005 is estimated to reach US$ 6 million from 6 million tourists. The customer base for most of the HRI trade is expected to shift to an even higher percentage of Indonesian customers, in contrast to the high percentage of expatriate customers in pre-crisis years. The growing of local tourist has pushed by the competitive price of domestic airfares since past three years. The expansion of the franchise restaurants (including fast food), casual dining cafés, international and family style restaurant, and food court is expected to increase imported food consumption.

Entry Strategy

A U.S. exporter that is interested in selling to the HRI trade in Indonesia should look for a reputable importer/distributor to represent their products. These companies have the import licenses and knowledge of customs clearance procedures that are required to successfully bring in products. They will also have the capability to be in a position to ensure the widest distribution for your items.

Despite the downturn this year, Jakarta and Bali remain the ideal locations to target in your market entry efforts. These cities have a sizeable HRI trade, which consist of 5-star hotels and upper-scale restaurants. They also have sizeable expatriate communities and a large numbers of foreign visitors that seek imported food products.

Further Information

For a more detailed assessment of the Indonesia retail food sector, please see: *Indonesia, Market Development Report, HRI Food Service Sector Report 2003.* Information on how to access this report is available under Section V.

C. Food Processing Sector

Market Overview

Indonesia offers significant market potential for U.S. suppliers of food and agricultural ingredients for the local food processing sector. Indonesian's food and beverage processing industry in 2002 was worth over US$ 10 billion, and is comprised of 4,700 businesses, ranging from family owned business to multinational companies, and over 900,000 traditional home industries. Package food sales in 2002 grew approximately 15 percent, reaching sales of over IDR. 61,000 billion (US$ 6.67 billion). Unfortunately, inflation played a significant role in driving up current value growth. Price increases for fuel, electricity, telephones, rice, and other basic necessity items continually drive up end product prices.

Table 6: Retail Sales of Package Food in 2003 - 2004 (Rp billion)

Description	2003	2004
Confectionery	6,471	7,735
Bakery products	10,512	11,955
Ice cream	1,258	1,414
Dairy products	9,234	10,655
Sweet and savory snacks	4,177	4,654
Snack bars		
Meal replacement products	59	78
Ready meals	31	36
Soup	19	23
Pasta	56	64
Noodles	8,518	9,431
Canned/preserved food	894	1,041
Frozen processed food	953	1,224
Dried processed food	18,844	21,340
Chilled processed food	313	348
Oils and fats	4,050	4,761
Sauces, dressings and condiments	2,505	2,781
Baby food	3,193	3,821
Spreads	369	414
Total Package food	62,842	72,232

Source: Euromonitor (rounded)

Various new product development of package food has been noted in past two years. This includes sugar confectionery, breakfast cereals, instant noodle, savory snacks, and dairy drinks that provides consumer with a wider selection of products.

In past few years, fruit-flavored drinks started to dominate fruit/vegetable juice due the price concern (only slightly above the bottle water) and targeted all class.

Soy bean base products, such as tofu, tempe and soy milk as multi-functional health drink packed in a transparent plastic bag, are produced by small scale industry (home industry) and already ubiquitous in Indonesia mostly sold in traditional market and door to door service.

Table 7. On trade vs Off trade sales of Fruit/Vegetables juice in 2002- 2003 (Rp billion)

Description	2002	2003
Off-trade	233	300
On trade	98	110
Total	331	411

Source: Euromonitor (rounded)

Consumer sophistication, growing health consciousness, the introduction of new food products, and growth of modern retail outlets should lead to positive growth in the food-processing sector, although facing several challenges are continuing to inhibit economic growth. Growth is expected to range from 4-11 percent in volume terms and increase by close to 8 percent in value terms.

Entry Strategy

Inputs for food processing can be categorized as follows:

- Primary materials such as frozen offal beef, wheat or skimmed milk powder.
- Essential complementary ingredients such as flavoring or preservatives.

Primary materials are most commonly imported directly by the food processor. Complementary ingredients are usually bought from a local importing agent because they are used in smaller quantities and often have limited shelf life.

Some "local suppliers" are agents in Singapore, which some producers find useful as a regional distribution point. Food processors buy from local agents in some cases because the agent has an exclusive sales agreement. Some companies would import directly if an alternative source were located.

Many multinational food processors operating in Indonesia must follow global product specifications. These companies have central purchasing offices, often in the U.S. or in Europe.

