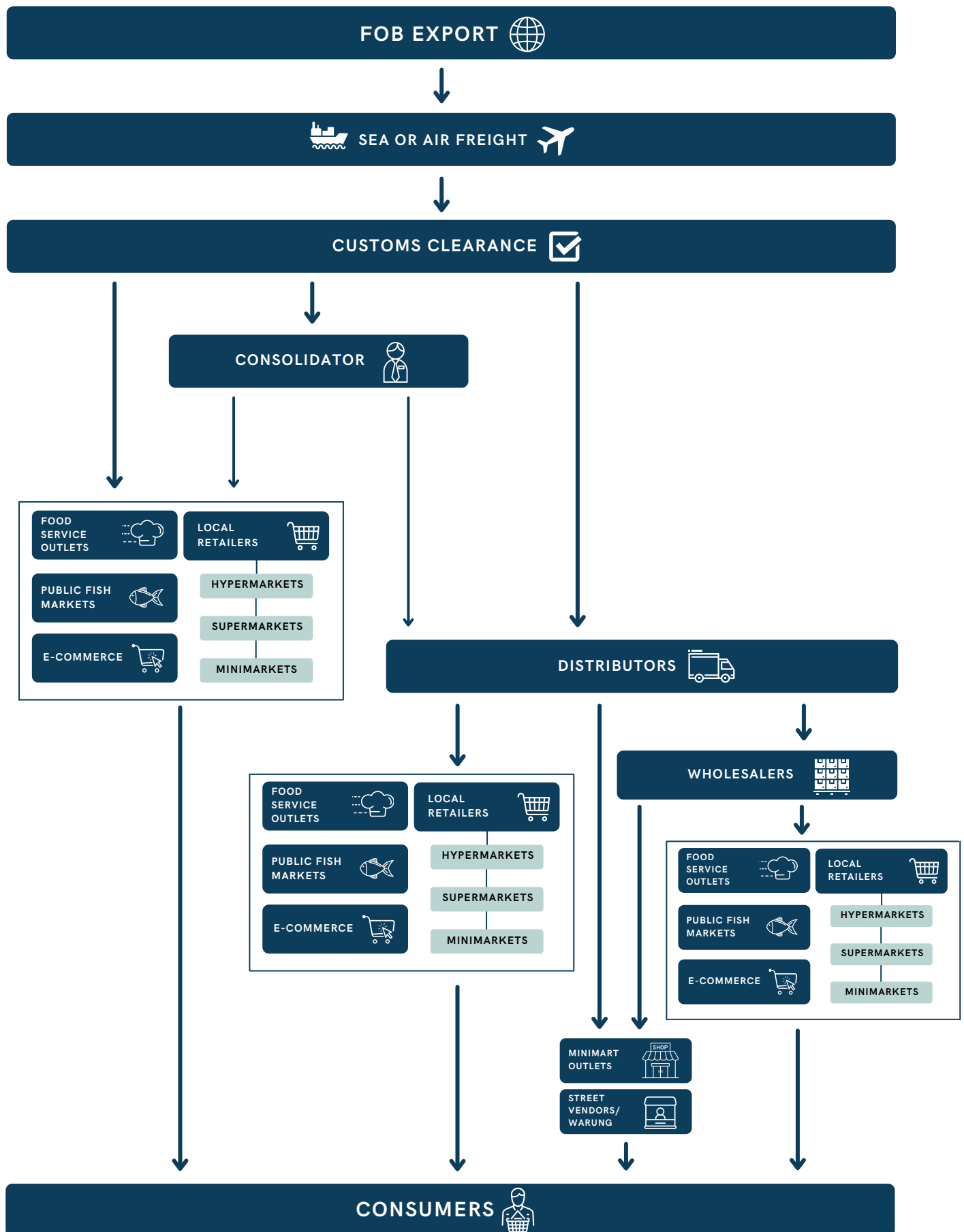


Indonesia Supply Chain Guide



Supply Chain Overview



INDONESIA-AUSTRALIA COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT

The Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) entered into force on 5 July 2020.

Building on the ASEAN-Australia-New Zealand Free Trade Agreement, IA-CEPA will provide better and more certain access to the Indonesian market for Australian exporters.

