



**YOUR GATEWAY TO INDONESIA**



# Indonesian Agribusiness Market Opportunities



A project co-funded  
by the European Union

# Indonesian Government Vision and Current Situation

## General Figures of Agribusiness in Indonesia

Indicators	2014*	2015**
Export value (billion USD)	35.42	40
Import value (billion USD)	11.33	13
Utility level	74.61	80
Labour(million persons)	1.71	2

\*Data until third quarter of 2014

\*\* Target in 2015

**2014** : Based on BPS Statistics, Agriculture sector contributed 14.3% to national GDP (**grew from 9.8% in 2012/2013**)

**2015** : Indonesian Government is working on the priority economic sectors including;

- Agricultural Infrastructure
- Agricultural Research

# Indonesia's Agriculture Production and Import

## Production and Import of Food Agriculture Commodity in Indonesia

Production (thousand tons)					
Year	Rice	Soybean	Corn	Sugarcane	Beef
2010	66,469	907	18,328	2,289	436
2011	65,757	851	17,643	2,224	485
2012	69,056	843	19,387	2,593	509
2013	71,280	780	18,510	2,555	505
2014*	70,607	921	19,127	n/a	540
* estimate					
Import (thousand tons)					
Year	Rice	Soybean	Corn	Sugarcane	Beef
2010	250	1,343	421	1,660	67
2011	687	1,733	1,787	2,021	91
2012	2,744	2,125	3,311	2,717	65
2013	1,927	2,129	1,899	2,877	39
2014*	472	1,810	3,255	434	48

# Agribusiness with European Union

## EU Merchandise Trade with Indonesia on Agriculture Products (AMA/WTO) in Millions of Euro

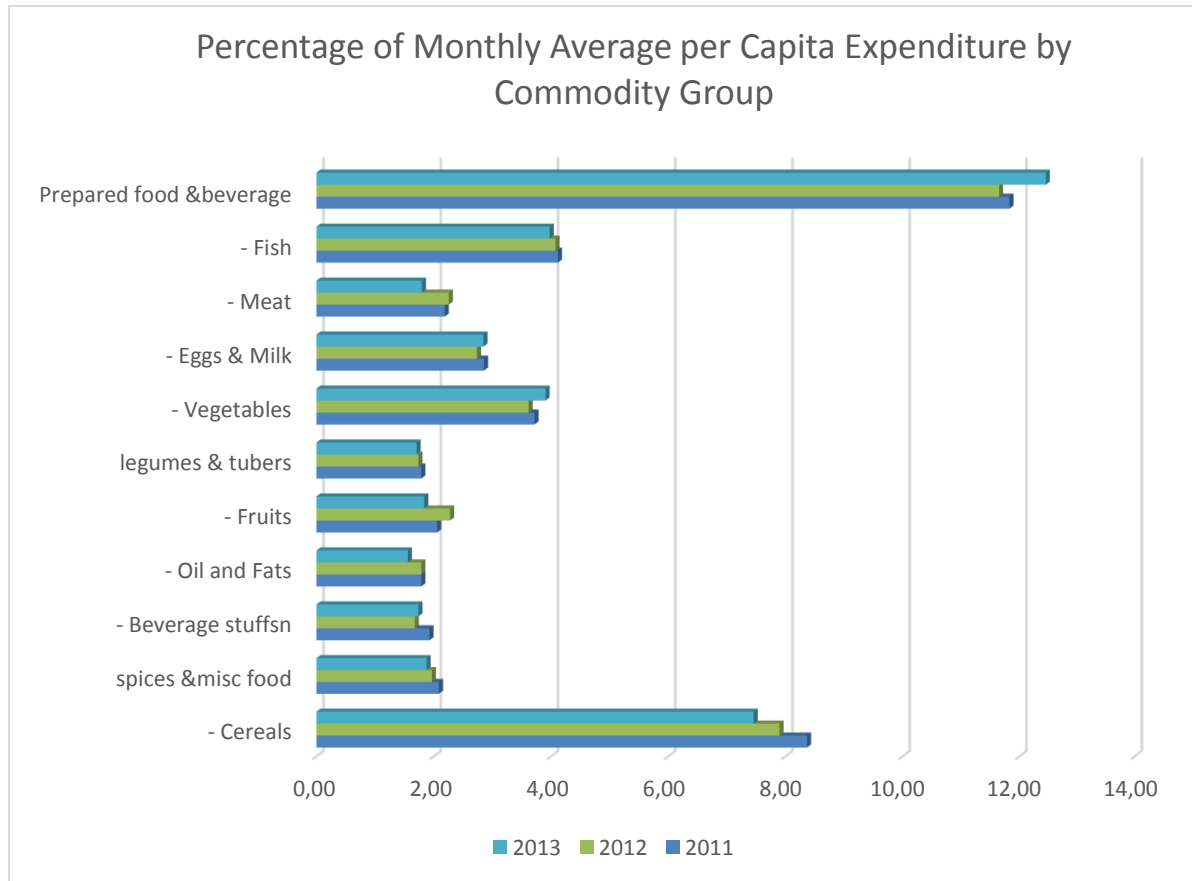
Indicator	2009	2010	2011	2012	2013	Annual average growth
Imports	2,907	3,161	3,781	4,079	4,420	11
Exports	323	440	515	634	678	20.4
Balance	-2,584	-2,721	-3,266	-3,446	-3,743	