The range of products represented in the industry makes recommendation of one strategy difficult. Generally applicable principles are as follows:

? Personal contact and local representation is essential if a permanent presence in the market is envisaged.

? Local representation requires careful and detailed research 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 greater value in the market than "good connections".

? Do not make any commitment to grant exclusive rights to a product before gaining experience of a prospective representative's capabilities.

? Pay attention to accounting standards applied in the preparation of reports supporting the financial standing of candidate representative's or partners.

Investment Trends

Foreign investment in the food processing sector is increasing as a result of liberalized investment regulations and the need for new capital during the ongoing economic crisis. A further consideration is the establishment of the AFTA trade zone giving favored treatment to regional production. Each of the following U.S.-based corporations based in Indonesia export to the region using their world brand names: Heinz - PT. Heinz ABC Indonesia; Campbells Soups - PT. Arnott's Indonesia (via Australian subsidiary); and Nabisco - PT. Nabisco Foods.

European investment is strongest in the dairy foods industry with Nestle, Freische-Foremost, and Nutricia all long standing participants. New comer, PT Danone Dairy Indonesia and New

Zealand also established their dairy manufacturers in Indonesia. Japanese investment in the sector does not match its standing in other Indonesian manufacturing sectors.

Despite the entry of new players, the recent trend among Indonesian manufacturers is contract manufacturing to a Chinese processor to avoid the high cost of local raw materials, such as sugar, to produce candy and other package food products.

The challenges Indonesian manufacturers continue to face high electricity/fuel price, increasing labor cost, lack of distribution infrastructure, and cheaper finished products from neighboring ASEAN countries and China.

Consumption Trends

Significant growth potential exists in this sector for U.S. food ingredients. Indonesia will follow the economic model of shifting towards increased consumption of processed foods as the economy develops and the population becomes more urban. Indonesian people spent about 60 percent of total expenditure for food. Out of that 60 percent, only 25% is spent for processed food and beverages, or about U$ 8.55 billion annually, of which US$ 6.67 billion was for processed food (2002).

Post crisis, processed food industries are facing changing consumer profiles. There are a growing number of more sophisticated, critical, and educated consumers. Consumers are increasingly familiar with fortified food, i.e. products with added vitamins and minerals in milk, biscuits and ice cream. These sophisticated consumers gained knowledge not only from living, studying, and working abroad but also from the media. However, the majority of consumers remain price conscious.

To address price concerns, smaller pack sizes and no frill products and cost are being reduced to lead to more affordable products.

Breakfast cereal that has an image as a healthy products moves from introduction to developing stages and now there are three local producers produce this kind of products.

In contrast, relatively new categories, such as ready meals (industrially packed), meal replacement drinks, and snack bars have limited potential. Many consumers are unaware of these products and since the price is expensive, the penetration rate remains low. Ready meals will not be a necessity since affordable ready-to-eat or cooked food is available at eating outlets of all sizes throughout Indonesia.

Best Market Prospects

Best market prospects include wheat flour based food products as the alternate of Indonesian staple food in the form of noodle and baked goods, food-use soybeans, beef, dairy products, flavorings, processed poultry products, processed potato products, fruit concentrates, and bakery ingredients.

Further Information

For a more detailed assessment of the Indonesia retail food sector, please see: *Indonesia, Market Development Report, Food Processing Sector Report 2003.* Information on how to access this report is available under Section V.

D. Distribution System

Due to the widespread and diverse nature of the country involving thousands of islands, this system is complex. In many cases, the infrastructure is insufficient, especially outside big cities and Java island. The ability to move frozen and refrigerated products is limited. There are only several national distributors who service the whole country and numerous agents/distributors with a more local reach. There are hundreds of wholesalers and millions of retailers.

Inadequate ports were the single largest and most consistent complaint in every province and with all levels of the distribution system. The shallow drafts in ports requiring small ships and inadequate loading and unloading facilities resulting in frequent congestion as well as the unreliable shipping schedules and inadequate number of small ships serving Eastern Indonesia, particularly during bad weather periods - which results in frequent shortages and leads firms to hold higher than desired inventories, with higher costs.

Imported products that enter the Indonesian market often move to a distributor or agent, who in turn, sells them directly to modern retail outlets. Delivery of the products may be direct to stores or to the warehousing facilities of the retailer. Only a few retailers buy directly from foreign suppliers and assume responsibility for the logistics function. Major food processors tend to buy directly while smaller operations tend to buy through local agents.