Over 99% of Australian goods exports by value to Indonesia will enter duty free or under significantly improved preferential arrangements by 2020 (compared with 85% under AANZFTA).

Indonesia will issue import permits automatically and without seasonality for key products such as live cattle, frozen beef, sheep meat, feed grains, rolled steel coil, citrus products, carrots and potatoes (import licences are a major irritant for many Australian exporters into Indonesia)

USEFUL LINKS

- [Indonesia-Australia Comprehensive Economic Partnership Agreement](#)
- [Austrade Industry Directories](#)
- [Austrade - Food and beverage to Indonesia](#)
- [Micor - Manual of Importing Country Requirements](#)
- [Indonesian Fishery Associations](#)
- [Fisheries Research and Development Corporation \(FRDC\)](#)
- [Step-by-step guide to exporting fish and fish products](#)
- [Regional Comprehensive Economic Partnership \(RCEP\)](#)

[Click here to view the IA-CEPA – Key Outcomes for Australia](#)

[The FTA Portal](#) is a user-friendly Australian Government website that provides easy access to information for exporters, importers, and other stakeholders seeking to access the benefits from all of Australia's free trade agreements (FTA). [The FTA Portal](#) is the easiest way to determine the preferential FTA tariff rate on your product.

[Click here to view the Indonesia National Trade Repository - Commodity Detailed Tracing by HS Code or HS Description](#)

INCOTERMS®

International Commercial Terms or 'Incoterms®' are a set of 11 individual international rules for interpreting trade terms issued by the International Chamber of Commerce (ICC), which help traders in different countries understand one another. Incoterms clarify the obligations of buyers and sellers in trading internationally to avoid any confusion. These terms are updated periodically to adapt to changing trade practices. Some common examples of Incoterms for any mode of transportation include:

- EXW - Ex-Works OR Ex-Warehouse
- FCA - Free Carrier
- FOB - Free on Board
- CFR - Cost and Freight
- CIF - Cost, Insurance and Freight

SEE APPENDIX A FOR INCOTERMS CHART

Import Requirements

IMPORTING FISHERY PRODUCTS TO INDONESIA OVERVIEW

- 1** To receive an import permit, submit an application for the import of fishery products to the Fish Quarantine Inspection Agency (FQIA) or Balai Karantina Ikan, Pengendalian Mutu, dan Keamanan Hasil Perikanan (BKIPM). This includes the intent and purpose, scientific name and trade name, HS code, quantity/ volume, and specification, as well as information on the country of origin and the logistic.
- 2** The FQIA officer then checks the completeness and validity of import documents such as izin impor ikan hidup (IPHP) or live fish import permit, health certification (HC), Certificate of Origin (CO), invoice and packing list, and Sertifikat Hasil Tangkapan Ikan (SHTI) or Fish Catch Certificate.
- 3** After the documents have been declared complete, the fishery products that have arrived at the entry area, (customs area at the airport or seaport) will be analysed and initially identified.

AUSTRALIAN SEAFOOD ESTABLISHMENTS

Indonesia's Ministry of Marine Affairs and Fisheries (MMAF) require that all Australian seafood establishments must be registered with the Department. The Department provides a list of seafood establishments to MMAF to be published in MMAF website. Only establishments that are included on the list on the Department's website are deemed qualified to export fish and fish products from Australia to Indonesia.

Exporters must ensure that the processing establishment is listed on the Department's list prior to export. The Department periodically provides an updated list to MMAF.

To ensure compliance with export eligibility requirements, exporters are able to identify registered establishment approved by the department to prepare fish goods for export.

- [List of export registered fish establishments in Australia](#)

DOCUMENTATION

The GOI requires extensive documentation prior to allowing the importation of goods. Local customs brokers are acquainted with the procedures and required format of the documentation. At a minimum, the exporter or his agent must provide a pro-forma invoice, commercial invoice, certificate of origin, bill of lading, packing list, and insurance certificate. Importers need to have an import license and importer identification number.

If the importer intends to import without an import license, then they would need to apply for a special permit for importing without API to Indonesia Ministry of Trade. In addition to those documents additional certificates are often required by technical agencies with an interest in the content and conformance of the imported product such as food, pharmaceutical, seeds, or chemicals.

