

INTRODUCTION

This report has been prepared as the basis for an Investment Guide to the Indonesian Food and Agriculture Sector. It is an initiative of the joint meeting of principal representatives of the Australia-Indonesia Working Group on Agriculture and Food Cooperation (WGAFC) and the Australia-Indonesia Working Group on Trade, Industry and Investment (WGII), held in Jakarta on 18 June 2004.

A précis of this report is available in hardcopy as *An Investment Guide to the Indonesian Food and Agriculture Sector*. This report and the guide also complement and build upon the *Food Exporters' Guide to Indonesia*.¹

The report was prepared by Bayliss Associates Pty Limited, and involved primary research in Indonesia (Jakarta, Surabaya and Medan) and Singapore from 25 November to 16 December 2004. Austrade in Jakarta and Singapore provided logistical and market research support. Bayliss Associates would like to thank the staff of those two Austrade offices for their considerable assistance.

The interview program covered the major Indonesian agribusiness groups, as well as regulatory and investment agencies. Contact was also established with multilateral agencies, including the World Bank and major financial institutions. Prospective investment partners were also contacted – as well as key facilitators and regulators of investment transactions. Contact was made in all the main sectoral areas – specifically:

- Fruit and vegetables
- Dairy
- Beverages
- Poultry
- Beef
- Bakery products
- Confectionery
- Snack and convenience foods
- Baby foods
- Food ingredients.

This report is divided into four parts:

- Part One: Overview of the Indonesian Economy & Investment Climate
- Part Two: Industry Analysis & Identification of Opportunities
- Part Three: The Australian Investment Perspective
- Part Four: Conclusions & Recommendations

¹ http://www.daff.gov.au/corporate_docs/publications/pdf/food/indonesian_exporters_hbfinal.pdf

This analysis of investment opportunities and the climate for investment in the Indonesian food and agricultural sectors comes at an important time for Indonesia. The Indonesian Government recognises the pressing need for new foreign investment to sustain recovery. At the same time Australian industry awaits signs of recovery and greater certainty in the investment environment to facilitate new commitments.



Coordinating Minister for the Economy, Aburizal Bakrie (pictured left) commented on 15 February 2005 that 'From this year on, a pick up in exports and investment is a must, as we cannot rely on consumer spending to continue supporting growth.'

Investment in new agricultural systems and processing capability is one of the quickest and most effective ways of delivering broad based recovery in the Indonesian economy. This report, and its attendant guide, are designed to help focus on areas of investment opportunity in Indonesia – and bring those opportunities to the attention of prospective Australian investors.