The trade in fresh fruit differs from that of other consumer-ready food products. Fresh fruit imports are dominated by trading houses that specialize in fruit, whereas other food items are widely traded. For example, it is not unusual for one importer to carry such items as meat, poultry, french fries, and confectionary ingredients and deliver them directly to the retailer. On the other hand, fresh fruit will change hands several times before reaching the consumer, usually at the wet market or curbside fruit stands.

Restaurants and retailers alike frequently complain about the poor distribution system. Their complaints center around getting a consistent supply of quality food products. Sometimes distributors sell outdated products that they purchased inexpensively or a frozen product was not stored correctly and has been refrozen. In addition, they complain about the large number of distributors they must deal with since most of the distributors carry only a handful of products or carry a limited supply.

SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS

Best market prospects imported product, as identified by the FAS Jakarta based on Central Bureau Statistics data are as follows:

HS Code	Description	2002 (USD 000)		2003 (USD 000)		2004 (USD 000)	
		World	US Origin	World	US Origin	World	US Origin
040210	Milk and Cream, Concentrated, Whether or not Sweetened, In powder, granules or other solid forms, of a fat content, by weight, not exceeding 1.5%	119,000	5,400	113,500	8,600	171,100	39,500
080810	Apples, fresh	68,300	31,600	61,800	26,800	63,400	23,100
210690	Food Preparation Nesoi	47,700	4,400	69,200	5,100	111,600	13,600
080610	Grapes, fresh	18,600	10,000	18,000	8,400	25,600	11,400
020622	Livers of bovine animals, edible, frozen	8,200	3,300	8,900	4,200	7,700	4,700
3505100	Dextrins and other Modified Starches	41,800	2,700	34,000	2,400	35,300	4,000
350400	Peptones and derivatives; other proteins and	6,300	2,400	8,100	2,900	11,400	3,600
040410	Whey and modified whey, whether or not concentrated or containing added sweeterners	19,700	3,200	16,700	2,800	28,300	3,400
210610	Protein concentrates and textured protein substance	2,900	1,200	3,600	1,100	11,700	3,100
110520	Flakes, granules and pellets of potatoes	2,100	1,800	3,000	2,300	3,700	2,600
020629	Offal of bovine animals, edible, nesoi, frozen	14,500	3,900	14,200	3,700	16.900	2,500

200410	Potatoes, including French fries, prepared or preserved otherwise than by vinegar or acetic acid, frozen	6,200	2,300	6,700	1,000	6,100	2,200
200520	Potatoes prep or presv ioth wise than by vinegar, nor frozen	84	6	1,000	57	1,900	1,700
071010	Potatoes, uncooked or cooked by steaming or boiling in water, frozen	3,500	2,400	2,600	1,000	2,900	1,400
170219	Lactose in solid form and lactose syrup, nesoi	600	200	1,200	100	2,800	1,300
230910	Dog, and cat food, put up for retail sale	3,700	1,200	3,900	1,500	5,100	1,200
020230	Meat of bovine animals, boneless,frozen	17,900	1,200	17,700	1,500	24,900	1,000
080510	Oranges, fresh	13,900	1,000	17,600	1,400	25,400	1,000
130232	Mucilages & thickeners, whether or not moif derv from locust beans	3,100	1,100	2,500	900	2,800	1,000
040630	Cheese, processed, not grated or powdered	3,600	200	6,500	1,200	19,700	900
13021200	Vegetables Saps & extract of liquorice	1,700	1,400	1,100	800	1,400	700
071290	Vegetables, Nesoi, dried and vegetable mixtures dried (whole, cut, sliced, etc) but not further prep.	2,000	300	3,000	600	2,400	600
080620	Grapes Dried	900	200	900	200	800	300

Country of origin:

