

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Required Report - public distribution

Date: 12/18/2015

GAIN Report Number: ID1543

Indonesia

Food Service - Hotel Restaurant Institutional

Food Service - Hotel Restaurant Institutional Update

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Report Highlights:

The Indonesian hotel and restaurant industries grew 7.5 and 5.5 percent in 2014, respectively. The industry attributes continued growth to urban Indonesian's increased purchasing power, tourism, and MICE (Meeting, Incentive, Conference, and Exhibitions) development. The Bank of Indonesia expects that economic growth will fall between 4.7 and 5.1 percent in 2015 and 5.2 to 5.6 percent in 2016.

Post:
Jakarta

I. MARKET SUMMARY

Market Overview

Indonesia is the most populous country in the ASEAN region with 258 million people in 2016, mostly concentrated on the five main islands of Java, Sumatra, Kalimantan, Sulawesi and Papua. It is home to approximately 13,500 islands and hundreds of local languages and ethnic groups. It is bestowed with vast natural resources, including petroleum and natural gas, lumber, fisheries and iron ore. Indonesia is a major producer of rubber, palm oil, coffee and cocoa.

In 2014, the Indonesian GDP declined to 5 percent. The Bank of Indonesia expects that economic growth will fall between 4.7 and 5.1 percent in 2015 and 5.2 to 5.6 percent in 2016. This contrasts with positive growth rates above 6.0 percent during the 2007 to 2012 period. Overall inflation almost reached seven percent as of September 2015, while the rupiah weakened vis-à-vis the U.S. dollar, moving above IDR 13,000 in 2015. The 2014 Statistic Indonesia report stated that the hotel industry grew at an average rate of 8.5 percent, while the restaurant industry grew at an average rate 5.7 of percent during the 2009 – 2014 periods. In 2013 and 2014 the hotel industry grew 9.4 and 7.5 percent respectively, while the restaurant industry grew 6.1 and 5.5 percent.

Per capita gross domestic product has grown to \$3,513 in 2014 from \$1,213 in 2005. Household consumption accounted for 56.07 percent of GDP growth in Indonesia in 2014. Food and beverage other than restaurants expenditure itself was 21.36 percent and restaurant & hotel expenditure was 5.41 percent of GDP. Indonesian incomes are rising, driving an expansion of the middle class. The middle class population grew from 37 percent in 2004 to 56.7 percent in 2013. This group spends \$2 to \$20 a day, as defined by the “Satu Dasawarsa Membangun Untuk Kesejahteraan Rakyat – A Decade of Development for People Welfare,” (Cabinet Secretary April 2014). This growing demographic is creating new demand for western food products, imported brand names, and a cultural shift that includes more socializing outside of the home. Middle class consumers also have newly acquired access to media and the internet, which further exposes Indonesians to various international products, activities and lifestyles. Despite the establishment of the middle class, the Indonesian rupiah’s depreciation is weakening business related to imported products.

Strong domestic demand, slowing exports, and import growth have pushed up Indonesia’s trade deficit. These points, along with a wave of economic nationalism, have led the Government of Indonesia (GOI) to strictly regulate imported food products, such as beef and horticultural products. The GOI also reduced certain fuel subsidies in November 2014, while electricity prices increased. In January 2015 electricity prices were adjusted automatically based on the related indicators (exchange rate, fuel price, etc.). Inflation and more protectionist policies are likely to create challenges for the expansion of U.S. food product exports to Indonesia.

The Indonesian Hotel, Restaurant, and Institutional (HRI) sector is extremely diverse, consisting of high-end hotels and restaurants that serve local and international cuisine, fast food outlets, cafés and

bars, bakery, and low-end small restaurants, street-side restaurants known as warungs, and vendors that sell food to customers on the street. Catering operations serve airlines, factories, private social functions, cruise and military ships, offshore mining and oil operations with expatriate staffs, prisons, and hospitals.

There is a concentration of high-end HRI businesses concentrated in Bali, Jakarta and other urban areas continue. The growth of these businesses centers that serve both tourism as well as Indonesia's growing middle class. Four and five-star hotels, restaurants, cafés and bars specializing in Western and other non-Indonesian cuisines for tourists are the dominant users of imported food products. Local caterers and restaurants tend to purchase local products.

Table1. Indonesia: Food Service Outlets

Description	2014		% Growth 2013/2014		Annual Forecast % Growth 2014-19 CAGR	
	No of Outlets	Value (Rp. billion)	No of Outlets	Value	No of Outlets	Value
Cafes and bars (Chain & Independent)						
Specialist Coffee Shop	894	2,797	15.1	21.5	12.6	12.4
Café/Bars total	4,310	43,144	5.5	10.2	5.1	4.1
Full-service restaurants (Chain & Independent)						
Asian	99,218	336,382	0.4	9.1	0.2	3.0
European	372	3,880	2.8	9.7	2.3	4.3
Latin American	47	384	2.2	10.0	2.0	4.4
Middle Eastern	33	221	3.1	12.5	2.9	4.6
North American	883	5,381	4.0	10.9	3.6	5.7
Pizza	512	4,686	8.9	15.5	6.0	6.4
Others	588	5,416	3.9	11.4	3.4	6.7
Fast Food (Chain & Independent)						
Asian	1,712	6,902	2.6	12.8	3.3	5.9
Bakery products	1,042	1,783	2.6	13.1	2.3	5.6
Burger	629	3,866	13.5	20.0	7.9	9.0
Chicken	1,226	6,147	4.2	11.8	3.8	5.2
Convenience Store	664	369	12.0	30	9.0	12.0
Ice cream	638	494	21.1	25	18.0	14.0
Middle Eastern	23	35	0	4.5	2.5	0.6
Traditional food seller						
Street Stalls and Warungs	94,872	15,333	0.9	7.3	4.1	3.0

Source: Euromonitor

The GOI regulates the expansion of quick service restaurants (QSR) through Ministry of Trade (MOT) Regulation No. 7/2013 and MOT Regulation No. 58/2014. The regulation limits the number of outlets owned by a company to a maximum of 250 outlets. MOT 58/2014 clarifies that companies with more than 250 outlets prior to the regulation's implementation are not required to divest them to a third party. The outlets are also required to use a minimum 80 percent of local equipment and ingredients.

Additionally Ministry of Health (MOH) regulation No. 30/20013 requires QSRs to provide sugar, salt, and fat content information as well as a health message that reads “consuming more than 50 grams of sugar, 2,000 milligrams of sodium, or 67 grams of fat per person per day increases the risk of hypertension, stroke, diabetes, and heart attack.” The regulation, originally scheduled to be implemented in April 2016, is delayed until 2019 due to economic policy reforms issued in September 2015.

Imported Food Products

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

Table2. Indonesia: Imported Food Products in Market for HRI Industry

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

Source: FAS Jakarta

Table3. Indonesia: Advantages and Challenges for U.S. HRI Food Products

ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS IN INDONESIA	
Advantages	Challenges
U.S. food products are considered high-quality, healthy, and consistently available.	Imported products are more expensive compared to domestic and other countries goods.
Expatriates and the growing middle class are potential HRI customers. As more urban women enter the workforce, time for shopping & cooking declines and consumers seek convenience.	Most products require halal certification.
Applied duties on most food and agricultural products are 5%; except for 153 items of value added food products (GAIN ID1530)	Import regulations are often complex and non-transparent, thus requiring close business relationships with a local agent.
The U.S. Fresh Food of Plant Origin (FFPO) safety control system has been recognized. U.S. horticultural products are allowed to enter Tanjung Priok – port of Jakarta.	Approximately 39 fruit based products must have an import recommendation from the MOA and an import permit from the MOT.
Sufficient number of GOI-approved U.S. meat and U.S. dairy establishment that can export products to Indonesia.	Animal based foods must have an import recommendation from the MOA- Director General of Livestock & Animal Health Service and The National Agency for Drug and Food Control (BPOM) as well as an import permit from MOT.
Distribution systems on the island of Java are improving, providing increased access to a population of 145 million.	Infrastructure outside of the main island of Java, including ports and cold storage facilities, is poorly developed.
Indonesia does not produce sufficient quantities of beef, dairy products, tree nuts, temperate zone fresh fruit and vegetables.	Competition remains strong, especially from Australia, New Zealand and China. Food product imports from Malaysia, Philippines, and Thailand are also growing.
International restaurants, hotel chains, boutique hotels, and specialized cafés are increasing.	Product shelf life should be considered for shipments to Indonesia due to the extended transportation and inconsistent custom clearance procedures & time.

