



A Blueprint for Trade and Investment with Indonesia

Agriculture and Food Sector in Brief

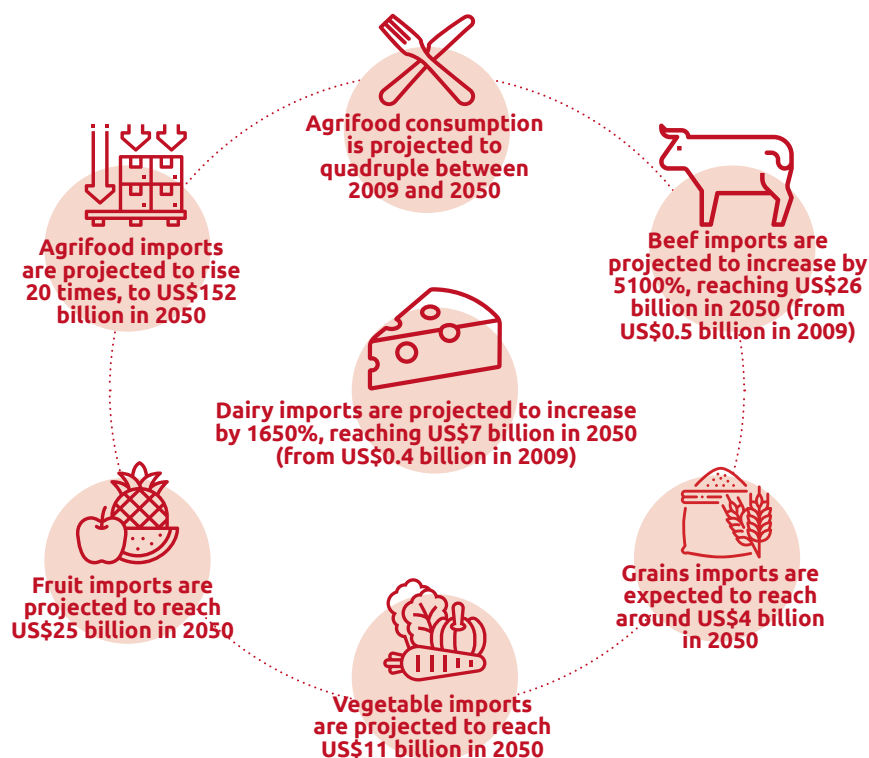
OVERVIEW

By 2050, Indonesia is projected to be the world's fourth largest economy, with per person consumption of commodities like beef and cereals predicted to be greater than China.

- Indonesia is currently a \$2.5 billion export market for Australian farmers, fisheries, and foresters.
- Higher incomes and rising urbanisation have given consumers greater choice, increasing demand for pre-packaged, ready-to-eat and deliverable food products.

The COVID-19 pandemic has drawn attention to food security in Indonesia, making Australia's close proximity and clean and green reputation for agricultural products even more attractive to Indonesian consumers.

- Food security remains a top priority under the Indonesian Government's economic development agenda that aims to stabilise prices for consumers and producers.
- Under IA-CEPA, more than 99% of Australian agriculture products now enter Indonesia duty free or under improved trade rules.
- Exporters need a long-term plan to help meet the regulatory requirements, some of which can only be done via a local distributor/importer.





OPPORTUNITIES

Indonesia's long term economic growth will continue to create opportunities for Australian businesses, as demand for premium, competitively priced agri-food products continues. Australia's well-established reputation for agricultural exports helps secure this trade, totalling more than a quarter of all Australian exports.

WHERE TO FOCUS



Premium, healthy, and safe food: Increasing population, a rising middle class and urbanisation have created a growing appetite for premium, healthy, and safe food products, especially in the large cities and major tourist locations.



New retail markets: Wet markets and small traditional grocers dominate the mass market, but modern retail channels are growing, driven by perceptions around product quality.



New consumer tastes: Consumption preferences are shifting, with young consumers moving towards modern full-service, dining experiences. In response, the food service sector is modernising, supported by the growth of shopping malls, retail outlets, and hotels. Rapid urbanisation and new tourism locations contribute to this trend.



Packaged food: Snack foods, ready meals and healthy options are all experiencing increased growth. E-commerce could also be used as an alternate channel for packaged food promotion and sales given the high level of social media use in Indonesia.



Halal food: Halal food is also an important market category, influencing retailer brand adoption and distribution.

WHAT IA-CEPA OFFERS

Under IA-CEPA, more than 99% of Australian agricultural goods now enter Indonesia duty free or under improved preferential arrangements.

Indonesia has committed to issue import permits automatically and without seasonality for products including live cattle, frozen beef, sheep meat, feed grains, citrus, carrots, and potatoes.



CHALLENGES

During the pandemic, high value products suffered due to the tourist downturn. Exporters should be aware of Indonesia's focus on self-sufficiency and sensitivity on food security, and monitor the environment for any potential impact on operations.

Indonesia's complex regulatory and legal systems may present challenges for exporters.

- Bureaucratic processes have previously led to delays in obtaining import permits, affecting a range of products and countries.
- Australian businesses should take the time to understand Indonesia's different political and regulatory environments.
- This includes undertaking pre-export planning to meet all regulatory requirements ahead of time and partnering with trusted and experienced importers or distributors.

CASE STUDY

Reid Fruits

Reid Fruits is a fifth-generation, family-owned Tasmanian company, renowned for its premium cherries that are exported to over 20 countries around the world.

In 2016, CEO Tim Reid visited Indonesia to assess export potential and noticed the Chinese-Indonesian community celebrating Chinese New Year. These celebrations coincided with Reid's late picking season (late January- early February), offering potential new market opportunities for their premium cherry product.

In 2019-20, following a period of increased growth, the company exported its 2 kilo and 5 kilo premium presentation cherry boxes to Indonesia. The market reception to these products has been excellent. Reid marketing manager Tony Coad says: "Success is about making the right contacts in-market and being proactive."