HS Code	Description	2002 (percent USD value terms)	2003 (percent USD value terms)	2004 (percent USD value terms)
040210	Milk and Cream, Concentrated, Whether or not Sweetened, In powder, granules or other solid forms, of a fat content, by weight, not exceeding 1.5%	Australia 32%, NZ 27%, Netherlands 18%, **US 5%,** Czech Republic 4%, Germany 3%, Poland 2%	NZ 25%, Netherlands 22%, Australia 17%, Germany 9%, **US 8%,** Ireland 3%, UK 3 %, Canada 3%, Poland 2%	US 23%, Australia 22%, NZ 20%, Netherlands 11%, Denmark 3%, UK 3%, Ireland 3%
080810	Apples, fresh	**US 46%,** China 41%, France 4%, NZ 4%	China 48%, **US 43%**, NZ 5%	China 55%, US 37%, NZ 3%
210690	Food Preparation Nesoi	Netherlands 49%, South Korea 12%, **US 9%**, Malaysia 8%, Thailand 5%, Philippines 3, Australia 2%	Netherlands 53%, South Korea 14%, Malaysia 8%, **US 7%,** Thailand 4%, Philippines 3%, Australia 2%, Japan 2%, China 2%	Netherlands 39%, South Korea 15%, US 12%, Malaysia 9%
080610	Grapes, fresh	**US 54%,** Australia 37%	**US 47%,** Australia 29%	**US 44%,** Australia 31%, Chile 8%, South Africa 7%, China 4%
020622	Livers of bovine animals, edible, frozen	Australia 43%, **US 41%,** NZ 14%	**US 47%,** Australia 37%, NZ 15%	US 61%, NZ 22%, Australia 16%
3505100	Dextrins and other Modified Starches	Thailand 50%, Netherlands 12%, Singapore 11%, Germany 8%, US 7%, China 3%	Thailand 56%, Netherlands 15%, Germany 8 %, US 7%, Taiwan 2%	Thailand 52%, US 11%, Netherlands 11%, Germany 10%, China 4%, Taiwan 2%
350400	Peptones and derivatives; other proteins and derivatives, nesoi; hide powder, chromed or not	**US 39%,** Netherlands 29%, Brazil 14%	**US 36%,** Netherlands 30%, Brazil 10%, UK 9%	Netherlands 37%, US 32%, Japan 11%, Brazil 8%, China 5%
040410	Whey and modified whey, whether or not concentrated or containing added sweeteners	France 36%, Australia 19%, Ireland 13%, **US 11%**, Netherlands 11%	France 24%, Australia 20%, Finland 15%, Netherlands 14%, **US 12%**	Australia 41%, France 22%, Netherlands 21%, US 12%, Germany 2%
210610	Protein concentrates and textured protein	**US 42%,** Netherlands	**US 32%,** Japan 30%m	Japan 39%, US 27%,

	substance	12%, Japan 10%, China 9%, Australia 7%	Netherlands 9%, China 6%, Australia 5%, Taiwan 4%, Germany 3%	China 16%, Australia 5%, Netherlands 3%
110520	Flakes, granules and pellets of potatoes	***US 84%,*** China 2%, Malaysia 2%	***US 77%,*** Germany 9%, Netherlands 7%, Singapore 3%	US 70%, Germany 12%, Singapore 11%, Malaysia 4%
020629	Offal of bovine animals, edible, nesoi, frozen	Australia 49%, ***US 27%,*** NZ 19%,	Australia 42%, NZ 30%, **US 26%**	Australia 46%, NZ 38%, *US 15%*
200410	Potatoes, including French fries, prepared or preserved otherwise than by vinegar or acetic acid, frozen	***US 37%,*** Canada 34%m Malaysia 22%, NZ 5%	Canada 34%, Malaysia 17%, ***US 14%,*** Singapore 14%, Netherlands 12%, NZ 6%	Canada 36%, *US 26%*, Malaysia 15%, NZ 13%, Australia 6%
200520	Potatoes prep or presv ioth wise than by vinegar, nor frozen	Australia 51%, Batam/Indonesia free port 20%, Singapore 12%	*US 56%,* Australia 25%, Netherlands 12%	*US 91%,* Australia 7%
071010	Potatoes, uncooked or cooked by steaming or boiling in water, frozen	***US 68%,*** Singapore 13%, Netherlands 7%, NZ 6%, Hongkong 4%	NZ 50%, ***US 38%,*** Netherlands 9%, China 1%	***US 50***%, NZ 33%, Netherlands 8%, Canada 4%, China 2%
170219	Lactose in solid form and lactose syrup, nesoi	Netherlands 51%, *US 19%,* Thailand 12%, China 6%, NZ 5%	Thailand 49%, Netherlands 24%, *US 10%,* China 8%, NZ 4%	*US 46%,* Netherlands 26%, Germany 9%, France 7%, Japan 6%, Canada 3%, NZ 2%
230910	Dog, and cat food, put up for retail sale	***US 32%,*** Australia 32%, Thailand 25%	***US 39%,*** Australia 28%, Thailand 24%	Australia 38%, Thailand 27%, ***US 24%,*** Singapore 3%
020230	Meat of bovine animals, boneless frozen	Australia 68%, NZ 27%, *US 5%*	Australia 65%, NZ 28%, *US 5%*	NZ 66%, Australia 29%, *US 4%*
080510	Oranges, fresh	China 26%, Pakistan 20%, Australia 13%, Egypt 10%, South Africa 9, Brazil 8%, ***US 7%***	Australia 23%, China 18%, Brazil 16%, Egypt 10%, Pakistan 9%, South Africa 8%, ***US 8%***	China 32%, Pakistan 21%, Australia 16%, Brazil 7%, Egypt 5%, Argentina 5%, *US 4%*
130232	Mucilages & thickeners, whether or not moif derv from locust beans	*US 36%,* India 22%, Denmark 12%, Pakistan 8%, Singapore 7%, Taiwan 5%	*US 36%,* India 33%, Pakistan 13%, Singapore 7%	India 41%, *US 37%,* Pakistan 9%, Denmark 4%
040630	Cheese, processed, not	NZ 50%m	NZ 41%,	Australia 55%,