II. ROAD MAP FOR MARKET ENTRY

A. ENTRY STRATEGY

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

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

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

Market access for imported food products

Labeling

Requirements for food product labeling (primarily applicable to packaged food for retail sale) are broad in scope. The former Food Act of 1996, the Consumer protection Act of 1999, and the current Food Law 18/2012 all deal with labeling. The BPOM introduced labeling regulations in 2011 and 2012 that require Indonesian language as well as labeling of GMO derived ingredients.

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

Imported Product Registration Number (ML)

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

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

Entry Permit (SKI)

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

Animal-Based Food and Horticulture Products

The Ministry of Agriculture issued a new regulation on animal and animal product imports on November 25, 2015. MOA Regulation No. 58/2015, (which replaces MOA Regulation No 139/2014 and No 2/2015), continues the prohibition of secondary cuts and offal imports for general importers and producer importers. However, there are additional items in the manufacturing and fancy meats category which are allowed for import. Import permits for animal products will be issued every four months instead of every three months (December, April and August), thus extending the import period's duration by one month. Similar to the previous regulation, MOA 58/2015 does not establish an official quota but import quantities are controlled through other means such as import licensing. Moreover, imported beef cannot be directly sold in retail outlets.

MOT also issued and implemented a new regulation on horticultural imports (September 28, 2015 and December 1, 2015, respectively). Regulation No. 71/2015 replaced MOT Regulation No 16/2013 and its amendments 47/2013 and 40/2015. The new import regulation makes few substantial changes. Import licenses are still required and quantities will be allocated subject to the importer's cold storage capacity. MOT eliminated the requirement that the importer must import at least 80 percent of the quantity indicated in their allocated import permit. The new regulation also specifies that the total import allocation will be set annually and that importers are no longer required to register as horticultural product importers. Import permits will continue to be issued on a biannual basis, remaining valid for six month periods.

Halal

In September 2014, Indonesia passed a law governing halal products (33/2014). The law makes halal certification mandatory for all food, beverages, drugs, cosmetics, chemicals, organic and genetically modified products sold in Indonesia, as well as machinery and equipment used in processing these products. Companies have three years (from October 2014) to comply with the new law. In the meantime, companies have been instructed to follow existing Indonesia Ulama Council (MUI) halal

certification procedures. The government established a new institution called the Halal Product Guarantee Agency under the Ministry of Religious Affairs. The new agency is expected to issue halal certificates. However, operating procedures for the new agency are yet to be determined. In the meantime, businesses are expected to follow existing MUI rules and procedures.

Duties and Taxes

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

On July 23, 2015, the Ministry of Finance (MOF) revised import duties on alcoholic beverages containing ethyl alcohol. This regulation set the import duty at the ad valorem tariff rate of 90 percent for wine, cider, perry, and mead and 150 percent for spirit and liqueurs. (Previously, a tariff was charged at the rate of IDR. 14,000/liters for beer, IDR 55,000/liter for wine, and IDR 125,000/liter for whisky, rum, and other distilled spirits).

Table4. Indonesia: Excise Tax for Ethyl Alcohol and Products Containing Ethyl Alcohol

Type	Ethyl Alcohol content	Excise Tax (IDR per liter)	
		Domestic Product	Import
I. Ethyl alcohol or ethanol			
All kinds of ethyl alcohol, level content, and type		20,000	20,000
II. Beverages containing ethyl alcohol			
A	5% or less	13,000	13,000
B	More than 5% up to 20%	33,000	44,000
C	More than 20%	80,000	139,000
III. Concentrate containing ethyl alcohol			
All concentrates, content level and type, as a raw material or processing aid in beverages contain ethyl alcohol production		100,000	100,000

Competition

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

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

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

B. MARKET STRUCTURE

Distribution System

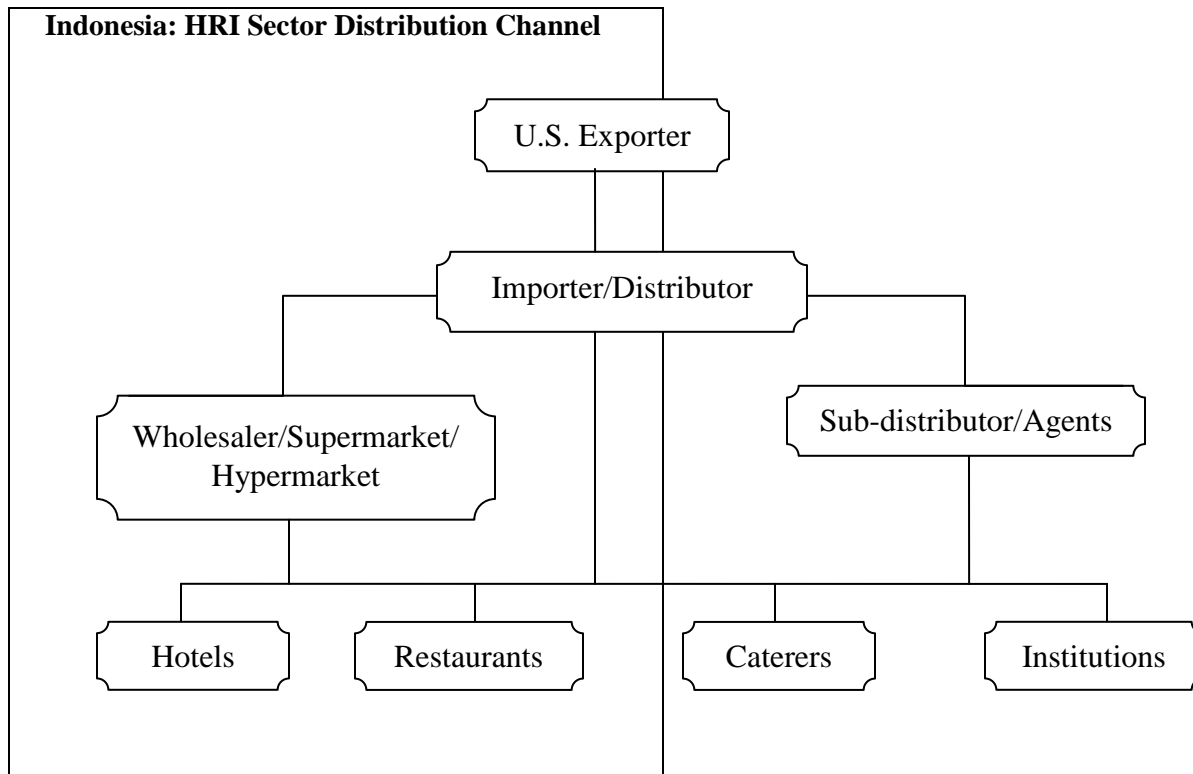
The Indonesian distribution system for imported products is simple (see distribution chart below). When U.S. products arrive in Indonesia via an importer or distributor, the products are delivered directly to HRI operators. Sub-distributors, agents or wholesalers may be necessary for HRI operators located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

Some U.S. chains and upscale HRI operators import items directly from U.S. exporters. Quick service restaurants/fast food operators have exclusive contracts with importers/distributors. For example, frozen potatoes (french fries/crinkle cuts), fried chicken coating mix, beef patty, doughnut mix, and pizza cheese are brought in through exclusive importers in order to ensure that the products meet strict international franchise standards.

