

1. INTRODUCTION

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Indonesia is an important neighbour and trading partner for Australia. It has faced many challenges during the past decade and more undoubtedly lie ahead. But economic growth has recovered quite strongly and Indonesia has returned to the top tier of Australian food export markets, ranking 6th as an export market for Australia in 2002–3. In both 2001–2 and 2002–3 Indonesia outstripped China as a market for Australian food exports.

The scale of the trading relationship is reflected in the large number of Australian companies, big and small, that are represented in Indonesia. Healthy two-way trade and investment ties are an important element in the broader Australia-Indonesia relationship.

The aim of this handbook is to bring together in a single, concise document a comprehensive overview of the Indonesian food market that provides Australian exporters with practical and realistic information on this important market. It will better equip Australian food exporters to explore new opportunities to work with local partners in the Indonesian market for their mutual benefit.

Australia's food exports to Indonesia are dominated by live cattle, beef, dairy products and wheat and flour. But a host of niche high value-added products, many produced by small and medium sized Australian companies, find good markets in Indonesia and Austrade sees promising potential for further growth in a range of food product segments.

The handbook provides description and analysis of:

- The Indonesian consumer (Chapter 2)
- Retail and food service trends (Chapter 3)
- Supply chain issues (Chapter 4)
- The business environment (Chapter 5)
- Australian food exports to Indonesia (Chapter 6)
- The political and economic environment (Chapter 7)

Following the main chapters of the handbook, a series of appendices provide more detailed data on:

- Australian food exports to Indonesia (Appendices 1–3)
- Indonesian tariffs on agricultural and food products (Appendix 4)
- Other useful contacts, information and information sources (Appendices 5–7)

The information in the handbook draws on a mix of fieldwork, conducted in July and September/October 2003, and a wide range of Indonesian, Australian and international sources. The bibliography contains a listing of the sources used in compiling the handbook.

The handbook was commissioned by the Australian Department of Agriculture, Fisheries and Forestry in June 2003 as part of its work in support of the Australia – Indonesia Ministerial Forum's Working Group on Agriculture and Food Cooperation. Since 1992, the Working Group has provided an enduring and valuable mechanism for developing linkages between the government and private sectors in Indonesia and Australia. There is a continuing strong level of mutual commitment to this bilateral agricultural and food forum and its work programs.



Image 1.1 Fresh fruit street stall, Jakarta



Image 1.2 Makro store, Jakarta



Image 1.3 Australian fresh fruit display, Sogo Supermarket, Plaza Indonesia