	grated or powdered	Australia 32%, France 9%, ***US 4%,*** Netherlands 4%	Australia 25%, ***US 18%,*** Netherlands 9%, France 6%	NZ 32%, *US 5%,* France 4%, Netherlands 3%
13021200	Vegetables Saps & extract of liquorice	*US 83%,* China 5%, South Korea 4%	*US 77%,* Singapore 16%, Germany 3%, Hongkong 3%	***US 52%,*** Iran 27%, Singapore 12%, China 9%
071290	Vegetables, Nesoi, dried and vegetable mixtures dried (whole, cut, sliced, etc) but not further prep.	China 61*%, US 13%,* Singapore 8%, Taiwan 3%	China 62%, *US 21%*, Singapore 5%	China 54*%, US 24%*, Singapore 10%
080620	Grapes Dried	China 24%, *US 20%*, Turkey 18%, South Africa 13%, Iran 9%, Australia 7%, Singapore 5%	Iran 20%, *US 19%*, South Africa 18%, China 16%, Turkey 13%	*US 40%,* Iran 36%, South Afrika 9%, United Arab Emirates 5%, Turkey 5%

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

Government of Indonesia Contacts for Food & Beverage Control				
Organization	**Contact Person**	**Address**	**Phone**	**Fax**
POM (National Agency for Drug and Food Control)	Drs. Sampoerno, Head	Jl. Percetakan Negara 23, Jakarta Pusat, Indonesia	62-21-424-4688; 424-3605	62-21-425-0764
Ministry of Agriculture - Department of Agriculture-Directorate General of Livestock Services	Ir. Mathur Riady, MA – Director General	Central Office of Agriculture, , C Bld, 6th 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. Syukur Iwantoro, MS., MBA – Director General.	1st Floor, Building E, Jl. Harsono RM. No. 3, Ragunan, Jakarta 12550	T: 62-21 781-6481, 780-5641 to 44 ext 1103	F: 62-21-781-6481/6483 syukur@deptan.go.id
Indonesian Trade Association Contact List				
APRINDO (Indonesian Retail Merchants Association)	Mr. Handaka Santosa, Ketua Satria Hamid Ahmadi S. – Kep. Secr.	E-Trade Building, 3rd Floor, Jl. Wahid Hasyim No.55. Jakarta 10350, Indonesia	62-21-315-4241; 392-8545	62-21-3192-3267 aprindo@cbn.net.id
ASIBSINDO (Indonesian Fruit & Vegetables Importers Association)	Drs. Hendrawan - Chairman	Plaza Dwima I, Lt IV Jl. Jend. A. Yani Kav 67 Jakarta Pusat	62-21-420-6544	62-21-420-6544 kahansamitrabuana@yahoo.com
ASPIDI (Association of Indonesian Meat Importers)	Mr. Thomas Sembiring, President	Jl. Ciputat Raya No. 351, Kebayoran Lama, Jakarta 12240	62-21-7279-3417 & 7279-3409	62-21-7279-3419 asp_1984@cbn.net.id
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