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

Distribution Channels

Figure1. Indonesia: HRI Sector Distribution Channels



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

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

C. SUB-SECTOR PROFILES

Hotels and Resort (restaurants and catering services)

In 2014, there were around 1990 star-rated, boutique and resort hotels with roughly 195,800 rooms in Indonesia. These hotels are concentrated in West Java (253 hotels), Bali (249 hotels), Jakarta (205 hotels), Central Java (186 hotels), East Java (127 hotels), North Sumatera (106 hotels), Riau Islands (79 hotels), South Sulawesi (75 hotels) and Yogyakarta (74). International hotels, locally-owned boutique and resort hotels and state-owned companies are also expanding.

Table5. Indonesia: Major Hotel Chains

Hotel Chain	Hotel Name
Accor – French group	All Season, Ibis, Formulae, Mercure, Pullman, MGallery and Novotel

Archipelago International	Grand Aston, Alana, Royal Alana, Royal Kamuela and Kamuela, Aston, Aston City, Aston Inn & Quest, Neo Hotels , Fave Hotel
Santika Hotels & Resorts - domestic	Santika Premier, Santika, Amaris, The Samaya, The Kayana
Swiss Bel-Hotel – Hongkong	Grand Swiss, Swiss Bel Hotel, Swiss Belinn, Zest
Starwood	W hotel, St. Regis, The Luxury Collection, Westin, Sheraton, Le Meridien,
Tauzia Hotel management - domestic	Harris, Preference, POP Hotel
Sahid Hotel network - domestic	Sahid
InterContinental Hotels Group	InterContinental, Crowne, Holiday Inn
Hyatt	Hyatt
Discovery Hotels & Resorts	Borobudur, Discovery Kartika Plaza, Home@36 Bali, Palaca Hotel Cipanas, Discovery Express Paramita, Gaja Hotel, Hotel Ebony, Discovery Hotel & Convention Ancol, Kendari Beach City Hotel
Raffles, Fairmont, Swissotel	Raffles, Fairmont, Swissotel

Source: HVS Global Hospitality Service data, website and news

Bali remains the most visited tourist destination in Indonesia, followed by Jakarta and Batam. A total of 9.4 million tourists visited Indonesia in 2014. GOI data indicated that in 2014, Singapore, Japan, Malaysia, Australia, China, South Korea, India, the Philippines, and Taiwan accounted for the highest numbers of tourists from the Asia Pacific region. These were followed by arrivals from the United States, United Kingdom, France, Germany, and the Netherlands. Tourist arrivals are expected to reach 11 million in 2015.

The GOI has passed a number of regulations intended to support the tourism industry. In August 2015, the Ministry of Transportation issued regulation PM 121/2015, permitting foreign flagged cruise ships to transit the ports of Tanjung Priok, Tanjung Perak, Belawan, Makassar and Benoa Bali. Passengers may embark or disembark at these locations. Furthermore, Indonesia extended its visa waiver program to an additional 45 countries, increasing the list of eligible visa waiver countries to 90. Finally, the GOI continues to prioritize the development of transportation infrastructure (roads, seaports and airports).

In September 2015, Indonesia issued Presidential Regulation 105, opening 18 ports to foreign yachts and improving infrastructure for yachts. The GOI has also identified 10 priority locations for tourism development from 2016-2019. They are Danau Toba-North Sumatera, Kepulauan Seribu-Jakarta, Bromo-East Java, Labuan Bajo-East Nusa Tenggara, Yogyakarta, Wakatobi- Southeast Sulawesi, Belitung-Bangka Belitung, Morotai, North Maluku, Mandalika-West Nusa Tenggara, Tanjung Lesung-Banten.

Table6. Indonesia: Tourism Indicators

Description	Year				
	2010	2011	2012	2013	2014

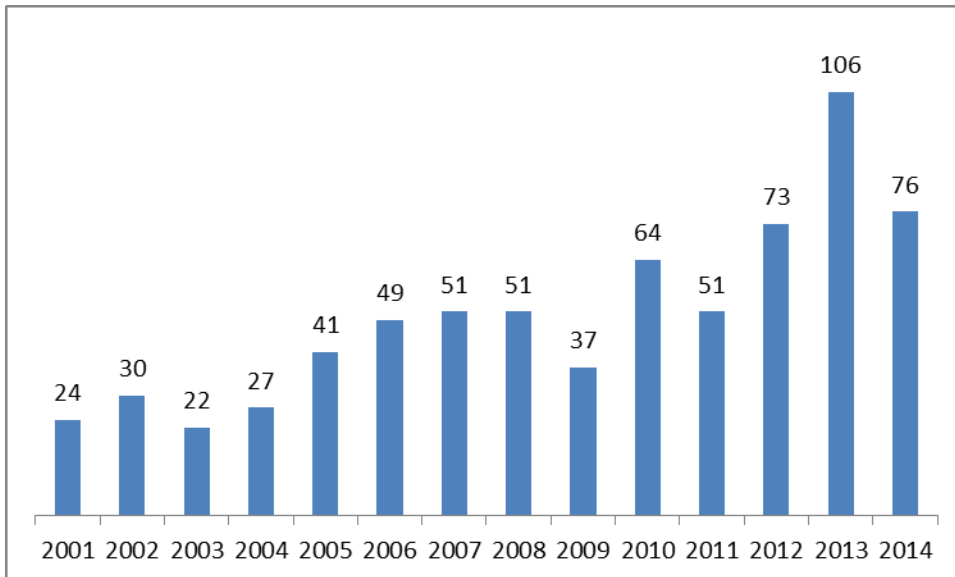
No. of foreign tourists (mil)	7.0	7.6	8.0	8.8	9.4
Revenue (US \$bill)	7.60	8.55	9.12	10.05	11.16
Occupancy Rate (%)-rated hotels	48.8	51.2	51.5	52.2	51.8
Number of hotel rooms-rated & non rated hotels	353,138	381,457	405,778	430,793	469,277

Source: National Statistical Agency (BPS)

Meeting, Incentive, Conference and Exhibition (MICE)