Source: [trade.ec.europa.eu](http://trade.ec.europa.eu)

- The trade volume of agriculture products between Indonesia and the EU, as shown by the table below, has been rising by 11 and 20.4 percent on average annually for import and export respectively.

The European Union remains one of Indonesia's best partners in foreign trading of agriculture products.

# Consumption Figure of Agribusiness Products

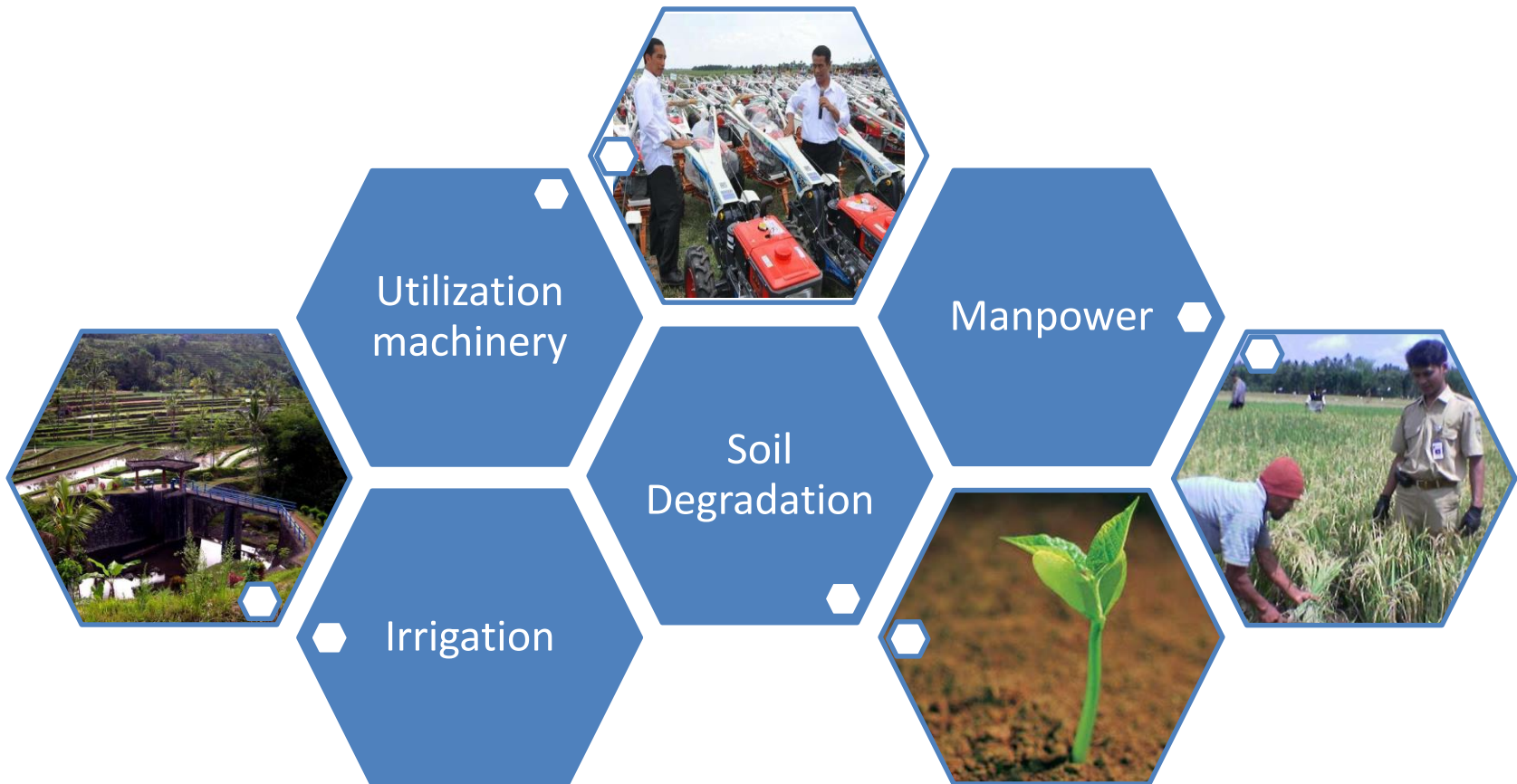


The Indonesian monthly average per capita consumption of certain commodity groups is still dominated by prepared foods and cereals with 12.46% and 7.46% respectively in 2013.

Vegetables contributed 3.91% in 2013. Eggs and milk together are making up 2.85% of 2013's monthly average foods consumption.

The Ramadan quarter is very important for the food and beverage sector to reach the sales target in a year.

# The Main Challenges of Indonesia's Agriculture



# Horticulture and Food Crops: Demand and Trend

## Horticulture

Small planting areas.  
Demand for organic

The biggest challenge in the development of the horticulture sector in Indonesia are the regulations

## Rice Seeds and Seedlings

Hybrid rice: 10K tons  
Corn: 99K tons  
Horticulture: 10-11K tons

The GoI has removed many of the duties and import barriers related to the seedling industry.

## Machinery

80% are imported.  
There are around 100-140 thousand units of agricultural machines needed this year – 3000 tractors

Tariff on raw materials are higher than imported machineries  
Geographical challenges

# Horticulture and Food Crops: Demand and Trend (2)

## Fertilizer

SOEs produce single compound fertilizer.  
 80% mixed compound fertilizer are imported  
 GoI endorses organic fertilizer but lack of human resources and monitoring

International Fertilizer Association claimed that Indonesia is the biggest market for NPK with growth of 10%