IPS (Dairy Processor Assocaition)	Mr. Sabana , Director & Mr. Syahlan Siregar (Secretary)	Wisma Nestle,5th . 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)	Ir. Thomas Dharmawan – Executive Director	Duta Mas Fatmawati, Blok D-I No. 30, Jakarta 12150	62-21-720-9181	62-21-723-0391 gapmmi@indosat.net.id
Indonesian Cold Chain Association (ARPI/Asosiasi Rantai Pendingin Indonesia)	Ir. Hasanuddin Yasni, MM Executive Director	IBA Building, 2nd Floor, Jl. Raya Pasar Minggu No. 2 B-C, Pancoran, Jakarta 12780	62-21-797-2311	62-21-797-2519 arpi@arpionline.org 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, 4th 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 Pistachio Commission, California Table Grape Commission, California Tree Fruit Agreement, Pear Bureau Northwest, Raisin Administrative Committee, United States Potato Board, Wine Institute of California, FMI	Richard Lieu, Director	# 08-22 Block 3, Alexandra Distripark, Pasir Panjang Road, Singapore 118483	65-6278-3832	65-6278-4372 E-mail: gabaric@singnet.com.sg
Peka Consult, Inc.	Kafi Kurnia,	Jl. Kemang Raya	(62-21) 721-1358	(62-21) 721-

U.S. Cooperator and MAP Participants				
Organization	**Contact Person**	**Address**	**Phone**	**Fax**
Country representative for Washington Apple Commission, California Table Grape Commission, Pear Bureau Northwest, Sun-maid raisin, Sunkist Pistachious,	Leonard Tjahjadi, Dian Mediana	No. 1, Jakarta, Indonesia 12160		1357 E-mail: peka@indo.net.id
PT Swaco Prima Windutama Country representative for U.S. Grain Council and American Soybean Association	A. Ali Basry, Director	Wisma Mitra Sunter # 402 Blok C-2, Boulevard Mitra Sunter, Jl. Yos Sudarso Kav 89, Jakarta, Indonesia 14350	(62-21) 651-4752	(62-21) 651-4753 E-mail: asagrain@indosat.net.id
PacRim Assoc. Ltd Regional Representative for the U.S. Dairy Export Council	Dan Fitzgerald, Director	11/14 Soi Ruam Council, Wireless Road, Bangkok 10330	(66-2) 689-6311	(66-2) 689-6314 E-mail: usdec@pacrim.co.th
U.S. Meat Export Federation	Eric Choon, Asean Director	39 Tyrwhitt Road, 3rd Floor Suite, Singapore 207538	65-6733-4255/6	65-6732-1977 E-mail: echoon@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	Mark Samson Vice President for South Asia	# 15-02 Liat Towers, 541 Orchard Road, Singapore 238881	(65) 6737-4311	(65) 6737-9359 E-mail: msamson@uswheat.org

U.S. Cooperator and MAP Participants

Organization	Contact Person	Address	Phone	Fax
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
U.S. Grains Council	Kimberly Rameker - Regional Director	Wisma SOCFIN, Peti Surat #06 Tingkat Tiga, Jl Semantan 50490 Kuala Lumpur	(60-3) 2095-9826	(60-3) 2096-2053 E-mail: krameker@usgc.com.my

SECTION VI. POST CONTACT AND FURTHER INFORMATION

The Foreign Agricultural Service (FAS) of US Embassy Jakarta maintains up-to-date information covering food and agricultural import opportunities in Indonesia and would be pleased to assist in facilitating U.S. exports and entry to the Indonesia market. Questions or comments regarding this report should be directed to the FAS Jakarta at the following local or U.S. mailing address:

Foreign Agricultural Service
U.S. Embassy Jakarta
Jl. Medan Merdeka Selatan # 3-5
Jakarta 10110 - Indonesia
Tel: +62 21 3435-9161
Fax: +62 21 3435-9920
e-mail:agjakarta@usda.gov
Home page: http://www.usembassyjakarta.org/fas;

Foreign Agricultural Service
U.S. Embassy-Jakarta
Box 1, Unit 8129
FPO AP 96520-0001

Please contact our home page for more information on exporting U.S. food products to Indonesia and to other countries, please visit the Foreign Agricultural Service's Home Page: http://www.fas.usda.gov

APPENDIX 1: STATISTICS

A. KEY TRADE INFORMATION FOR INDONESIA

Item	Import from the World (million)			U.S. Market Share (%)		
	2004	2003	2002	2004	2003	2002
Agricultural Products	5,035	4,281	4,185	18	23	19
Consumer-Oriented Agr.	1,216	897	862	11	11	11
Fish & Seafood Products	87	33	29	3	4	5