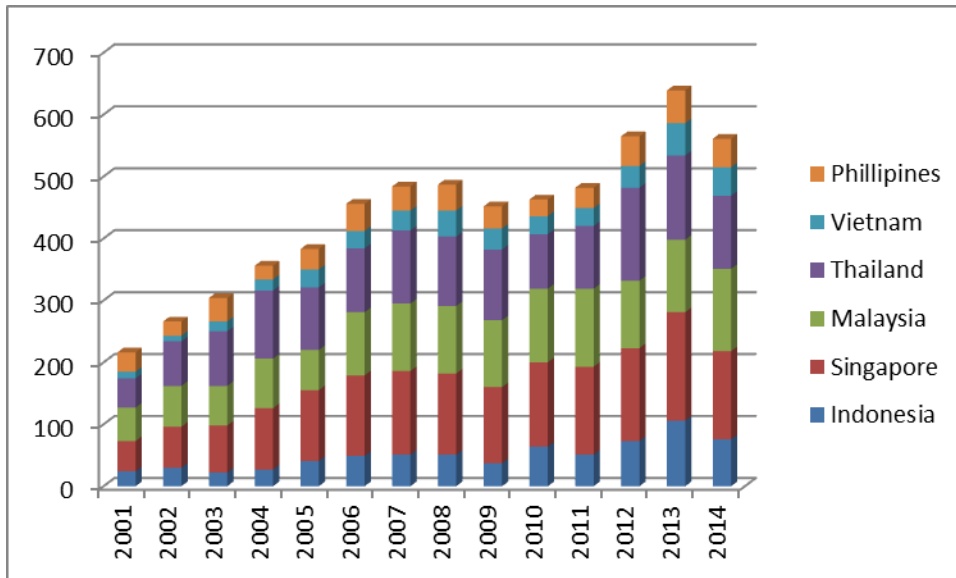
The rapid expansion of the airline sector, including low-cost carriers, provides effective and efficient access to reach MICE destination cities. Although Indonesia has several tourist destinations, it lacks transportation infrastructure, an online comprehensive MICE database, and market access for product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

Figure2. Indonesia: Number of MICE activities



Source: ICCA Statistic Report

Figure3. ASEAN: Number of MICE Activities



Source: ICCA Statistic Report

Based on International Congress and Conventions Association (ICCA) data, Indonesia was ranked 42nd as a venue for MICE in 2014. The main venues are Bali, Jakarta, and Yogyakarta. There are 29,613 participants attending MICE activities in Indonesia in 2014. Neighboring countries attracted 42,742 (Thailand), 57,497 (Singapore) and 71,157 (Malaysia). Additionally, Post notes that there are numerous domestic MICE events in Indonesia's secondary cities.

Table7. Indonesia: Major Hotel Imported Food Products/Ingredients Consumption

Company Name	Location	Purchasing Agent (s)
International Chain Hotel/Resort		
Aman Hotel	Bali (Amandari, Amanusa, Amankila), Moyo Island (Amanwana), Yogyakarta (Amanjiwo)	Importer/Distributor
Banyan Tree Hotels & Resorts	Bali (1)	Importer/Distributor
Bvlgary	Bali (1)	Importer/Distributor
Conrad (Hilton group)	Bali (1)	Importer/Distributor
Fairmont hotel	Jakarta (1)	Importer/Distributor
Four Season	Bali (2)	Importer/Distributor
Hard Rock	Bali (1)	Importer/Distributor
Hilton	Hilton Bandung (1), Double tree by Hilton Hotel Jakarta (1), Hilton Garden Inn Bali (1)	Importer/Distributor
Hyatt	Bali (2), Bandung (1), Jakarta (1), Yogyakarta (1)	Importer/Distributor
Intercontinental (IHG)	Intercontinental hotel: Bali (1), Bandung (1)	Importer/Distributor
	Holiday Inn; Bali (4) Bandung (2), Batam (1), Cikarang (1), Jakarta (7), Semarang (1), Surabaya (1)	
	Crown Plaza: Bandung (1), Jakarta (1), Semarang (1)	
J.W. Marriot	Jakarta (1), Medan (1), Surabaya (1), Bali (courtyard by Marriot 2)	Importer/Distributor
Karma resort	Bali (Royal Candidasa, Royal Jimbaran, Karma Jimbaran, Karma Kandara, Royal Sanur, Karma Beach Batu Beliq, Royal Seminyak.); Lombok (Karma Reef)	Importer/distributor
Kempinski	Jakarta (1)	Importer/Distributor

Keraton at the Plaza-The Luxury Collection (Starwood Hotel)	Jakarta (1)	Importer/Distributor
M Gallery Collection (Accor Group)	Bali (1), Solo (1), Yogyakarta (1)	Importer/Distributor
Mandarin Oriental	Jakarta (1)	Importer/Distributor
Mantra Sakala Resort & Beach Club	Bali (2)	Importer/Distributor
Melia	Jakarta (1 – Grand Melia) , Bali (2 - Melia & Sol)), Yogyakarta (1 - Purosani)	Importer/Distributor
Le Meridien (Starwood Hotel)	Jakarta (1), Bali (1)	Importer/Distributor
Nikko	Bali (1)	Importer/Distributor
Novotel (Accor Group)	Bali (2), Bangka (1), Bogor (1), Palembang (1), Semarang (1), Solo (1), Balikpapan (1), Banjarmasin (1), Lombok (1), Manado (1), Surabaya (1), Bandung (1), Batam (1), Lampung (1), Makassar (1), Tangerang (1), Yogyakarta (1)	Importer/Distributor
Oberoi	Bali (1), Lombok (1)	Importer/Distributor
Pullman (Accor Group)	Jakarta (2), Bali (1), Surabaya (1)	Importer/Distributor
Raffles hotel	Jakarta (1)	Importer/Distributor
Ritz Carlton	Jakarta (2), Bali (1)	Importer/Distributor
Shangri-La	Jakarta (1), Surabaya (1)	Importer/Distributor
Sheraton (Starwood Hotel)	Lombok (1), Yogyakarta (1), Bandung (1), Jakarta (2), Lampung (1), Surabaya (1), Bali (1)	Importer/Distributor
Sofitel Bali NUSA Dua Beach Resort (Accor Group)	Bali (1)	Importer/Distributor
St Regis (Starwood Hotel)	Bali (1)	Importer/Distributor
The Chedi (GHM)	Bali (3)	Importer/Distributor
W Retreat & Spa (Starwood Hotel)	Bali (1)	Importer/Distributor
Domestic Hotel		
Alila	Bali (3), Jakarta (2), Solo (1)	Importer/Distributor
Aryaduta	Jakarta (2), Tangerang (1), Medan (1), Makassar (1), Palembang (1), Pekanbaru (1), Manado (1)	Importer/Distributor
Ayana Resort & Spa	Bali (1)	Importer/Distributor
Borobudur	Jakarta (1)	Importer/Distributor
Dharmawangsa	Jakarta (1)	Importer/Distributor
Grand Candi	Semarang (1)	Importer/Distributor
Grand Mahakam	Jakarta (1)	Importer/Distributor
Grand Sahid Jaya	Jakarta (1)	Importer/Distributor
Mulia	Jakarta (1), Bali (1),	Importer/Distributor
Nusa Dua Beach Hotel	Bali (1)	Importer/Distributor
Padma	Bandung (1), Bali (2), Kerawang (Resinda Hotel 1)	Importer/Distributor
Papandayan	Bandung (1)	Importer/Distributor
Tentrem Hotel	Yogyakarta (1)	Importer/Distributor
The Laguna	Bali (1)	Importer/Distributor
Trans Luxury Hotel	Bandung (1), Bali (1)	Importer/Distributor
Gumaya Tower	Semarang (1)	Importer/Distributor
Tugu	Malang (1), Blitar (1) Bali (1), Lombok (1)	Importer/Distributor
Villas & Resorts		
Cocotinos	Lombok (Sekotong 1), Manado (Resort 1)	Importer/Distributor
Damai	Bali (Lovina 1)	Importer/Distributor
Hotel Ombak Sunset &	Lombok (2)	Importer/Distributor

Villa Ombak		
Jeeva Klui Resort	Lombok (1)	Importer/Distributor
Jimbaran Puri Bali	Bali (1)	Importer/Distributor
Kayumanis Nusa Dua Private Villa & Spa	Bali (4)	Importer/Distributor
Kebun Villas & Resort	Lombok (1)	Importer/Distributor
Komaneka	Bali (4)	Importer/Distributor
Qunci Villas	Lombok (1)	Importer/Distributor
Puri Sunia Resort	Bali (1)	Importer/Distributor
The Kayana	Bali (1)	Importer/Distributor
The Legian Beach	Bali (1)	Importer/Distributor
The Lombok Lodge	Lombok (1)	Importer/Distributor
The Samaya	Bali (2)	Importer/Distributor
The Ulin Villa & Spa	Bali (1)	Importer/Distributor
The Santosa Villa & Resort	Lombok (1)	Importer/Distributor
Sudamala Suites & Villas	Lombok (1), Bali (1)	Importer/Distributor
Ubud Hanging Garden	Bali (1)	Importer/Distributor
Uma	Bali (1)	Importer/Distributor
Viceroy	Bali (1)	Importer/Distributor
Villa Semana	Bali (1)	Importer/Distributor
This list is not comprehensive.		