### Fertilizer Supply and Demand in Indonesia (2013 and 2014)

Year	2013		2014	
	Production	Domestic and Export Market*	Production	Domestic and Export Market*
Urea	6,698,349	6,575,906	6,742,366	6,697,364
Phosphate/SP-36	517,757	830,638	400,508	798,816
ZA/AS	827,225	1,106,362	816,001	1,011,141
NPK	2,528,347	2,443,456	2,715,098	2,672,052
ZK (K <sub>2</sub> SO <sub>4</sub> )	8,440	n/a	8,326	n/a
Organic	787,516	766,691	580,120	753,761

\*only Urea which has export market; 1,359,109 and 1,107,880 tons in 2013 and 2014 respectively

source: Fertilizer Producer Association (APPI)



# Livestock

## Livestock Population in Indonesia (000 heads) 2012-2014

Specification	2012	2013	2014*
Beef Cattle	15,981	12,686	14,703
Milk Cattle	612	444	483
Buffalo	1,438	1,110	1,321
Horse	437	434	455
Goat	17,906	18,500	19,216
Sheep	13,420	14,926	15,716
Pig	7,900	7,611	7,873
Poultry	1,706,979	1,779,605	1,975,842

Source: Directorate General of Livestock Services

## Foreign Trade in Livestock 2012-2013

Measurement	Export		Growth Rate Export % (2010-2013)	Import		Growth Rate Import % (2010-2013)
	2012	2013		2012	2013	
Volume (Ton)	185,675	196,300	26.49	1,201,742	1,244,994	0.36
Value (000 USD)	556,527	568,244	15.79	2,698,100	3,029,311	2.93

Source: Ministry of Agriculture

Seeing from the development, Indonesia needs more than just supply of immediate needs, but the transfer of know-how and technology to enhance the quality and quantity of livestock production.

# Dairy Products

Indonesian total annual milk consumption was only 11.09 liter per capita per year. is considered low compared to some ASEAN countries (around 20 liter per capita per year);

*(Source : Ministry of Industry)*

The growing demand towards dairy products in Indonesia itself is expected to be around 5% annually until year 2020.