Demographic Information: Indonesia			
Total Population (million) in 2004	217	Annual Growth Rate in 2004	1.43%
Urban Population (million) in 2002	90	Annual Growth Rate in 2002	Na
Number of major Metropolitan Areas	10		
Size of the Middle Class (millions) in 2004	33	Growth Rate in 2004	Na
Per Capita Gross Domestic Product in 2004	US$1,195		
Unemployment Rate in 2004	9.9%		
Per Capita Food Expenditures in 2004	USD174*		
Percent of female Population Employed in 2003	51%		
Exchange Rate (US $ 1= X.X. local currency)	See below		
*: Average per capita expenditure US$317 (55% of those is for food); US $1=IDR 8,900 (average in 2004)			

Exchange Rate (Rp./1US$) on Period Month Ending Basis												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1997	2,387	2,403	2,418	2,443	2,458	2,450	2,528	2,190	3,350	3,700	3,740	5,700
1998	13,513	9,377	8,740	8,211	10,767	15,160	13,850	11,700	11,314	9,142	7,755	8,100
1999	9,419	8,992	8,778	8,632	8,179	6,750	6,989	7,736	8,571	6,949	7,439	7,161
2000	7,414	7,517	7,598	7,988	8,728	8,742	9,055	8,370	8,891	9,483	9,524	9,385
2001	9,488	9,914	10,460	11,675	11,375	11,440	9,525	8,670	9,675	10,435	10,430	10,200
2002	10,383	10,222	9,779	9,441	9,823	8,741	9,171	8,938	9,057	9,257	9,020	8,929
2003	8,877	8,917	8,957	8,711	8,274	8,259	8,643	8,488	8,468	8,627	8,537	8,528
2004	8,417	8,439	8,586	8,631	9,290	9,406	9,104	9,257	9,189	9,099	9,018	9,355
2005	9,165	9,260	9,486	9,570	9,495	9,713	9,819	9,970				

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

B. CONSUMER FOOD & EDIBLE FISHERY PRODUCT IMPORT

Indonesia Imports (In Millions of Dollars)	Imports from the World 2002	2003	2004	Imports from the U.S. 2002	2003	2004	U.S Market Share 2002	2003	2004
CONSUMER-ORIENTED AGRICULTURAL TOTAL	862	897	1,216	93	94	139	11	11	11
Snack Foods (Excl. Nuts)	29	34	54	1	1	1	1	1	1
Breakfast Cereals & Pancake Mix	5	6	7	1	1	1	11	8	9
Red Meats, Fresh/Chilled/Frozen	43	44	54	8	10	9	20	22	16
Red Meats, Prepared/Preserved	2	4	5	1	1	1	7	5	2
Poultry Meat	1	1	1	1	1	1	15	39	30
Dairy Products (Excl. Cheese)	236	268	416	9	17	45	4	7	11
Cheese	16	15	28	1	2	1	5	11	5
Eggs & Products	3	3	3	1	1	1	23	7	1
Fresh Fruit	211	185	211	43	38	37	21	20	17
Fresh Vegetables	71	70	79	1	1	1	1	0	0
Processed Fruit & Vegetables	40	41	51	14	11	18	34	27	35
Fruit & Vegetable Juices	4	4	7	1	1	1	6	7	4
Tree Nuts	2	2	3	1	1	2	38	50	46
Wine & Beer	2	1	1	1	1	0	7	6	0
Nursery Products & Cut Flowers	1	1	1	1	1	1	10	3	2
Pet Foods (Dog & Cat Food)	4	4	5	1	2	1	32	39	24
Other Consumer-Oriented Products	192	214	290	12	13	25	6	6	9
FISH & SEAFOOD PRODUCTS	29	33	87	1	1	2	5	4	3
Salmon	2	1	2	1	1	1	14	4	0
Surimi	1	1	1	0	0	1	0	0	2
Crustaceans	11	12	57	1	1	1	7	7	3
Groundfish & Flatfish	3	5	6	1	1	1	2	2	1
Molluscs	4	4	4	1	1	1	2	1	11
Other Fishery Products	9	11	16	1	1	1	2	2	3
AGRICULTURAL PRODUCTS TOTAL	4,185	4,281	5,035	797	973	920	19	23	18
AGRICULTURAL, FISH & FORESTRY TOTAL	4,334	4,422	5,272	847	1,020	975	20	23	18