Source: Website, importers, Media

Starwood Hotels plans to open hotels in several Indonesia cities in the next few years. Four Points hotel by Sheraton will open in Bali, Makassar, Bandung, Surabaya, Manado and Bintan between 2015 and 2018. Westin hotels in Bali and Jakarta will open in 2016. The St Regis Jakarta and the Sarasvati Luxury Collection Resort in Bali will open in 2016. W hotel in Jakarta will open at the end of 2018. Loft hotels will open in Bali and Jakarta in 2017 and 2018. Other hotel chains including Alila, Santika, Karma, Ciputra, and Raffles group will also open hotel resorts and villas in the next few years.

Restaurants

Western style fast food outlets purchase imported foods, but the variety is limited. Restaurants serving noodles, Japanese food, pizza, and fried chicken, as well as bakery product outlets and coffee houses are prominent and tend to use imported beef, fresh and canned fruits, frozen potatoes and vegetables, dressing, sauces, bakery ingredients, juice and mixed drinks, whipping cream, bakery ingredients and mixes, delicatessen products, and various coffee ingredients, such as creamer, honey, and flavorings. Irreplaceable food ingredients for French, Italian, Japanese and Korean restaurants depend greatly on imported products (cheese, condiments, oils, sauces, rice, and canned foods).

Fast food outlets continue to thrive, despite the dominance of roadside stalls and vendors in the food service industry. The most prevalent fast food outlets include Kentucky Fried Chicken (510 outlets as of June 2015), A&W (207 outlets as of September 2015), California Fried Chicken (247 outlets as of December 2014), McDonald's (158 outlets as of September 2015), and Pizza Hut (225 outlets plus 93 delivery outlets as of September 2015). These outlets will remain popular due to affordable prices, high

standards and quality, and a pan-Indonesia footprint. Burger restaurants (ex: Burger King, Carl’s Junior, MOS Burger, Fatburger, Wendy’s) and pizza (ex: Domino pizza, Marzano Pizza) outlets from different companies have opened in Jakarta and its surrounding over the last few years. Korean fast food such as BonChon Chicken and Kyochon are also growing. Coffee shops are also growing (Starbucks, Excelso Cafe, The Coffee Bean & Tea Leaf, Kopi Tiam, etc). Chain fast food outlets and specialty coffee shops are spreading from mixed retail locations to stand-alone shops.

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

Food trucks are a new trend appearing in Jakarta. Like in the United States, food trucks move around to serve a variety of consumers and update their position via social media. While the new wave of food trucks serves a range of high quality Indonesian and International foods, established food truck businesses serve more typical Indonesian fare near offices and construction sites.

In addition to home delivery services provided by various restaurants, the growth of home delivery using motorcycle taxis has grown immensely in recent years. “Go-jek” is a motorcycle service similar to Uber. While providing rides to paying passengers, it has become even more popular as a low-cost delivery service, used primarily as a means to save time in Jakarta’s gridlocked traffic. Retail food and non-food items can easily be ordered via an online app, thus expanding food delivery to restaurants that normally would not provide the service. Following the success of Go-jek, several other businesses have copied the concept, including GrabBike and Blu-Jek. Gojek services are currently available in the Jakarta region (Jakarta, Tangerang, Bekasi, Depok, and Bogor), as well as Bandung, Surabaya, Bali and Makassar.

Online discount vouchers found through websites such as www.groupon.co.id, www.evoucher.co.id, www.hargahot.com, and www.lazada.co.id are also gaining popularity.

Table8. Indonesia: Major Restaurants Consuming Imported Food Products/Ingredients

Company Name	Sales in 2013	Outlet Name, Type & Number of Outlets	Location	Purchasing Agent (s)
Franchise Restaurant/Fast Food/Pizza				
Biru Fast Food Nusantara, PT	N/A	A & W (207 outlets as of Sept 2015)	Nation wide	Importers/Distributor
Sari Burger Indonesia, PT	N/A	Burger King (43outlets as of September 2015)	Jakarta, Tangerang, Bekasi, Bogor, Bandung, Bali	Importers/Distributor
Pioneerindo	Net Revenue	California Fried	Nation wide	Importers/Distributor

Gourmet International, PT, Tbk	IDR376.59 billion (total for Sapo Oriental, Cal Donuts, and CFC)	Chicken /CFC (247 outlets as of December 2014)		
Generasi Mutiara Bangsa, PT (Mahadya Group)	N/A	Carl's Jr (8 outlets as of September 2015)	Jakarta, Surabaya	Importers/Distributor
Fastfood Indonesia, PT. Tbk	Revenue IDR. 4.20 triliun	Kentucky Fried Chicken (510 outlets as of June 2015 – KFC regular and KFC Box)	120 cities all over Indonesia	Importers/Distributor
Lotteria Indonesia, PT	N/A	Lotteria (31 outlets as of August 2014)	Jakarta, Bogor, Depok, Tangerang, Cikarang, Karawang, Bandung	Importers/Distributor
Rekso National Food, PT	N/A	Mc Donald ((158 outlets as of September 2015)	Nation wide 45% independent outlets	Importers/Distributor
MOG Indonesia, PT	N/A	MOS Burger (4) as of September 2015	Jakarta	Importers/Distributor
Cipta Selera Murni, PT	N/A	Texas Fried Chicken (93 outlets as of September 2015)	Nationwide (30 cities)	Importers/Distributor
Trans Burger Indonesia, PT	N/A	Wendy's (37 outlets as of May 2015)	Jakarta, Bandung, Yogyakarta, Solo, Semarang, Surabaya, Bali, Medan, Makassar, Manado	Importers/Distributor
Michelindo Food International, PT	N/A	BonChon Chicken (25 outlets as of May 2015)	Jakarta, Tangerang, Bali, Bekasi, Surabaya, Bandung, Banjarmasin, Yogyakarta, Makassar	Importers/Distributor
DOM Pizza Indonesia, PT	N/A	Domino's Pizza) (70 outlets as of Sept 2015)	Jakarta, Tangerang, Depok, Bekasi, Bogor, Bandung, Bali	Importers/Distributor
Ismaya Group	N/A	Pizza E Birra (6 as of Dec 2014)	Jakarta, Bandung	Importers/Distributor
Sari Melati Kencana, PT	N/A	Pizza Hut (225 outlets plus 93 delivery outlets as of September 2015)	Nation wide	Importers/Distributor Direct
Mitra Adiperkasa, PT	N/A	Pizza Marzano (4) and Pizza Express (7) outlets as of September 2015	Jakarta, Tangerang	Importers/Distributor
Indofood CBP Sukses Makmur PT, Tbk	N/A	Popola Mama (5 outlets as of June 2015)	Jakarta, Tangerang	Importer/Distributor
Kyochon	N/A	Kyochon (4	Jakarta	Importer/Distributor