*(Source: Food Navigator – Asia Website)*

Average milk production: 11.5liter/head, lactation length 271 days – production 3139liter/lactation.

Frisian crossed cattle, imported frozen Australian or New Zealand semen

## Total Milk Production of Milk-Producing Cattle Companies, 2010-2013

Milk Production	2010	2011	2012	2013
Volume (million liter)	16.24	36.46	30.54	58.81
Value (million USD)	3.7	9.6	18.6	19.8

*Source: BPS (Indonesian Statistics Center)*

# Cattle and Husbandry

**Current** : Government of Indonesia is embracing the private companies to establish a 30,000 breeder cattle program, in order to boost the production of cattle in Indonesia to help reaching self-sufficient in beef.

*According to the study by Australian Center for International Research, There are at least three types of Cattle Breeding, Rearing, and Fattening in Indonesia based on a study;*

- 1. The Small to Medium Holder of Cattle Farmers**
- 2. The Cattle Fattening Farms**
- 3. Corporate Feedlots**

**Consumption: beef 2.5-13kg/capita/year\***

**Growth of demand for beef 8% -> 640,000 tons in 2015**

**Ramadan & Day of Sacrifice**

Government's optimism in realizing the self-sufficiency program for beef in 2018 is considered as impossible for certain parties, including the associations which is working directly on the field,

# Processed meat, Abattoir, and Poultry

The processed meat market in Indonesia is currently growing by 15% each year. The research also stated that 80% of processed-meat products in Indonesia are produced locally, while the import products can be majorly found in border areas. 60% processed poultry, growing 20% in the next two year.

*(Source : National Meat Processor Association Indonesia (NAMPA))*

**APFINDO** : There are approximately 850 abattoirs in Indonesia, around 240 of them are the supply chain abattoirs, and around 40% of them are in vulnerable condition. 50 percent of the abattoirs are owned by the government and another 50 percent are owned by the private companies.

67% of total Indonesian meat production is coming from poultry industry. Poultry production value reached USD 4.84 billion in 2012  
Consumption: 8kg/capita/year.

# Vaccine and Medicine

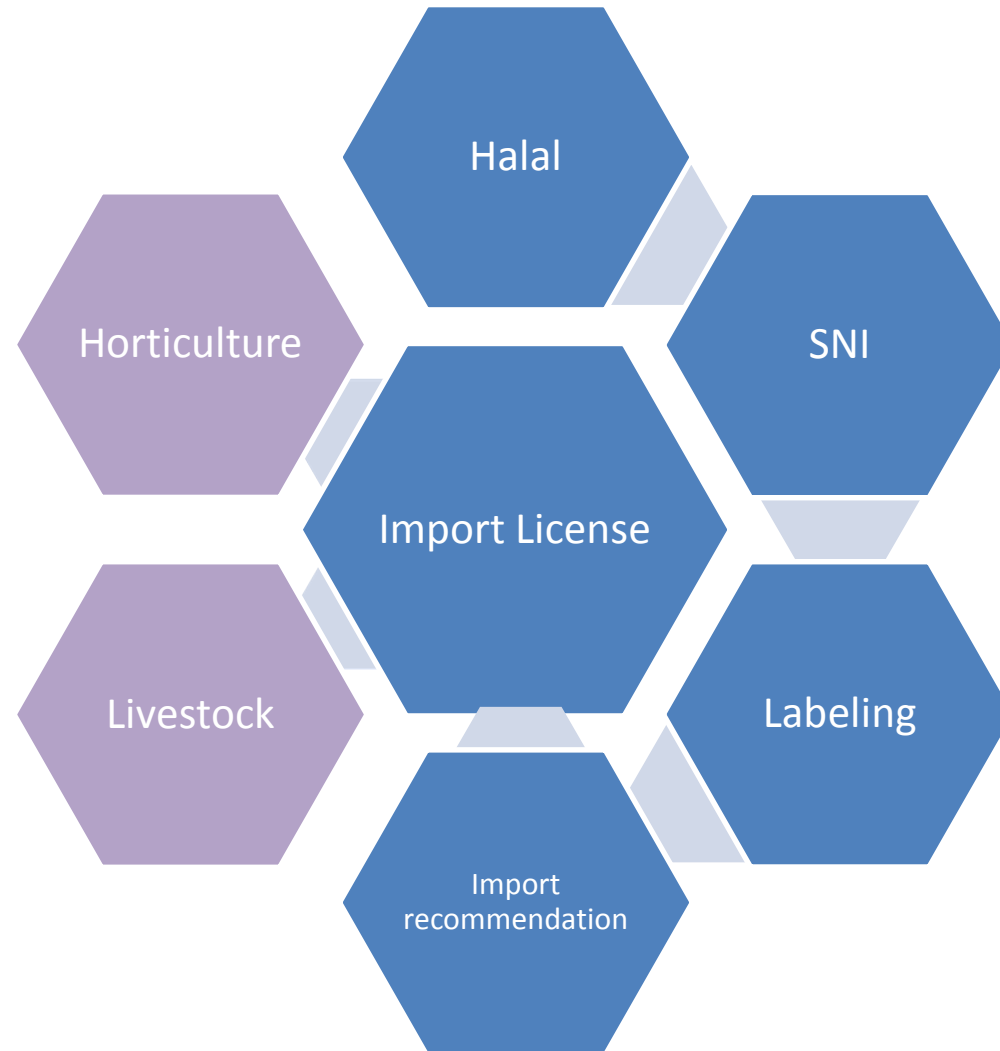
Indonesia imported almost 80 percent of its raw materials for vaccine, pharmaceuticals, and other drugs.