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office

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

CONSUMER-ORIENTED AGRICULTURAL TOTAL - 400

Reporting: Indo	Import 2002 Value 1000$	Import 2003 Value 1000$	Import 2004 Value 1000$
China (Peoples I	169,586	155,148	186,231
Australia	127,052	105,196	151,590
United States	92,664	94,393	138,615
New Zealand	80,796	79,133	125,623
Thailand	70,334	73,170	100,671
Netherlands	64,121	89,059	97,243
Philippines	30,979	62,418	76,636
Malaysia	38,734	42,595	61,726
Singapore	22,515	25,341	48,710
France	15,503	14,586	23,802
Denmark	8,843	8,438	21,756
Korea, Republic	11,198	12,978	20,469
Germany	12,706	18,653	17,821
Ireland	9,751	8,951	12,840
Pakistan	13,483	9,979	12,674
Other	93,593	97,004	119,831
World	861,877	897,097	1,216,287

FISH & SEAFOOD PRODUCTS - 700

Reporting: Indo	Import 2002 Value 1000$	Import 2003 Value 1000$	Import 2004 Value 1000$
China (Peoples F	5,721	3,515	35,424
Thailand	1,679	2,435	6,963
Malaysia	2,762	4,300	5,990
India	1,123	629	5,652
Free Zones	1,850	0	4,484
Burma	226	771	4,342
Japan	1,950	2,563	3,674
Singapore	3,040	2,274	3,319
Taiwan (Estimate	1,796	3,466	3,021
United States	1,439	1,207	2,473
Australia	829	942	1,780
Norway	890	1,129	1,102
Argentina	554	936	1,082
Hong Kong	156	418	934
Vietnam	1,009	734	925
Other	3,863	7,640	5,868
World	28,897	32,971	87,026

Source: United Nations Statistics Division

APPENDIX II: CALENDAR OF ENDORSED TRADE SHOWS IN INDONESIA

Name of Event	**FOOD, HOTEL & TOURISM BALI 2006**
Event Location	Bali International Convention Center, Nusa Dua - Bali, Indonesia
Industry them	The 5th International Exhibition for Equipment, Food, Beverages and Services to Support Indonesia's Tourism and Hospitality Industries; The 4th International Retail Technology, Equipment, Display, and Storage Exhibition
Date of Event	February 9-11, 2006
Type of Event	International Exhibition
Name of Organizer	PT 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 2007**
Event Location	Jakarta International Exhibition Center, Kemayoran, Indonesia
Industry theme	The 9th International Hotel, Catering Equipment, Food and Drink Exhibition; The 5rd International Retail Technology, Equipment, Display, and Storage Exhibition
Dates of Event	28-31 March, 2007
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

APPENDIX III: DEFINITION

Convenience store	Shop selling a wide range of goods with extended opening hours. Usually abbreviated to c-store
Co-operative	Co-operatives are societies affiliated to the worldwide federation of co-operative, founded in 1895 to promote fair trading. In each country where co-operative function there are a number of societies controlling a series of retail outlets.
Hypermarket	Store with a sales area of over 2,500 sq m, with at least 35% of selling space devoted to non-foods. Frequently on out-of-town sites or as the anchor store in a shopping center
Independent grocers	A retailer owning and operating one or more (but fewer than 10) retail outlets, but not affiliated to any other business; mainly family business or partnership
Supermarket	The most widely used definition is that of store with a selling areas of between 400 and 2,500 sq m, selling at least 70% foodstuffs and everyday commodities
Wet markets	Wet markets are covered development that sell a wide variety of fresh food produce such as meat, fish, fruit, and vegetables. They generally only open in the morning, from 5:00 AM to 11:00 AM, and each wet market contain an average of 150 stall/others
Department stores	A store with a sales area of at least 2,500 sq m, selling mainly non-food merchandise and at least five lines in different departments. They are usually arranged over several floors.
Café's/Bars	Encompasses all establishments where the focus is on drinking either alcoholic or non-alcoholic drinks and where food is also served. While a wide variety of snacks and full meals are offered, it is not uncommon for customers to only order a drink
Full service restaurants (FSR)	Encompasses all sit-down establishments where the focus is on food rather than on drink. It is characterized by table service and a relatively higher quality of food offering to quick-service units. It also includes a'la carte, all-you-can-eat and sit –down buffets within restaurants