Indonesia, PT (Wahana Artha Group)		outlets as of September 2015)		
Mega Mahadana Hadiya, PT (Mahadya)	N/A	Wing stop (7 outlets as of September 2015)	Jakarta, Depok, Tangerang	Importer/Distributor
Other type of restaurant				
Berkat Anugerah Sentosa, CV	N/A	Samwon House, SamWon Express, Woo Ri Jung (13 outlets as of September 2015)	Jakarta, Surabaya, Medan, Tangerang, Jambi, Lampung	Importer/Distributor
Entertainment Indonesia, PT	N/A	Amigos (2) outlets as of September 2015	Jakarta	Importers/Distributor
Gading Food, PT	N/A	Fish & Co (16 outlets as of September 2015)	Jakarta, Surabaya, Yogyakarta, Bali	Importers/Distributor
Mugi Rekso Abadi Group (MRA)	N/A	Hard Rock Café (2) outlets as of September 2015	Jakarta , Bali	Importers/Distributor
Superutama Nusantara, PT	N/A	Sizzler (American Grill, 6 outlets as of September 2015)	Jakarta, Surabaya	Importers/Distributor
Cahaya Sakti, CV	N/A	Tamani Café (20 outlets as of Oct 2013)	Jakarta, Tangerang	Importers/Distributor
Cashwood Indonesia Group	N/A	TGI Friday's (3 outlets as of September 2015)	Jakarta	Importers/Distributor
Mas Millenium Indonesia, PT	N/A	Tony' Romas (5 outlets as of September 2015)	Jakarta, Surabaya	Importers/Distributor
Jaddi international, PT	N/A	Vin + (5 outlets as of February 2015)	Jakarta, Bali	Importers/Distributor
OBS Citra Indonesia, PT	N/A	Outback Steak House (3) outlets as of September 2015	Jakarta	Importers/Distributor
Planet Hollywood Inc.	N/A	Planet Hollywood (2)	Jakarta, Bali	Importers/Distributor
Sari Coffe Indonesia, PT	N/A	Starbuck (209 outlets as of July 2015)	Jakarta, Medan, Bali, Surabaya, Bogor, Cikampek , Balikpapan, Semarang, Batam, Makassar, Solo, Palembang, Yogyakarta, Bandung, Bandar Lampung	Importers/Distributor
Excelso Multirasa, PT	N/A	Excelso Café' (more than 118 outlets as of	Nationwide (31 cities)	Importers/Distributor

		September 2015)		
Multirasa Nusantara, PT	N/A	Yoshinoya Japanese Restaurant (46 outlets as of September 2015)	Jakarta (24), Bogor (1), Depok (2), Tangerang (4), Bekasi (3), Bandung (4), Surabaya (4), Malang (2)	Direct
Trans Coffee, PT	N/A	The Coffee Bean & Tea Leaf (47 outlets as of September 2015)	Jakarta, Tangerang, Bandung, Bali, Surabaya, Makassar	Importer/Distributors
Richeese Kuliner Indonesia, PT	N/A	Richeese factory (44 as of July 2015)	Jakarta, Bogor, Tangerang, Depok, Kerawang, Bandung, Cirebon, Tegal, Sumedang, Surabaya, Malang	Importer/Distributor
Biko Group	N/A	Beer Garden (4 as of September 2015)	Jakarta	Importer/Distributor

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

Bakery

Pioneerindo Gourmet International, PT, Tbk	Net Revenue IDR. 390.55 billion (total for Sapo Oriental, Cal Donuts, and CFC	Cal Donut (21outlets as of December 2014)	Jakarta, Tangerang, Bekasi	Importer/Distributor
Talkindo Selaksa Anugrah, PT	N/A	BreadTalk (146 outlets as of July 2015))	Nation wide	Importers/Distributor Direct
Intimas Lestari Nusantara, PT	N/A	Country Style Donuts (18 outlets as of May 2015)	Jakarta	Importers/Distributor
Dunkindo Lestari, PT	N/A	Dunkin Donuts (242 outlets as of May 2015)	Nation wide	Importers/Distributor
J Co Donuts & Coffee, PT	N/A	J Co Donuts & Coffee (159 outlets as of Dec 2014)	Nationwide, Malaysia (12 outlets), Singapore (5 outlets), Philippines (29 outlets)	Importers/Distributor Direct
Premier Doughnut Indonesia, PT	N/A	Krispy Kreme (15 outlets as of September 2015)	Jakarta	Importers/Distributor Direct
Mustika Cita Rasa, PT	N/A	Holland Bakery (280 outlets as of July 2015)	Nation wide	Direct/Importer/Distributor
Pancious Tirtajaya, PT	N/A	Pancious Pancake House (15 outlets as of September 2015)	Jakarta, Tangerang, Bandung, Surabaya, Makassar	Importers/Distributor
Berjaya Bersama Sally, PT	N/A	Sour Sally (35 as of September 2015)	Jakarta, Bandung, Semarang, Solo, Surabaya, Bali, Medan,	Importers/Distributor

			Palembang, Makassar	
Cheil Jedang Indonesia, PT	N/A	Tous Les Jours (15 outlets as of September 2015)	Jakarta, Tangerang, Bekasi, Depok	Importers/Distributor
Dunia Makmur Jaya, PT	N/A	Breadlife (64 outlets as of September 2015)	Jakarta, Tangerang, Bekasi, Bogor, Depok, Bandung, Semarang, Surabaya, Samarinda, Balikpapan, Banjarmasin, Pontianak, Makassar, Medan, Bali	Importer/Distributor
Mount Scopus Indonesia, PT	N/A	Cheesecake Factory (8 outlets as of September 2015)	Jakarta, Tangerang, Bogor, Depok, Surabaya, Bandung, Malang, Bali, Semarang, Medan	Importers/Distributor
	N/A	The Harvest (22 outlets as of September 2015)		Importers/Distributor
Ice Cream				
Trans Ice, PT	N/A	Baskin Robbins 217 outlets as of September 2015)	Nation wide	Direct
Sari Ice Cream Indonesia, PT	N/A	Cold Stone Creamery Ice Cream (15 as of December 2014)	Jakarta, Bali	Direct
Rahayu, Arumdhani International, (Mugi Rekso Abadi Group//MRA)	N/A	Haagen-Dazs (33 outlets as of March 2015)	Jakarta, Tangerang, Bandung, Semarang, Yogyakarta, Surabaya, Bali, Medan	Direct

Source: Website, Importers, Media

Facts on the restaurant industry:

- Fast food franchises are appropriate for customers in all income groups because they offer affordable prices, creative menus, child-friendly menus & facilities, and delivery services for time sensitive customers.
- Full service restaurants promote group events, such as televised sports.
- Restaurants are found in shopping malls, apartment buildings, hospitals, schools, office buildings, freeway rest areas, airports, recreational parks and residential areas.
- Convenience store expansion increases the probability of selling imported food and beverages products.
- Bakery businesses are growing in popularity in Jakarta and throughout major urban areas.
- Restaurants are increasingly partnering with credit card companies by offering discounts to increase the number of credit transactions.

- Gathering, entertaining and socialization in restaurants is growing. Eating out is a common activity across all socio-economic levels, especially amongst families on weekends.
- Social media is a very popular means of publicizing foodservice information targeting young customers.
- Control of the alcoholic beverage market is divided between local governments and the central government. The Central government sets a quota and distributes the quota amongst importers while local governments determine which retail businesses are permitted to sell alcohol.