The main exporters of pharmaceutical raw materials: China and India  
Exported raw materials for vaccine: EU countries (Germany, France, and the Netherlands)

Animal medicines market in Indonesia reached USD246.1 million in 2013, which is 7% higher than the previous year. Market Share: 80% poultry, 10% cattle, 5% pig, 5% others

It is worth to be noted that the market of drugs for poultry is already saturated, meaning that even though the market is big, there is too much players inside.

# Import Regulation



# Tariff and Tax

## List of HS Code, Tariff, VAT, and PPN for Some of Agribusiness Products

Product	HS Code	Tariff	VAT	Income Tax
<b>Fertilizers</b>	3101 - 3105	5 %	10 %	7.5% without API or 2.5% with API
<b>Agriculture Machinery</b>	843230 - 843290	5 – 7.50 %	10 %	
<b>Farming Machinery</b>	8434 - 843620 - 843680	5% (Except for electrical operated incubators or brooders; it will be 0)	10 %	
<b>Breeding Animal</b>	Horses, mules, cattle, buffalo, others	0 (except for breeding guinea fowls and fighting cocks; that is 5%)	10 %	
<b>Cattle</b>	01022910	0 for oxen and 5% other cattle	10 %	
<b>Meat</b>	Under HS Code 0202; 020320; 020440; 0204500000;	5 %	10 %	
	Meat and edible offal of poultry ; Under HS Code 0207	5% (except for thighs of Gallus domesticus; that is 20%)	10%	
<b>Dairy and dairy products</b>	Under HS Code 0401; 0402; 0403; 0404; 0405	5% (except for yoghurt; that is 10%)	10 %	

# Opportunities

- Demographic Transition
- Changing Consumption Patterns
- Growth of Domestic Tourism



# Remaining Challenges

- Infrastructures: The Cold Chain Store System and Food Security
- Market Access



# Summary

- **INDONESIA IS WITHIN THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS ECONOMIC COMMUNITY WHICH HAS OVER THAN 600 MILLION INHABITANTS**
- **COUNTRY FOREIGN DIRECT INVESTMENT (FDI) REALIZATION IN 2014 WAS UP 16.2% FROM 2013 WHICH IN TOTAL EXCEEDED U\$37 BILLION**
- **AGRIBUSINESS SECTOR CONTRIBUTED 10.3 % IN 2014 IN THE COUNTRY'S YEARLY GDP.**
- **THE NUMBER OF WORKERS EMPLOYED IN AGRIBUSINESS INDUSTRY AMOUNTED TO 1.71 MILLION WORKERS (2013) AND 2 MILLION WORKERS (2014)**
- **FUTURE PROSPECTS AND TERNDS REGARDING AGRICULTURE SECTOR REMAIN BROADLY POSITIVE.**
- **THE AGRIBUSINESS INDUSTRY REMAINS PROMISING, MOTIVATED BY OVERALL NATIONAL GROWTH, DEMOGRAPHIC AND CONSUMPTION PATTERNS**



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