Warungs and Street Stalls

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

Institutional

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

Table9. Major Restaurants Consuming Imported Food Products/Ingredients

Company Name	Sales in 2013	Outlet Name, Type & Number of Outlets	Location	Purchasing Agents
In-flight and industrial catering				
Aerofood Catering Service, PT	N/A	ACS	Jakarta, Bali, Surabaya, Medan, Balikpapan, Yogyakarta, Bandung,	Importer/Distributor
Cardig Anugrah Sarana Catering, PT	N/A	CASC	Jakarta, Bali	Importer/Distributor
Indocater, PT	N/A	Indocater	Jakarta, Bogor, Bandung, Cikarang, Tangerang, Serang, Cilegon, Aceh, Bontang, Sangata, Sorong, Natuna	Importer/Distributor
Pangansari	N/A	PSC	Jakarta, Subaraya, Timika,	Importer/Distributor

Utama, PT			Balikpapan, Medan, Pekanbaru, Makassar, Palembang, Denpasar, Sorong, Tembagapura, Batam	
Patra Supplies and Services, PT	N/A	Patra Supplies & Services	Jakarta, Balikpapan	Importer/Distributor
Patra Jasa, PT	N/A	Patra Catering	Jakarta	Importer/Distributor
Jasa Boga Indonesia, PT	N/A	JBI	East Kalimantan	Importer/Distributor
Prasmanindo Boga Utama, PT	N/A	PBU	Jakarta, Balikpapan, Gosowong-Sumbawa, Sulawesi, Maluku	Importer/Distributor
Event catering				
Akasya Catering	N/A	Akasya	Jakarta	Importer/Distributor, wholesaler
Culture Royale, PT	N/A	Culture Royale	Jakarta	Importer/Distributor, wholesaler
Puspa Catering Services	N/A	Puspa	Jakarta	Importer/Distributor, wholesaler
Tiara Royale, PT	N/A	Tiara Royale	Jakarta	Importer/Distributor, wholesaler

Source: Website

III. COMPETITION

Table10. Indonesia: Imports Verses Domestically Produced Goods Competition, 2013

Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
<p>Fresh Fruit</p> <p>Net volume import: 540 thousand tons</p> <p>Value: \$764.50 million</p>	<p>China 50.9%</p> <p>Thailand 14.8%</p> <p>U.S. 10.5%</p> <p>Australia 4.4%</p> <p>Pakistan 3.5%</p> <p>Egypt 2.8%</p> <p>South Africa 2.2%</p> <p>United Arab Emirates 2.1%</p> <p>Vietnam 1.6%</p>	<p>China supplies: Fuji apple: Yalie pear, Shandong pear, red globe table grape, mandarin, orange, lemon. China offers very competitive prices</p> <p>Thailand supplies: longan, durian, mangoes</p> <p>US supplies: red delicious and other varieties of apple, table grape and orange</p> <p>Australia supplies: pear, red globe table grape, orange</p>	<p>Only tropical fresh fruits are produced locally and supplies are inconsistent.</p>

		<p>Pakistan supplies: orange</p> <p>Egypt supplies dates and orange</p> <p>South Africa supplies: pear, table grape, apple</p> <p>United Arab Emirates supplies dates</p> <p>Vietnam supplies: dragon fruit</p>	
<p>Fresh Vegetables</p> <p>Net volume import: 732 thousand ton</p> <p>Value: \$492.80 million</p>	<p>China 74.2%</p> <p>India 9.3%</p> <p>New Zealand 3.3%</p> <p>Thailand 2.8%</p> <p>U.S minor supplier (0.9%)</p>	<p>China supplies: garlic, onion, shallot, carrot, chili. China offers very competitive prices.</p> <p>India supplies: onion, shallot</p> <p>Thailand supplies: shallots, onion</p> <p>New Zealand supplies: onion</p>	<p>No garlic and onion are produced locally. Local shallot and chili production cannot meet domestic demand during rainy season.</p> <p>Only tropical fresh vegetables are produced locally. Supplies are inconsistent.</p>
<p>Red meats fresh, chilled, frozen</p> <p>Net volume import: 107 thousand ton</p> <p>Value: \$445.83 million</p>	<p>Australia 74.9%</p> <p>New Zealand 19.0%</p> <p>U.S. 5.9%</p>	<p>Australia and New Zealand offer competitive pricing and no reported cases of FMD and BSE.</p>	<p>Shortage of supply. Most domestic production is sold fresh to traditional markets and modern retail outlets</p>
<p>Processed fruit & vegetables</p> <p>Net volume import: 113 thousand tons</p> <p>Value: \$164.11 million</p>	<p>China 28.4%</p> <p>U.S. 26.9%</p> <p>Netherlands 6.7%</p> <p>India 5.9%</p> <p>Canada 5.6%</p> <p>Thailand 4.9%</p> <p>Germany 2.9%</p> <p>Belgium 2.8%</p> <p>Brazil 2.6%</p> <p>Malaysia 2.6%</p> <p>South Africa 2.0%</p>	<p>China and Thailand supply processed fruit and vegetable products. Brands are well known and prices are competitive</p> <p>U.S. and Canada supply French fries and frozen vegetables</p>	<p>Limited processed fruit and vegetable products produce locally.</p>
<p>Bakery dough</p> <p>Net Volume Import: 2,347 ton</p> <p>Value: \$5.98 million</p>	<p>Germany 21.4%</p> <p>Thailand 19.7%</p> <p>Singapore 17.8%</p> <p>Malaysia 13.6%</p> <p>Australia 7.6%</p> <p>U.S. 5.6%</p>	<p>Indonesians prefers Asian-style bakery products, but are open to new western bakery products.</p>	<p>Domestic production of bakery dough/premixes for bakery industry is growing. The opportunity still open to other suppliers to supply the market.</p>
<p>Butter</p> <p>Net volume</p>	<p>New Zealand 71.0%</p> <p>Belgium 11.8%</p> <p>Netherland 8.3%</p>	<p>New Zealand and Australia have a competitive pricing and geographic proximity.</p>	<p>Almost no butter produced locally.</p>

import: 22,386tons Value: \$104.60 million	France 4.1% Australia 2.9% U.S. minor supplier 1.5%		
Cheese Net volume import: 11,430 ton Value: \$60.9 million	New Zealand 48.1% U.S. 24.6% Australia 17.4% Netherlands 3.5%	New Zealand and Australia have a competitive pricing and geographic proximity.	Domestic cheese production is growing but still use imported dairy ingredients
Fruit & vegetable juices Net Volume: 16,857 ton Value:\$30.18 million	Brazil 37.6% United Arab Emirates 17.1% China 6.9% Australia 6.6% U.S. 6.3% Thailand 5.9% Austria 5.0% South Africa 3.0% Malaysia 2.8%	Indonesia looks for variant of products with competitive prices. Geographic proximity gives Australia and ASEAN countries advantage due to short product shelf life.	Local products have limited type of fruit juices due to limited fresh fruits supply.
Breakfast Cereals/Pancake Mix Net volume import:6,560 Ton Value:\$20.64 million	Malaysia 60.5% Philippines 15.9% Thailand 8.9% China 4.8% Australia 2.3% U.S. minor supplier (1.2%)	Multinational companies established their production facilities in ASEAN countries (such as Philippines, Malaysia and Thailand) to reach the market in surrounding countries.	Domestic manufactured produces limited variety of breakfast Cereals.
Tree nuts Net volume import: 3,352 Ton Value: \$16.50 million	U.S. 31.2% Vietnam 29.9% Thailand 18.9% China 11.5% Philippines 4.0%	Thailand supplies repacked tree nuts from the U.S.	Local tree nut production is limited to the cashew nut.
Wine & Beer Net volume import: n/a Value: \$3.55 million	n/a Major supplier are France and Australia followed by Singapore, South Africa, Italy, Chili, Portugal, New Zealand	Australia offers competitive pricing and geographic proximity. Singapore is a transit country for most of the imported products to Indonesia	Population mostly Moslem. Insignificant supply of domestic wine production and limited local beer manufacturers for the rest of population and tourists' consumption.

Source: Global Trade Atlas

IV. BEST PRODUCT PROSPECT

A. Products Present in the Market That Have Good Sales Potential

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

Product Category	2014 Import (Volume, thousand MT)	2014 Import (\$mil)	5 Yr. Avg Annual Import (Volume) Growth (%)	Import Tariff Rates (%)	Key Constraints to Market Development	Market Attractiveness for USA
Fresh fruit	540	764	0	5 20% for mandarin & mangoes	Competition with China, Thailand, Australia, Current Government of Indonesia regulations inhibit fresh fruit import to include from the U.S.	Health awareness and rising middle class pushes the demand for quality fresh products. Lack of supply and quality of domestic fruit products.
Fresh Vegetable	732	492	7	5 20% for fresh/chilled potatoes other than seed, shallot other than seed and carrot	Competition with China, India, New Zealand, Thailand, Enforcement of Government of Indonesia regulations inhibit fresh vegetables imports	Lack of supply and quality domestic products and demand of other vegetable types.
Red Meats, Fresh/Chilled/Frozen	107	445	13	5	Competition with Australia and New Zealand Importer has to get an import permit from MOT every quarter.	Lack of domestic supply
Processed fruit & Vegetables	113	164	12	Mostly 5	Complicated import permitting process.	Lack of processed fruit and vegetable produced locally. Food service sector, bakery is

						growing and need processed fruit/vegetables.
Bakery dough	2.3	5.9	12	10% for mixes and dough	Price concerns	Bakery industry is growing
Fruit & vegetable Juices	16.8	30.18	10	Mostly 10	<p>Competition with Brazil, China, Australia, Thailand, Austria, South Africa, Malaysia, Netherlands.</p> <p>Obtaining Import Registration Number (ML) procedure for retail package product is complicated</p>	<p>Health awareness and rising middle class drive demand for fruit based products.</p> <p>Domestic industry mostly produces tropical fruit juice.</p>
Butter	22.38	104	13	5	<p>Competition from New Zealand, Belgium, Netherlands, France and Australia</p> <p>Dairy product manufacturers must be approved by the GOI before they are able to export to Indonesia</p>	<p>There is no butter produced domestically</p> <p>Growing bakery sector to include cookies production and also restaurants that serve bakery products.</p>
Cheese	11.4	60.9	18	5	<p>Competition from New Zealand and Australia</p> <p>Dairy product manufacturers must be approved by the GOI before they are able to export to Indonesia</p>	Growing western style and traditional food using cheese
Breakfast	6.5	20.6	2	10	Competition	Limited

Cereals/Pancake Mix					with Malaysia, Philippines, China, Thailand, Australia Obtaining Import Registration Number (ML) procedure is complicated	breakfast products produced domestically. Health awareness, a growing middle class, and changing lifestyles drive demand for healthy, western and convenience food products.
Tree nuts	3.3	16	-9	5	Price concern	Bakery sector is growing and use tree nuts as one of the ingredient.

Source: Global Trade Atlas

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

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

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

Product Category	2014 Import (Volume, thousand MT)	2014 Import (\$mil)	5Yr. Avg Annual Import (Volume) Growth %	Import Tariff Rates (%)	Key Constraints to Market Development	Market Attractiveness for USA
Wine & Beer	N/A	3.55	N/A	back to ad valorem tariff 90 and 150%	Competition from France, Australia, Singapore, Italy, Chile, Portugal, New Zealand Government of Indonesia sets a quota and regulations inhibit alcoholic beverage import, production, and distribution	No significant domestic wine supply and limited domestic beer supply

Note: * Global Trade Atlas

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

C. Products Not Present because They Face Significant Barriers

Indonesia does not produce enough beef and there is little production of high quality beef locally. The GOI’s import restrictions on beef products continue to hamper trade. However, recently the government expanded the number of eligible cuts that can be exported to Indonesia as well as validity of period of import permits from three to four months.

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

Table13. Indonesia: Products Not Present in Significant Quantities Due to a Significant Barrier, but with Good Sales.

Product Category	2014 Import (Volume, thousand MT)	2014 Import (\$mil)	5Yr. Avg Annual Import (Volume) Growth (%)	Import Tariff Rates (%)	Key Constraints to Market Development	Market Attractiveness for USA
Poultry Meat	1.1	2.21	1	5 except 20 % for chicken thighs	MOA has not issued any import recommendations for poultry products (including duck and turkey) since January 2014. MOA has to approved the poultry establishment for export to Indonesia. MOA requires that poultry exported to Indonesia must be slaughtered manually and halal.	Domestic chicken prices are high and no turkey is produced locally

Note: * Global Trade Atlas

V. POST CONTACT AND FURTHER INFORMATION

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

International Post: Foreign Agricultural Service
U.S. Embassy Jakarta

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

U.S. mail: Foreign Agricultural Service

Foreign Agricultural Service
FAS
Unit 8200 Box 436
FPO, AP 96520-0436

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

VI. OTHER RELEVANT REPORTS

1. [Ministry of Trade Changes Horticulture Import Regulations \(ID1533\)](#)
2. [Indonesia Raises Import Tariffs on Value-Added Goods \(ID1530\)](#)
3. [California Recognized as Fruit Fly Free Area \(ID1522\)](#)
4. [Indonesia Revises Seafood Import Rules \(ID1501\)](#)
5. [FAIRS Export Certificate Report 2014 \(ID1456\)](#)
6. [Exporter Guide Update 2014 \(Id1455\)](#)
7. [Retail Foods 2014 \(ID1450\)](#)
8. [FAIRS Country Report 2014 \(ID1440\)](#)
9. [New Regulation on Animal Quarantine Measures \(ID1429\)](#)
10. [New Regulation on Alcoholic Beverage Distribution \(ID1411\)](#)
11. [Alcohol Beverages Excise Tax Update \(ID1408\)](#)
12. [Indonesia Implements MOT Reg. No. 46 2013 Issues Beef Import Permit \(ID1353\)](#)
13. [Ministries of Agriculture and Trade Revise Horticulture Import Regulation \(ID1346\)](#)
14. [The GOI'S New Regulation on Meat and Meat Products Imports \(ID1345\)](#)
15. [Revised GAIN Report ID 1345 \(ID1348\)](#)
16. [Unofficial Translation of Ministry of Agriculture Decree No 4390/2013 \(ID1335\)](#)
17. [Indonesia Extends Import Requirements on Food and Beverage Products \(ID1304\)](#)
18. [Phytosanitary Requirement for Fresh Bulb \(ID1303\)](#)
19. [Indonesia Officially Recognize Safety Control System of United State's Fresh Food of Plant Origin \(ID1302\)](#)

20. [U.S. Fresh Foods and Vegetables Retain Access to the Port of Jakarta \(ID1225\)](#)
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 \(ID1036\)](#)

Table14. Indonesia: Exchange Rate (Rp./1US \$) on Month Ending Basis

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

201 4	12,2 26	11,6 75	11,4 04	11,5 89	11,6 11	11,9 69	11,5 91	11,7 17	12,2 12	12,1 63	12,1 96	12,4 36	11,8 99
201 5	12,6 25	12,8 63	13,0 84	12,9 22	12,9 37	13,3 32	13,4 81	14,0 67	14,6 57	13,5 63	13,7 47		

Source: Business Indonesia Daily Newspaper