Live finfish, bivalves, crustaceans, echinoderms, gastropods, cephalopods and tunicates

Indonesia's Ministry of Marine Affairs and Fisheries (MMAF) also issued new regulations on fish and fishery products import policy: [Regulation of Ministry of Marine Affairs and Fisheries No. 11/2019 \(PDF 547 KB\)](#). MOMAF Regulation No. 74/2016 (replacing MMAF Regulation No. 46/2014) that specifies the required sanitary certificate language and MMAF Regulation No. 41/2014 lists live aquatic species banned from import.

Under Decree No. 11/2019 of Indonesia's import requirements, consignments of fish and fish products are required to be accompanied by the following documentation at the time of export:

Health certificate: To export live seafood to Indonesia, exporters are advised to work with their Indonesian importers to ensure the seafood species is permitted for import before exporting. Then, you must contact the department for development of a certificate. For more information, please refer to [MAA 2021-09](#).

Certificate of Origin (COO): A list of Certificate of Origin providers can be found on the [Austrade website](#).

Invoice/Packing Lists: Every fishery product that enters to the territory of the Republic of Indonesia must be labelled or equipped with document (invoice/ packing list) written or printed in Indonesian and English.

The label should at least contain:

- A) product name (trade name or scientific name);
- B) net weight or net content; and
- C) name and address of the manufacturing and importing parties

Market Access

Decree [No. 125/KEP-DJP2HP/2014](#) amended by Decree [No. 31/KEP-DJP2HP/2015](#) specify the type of fish products allowed for import into Indonesia. The decree states that Indonesia will only permit the importation of fish species not available in Indonesia waters, except in the event of shortages and seasonal production limitations.

[Rekomendasi Pemasukan Hasil Perikanan dan Ikan Hidup/Recommendation for Importation of Fishery Products \(RPHP\)](#) is a written statement provided to the fishery products importer (not as industrial raw materials). Issuing this document is free of charge and the submission can be done in OSS.

Importer registration, product registration, or any change regarding the import of fishery products, can www.rphp-online.kkp.go.id

Fishery products for non-industrial material are mainly for:

- Preserved product
- Bait
- HORECA
- Modern market
- Food enrichment materials

Not all fishery commodity/ products are allowed to enter the Indonesian market. According to the [Recommendation for Importation of Fishery Products \(RPHP\)](#), fish and seafood products can only be exported to Indonesia if;

- The fishery products are not available in Indonesia (e.g: cold-water fish)
- The products market for re-export
- The products market for HORECA
- The products only sell to modern retail

List of eligible fish and seafood products allowed to export to Indonesia;

Raw Material for the Fish Canning Industry

No	Type of Fish	HS Code	Form
1	Sardine (Sardinella spp.)	0303 53 00 00	Frozen
2	Jack and Horse Mackerel (Trachurus spp.)	0303 55 00 00	Frozen

3	Atlantic Mackerel (Scomber Scombrus)	0303 54 00 10	Frozen
4	Pacific Mackerel (Scomber Japonicus)	0303 54 00 20	Frozen

Raw material for hotel, restaurant, catering consumption and modern market

No	Type of Fish	HS Code	Form
1	Trout (Salmo trutta, Oncorhynchus spp.)	0302 11 00 00 0303 14 00 00	Fresh Frozen
2	Pacific Salmon (Oncorhynchus spp.)	0302 13 00 00 0303 12 00 00	Fresh Frozen
3	Atlantic Salmon (Salmo salar)	0302 14 00 10 0303 13 00 10	Fresh Frozen
4	Halibut (Reinhardtius spp.)	0302 21 00 00 0303 31 00 00	Fresh Frozen
5	Cod Fish (Anoplopoma fimbria/Gadus spp.)	0302 51 00 00 0303 63 00 00	Fresh Frozen
6	Lobster (Homarus spp.)	0306 12 00 00	Frozen
7	Giant Fresh Water Shrimp (Macrobrachium rosenbergii)	0306 17 30 00	Frozen
8	Nori/Kelp/Roasted Laver	1212 21 10 00	Dried
9	Surumeika/Squid (Loligo spp., Nototodarus spp., Todarodes pacificus)	0307 41 20 00 0307 49 10 00	Fresh Frozen
10	Any kind of fish or seafood which is not available in Indonesia*	-	-

*Further to the eligible aquatic animal species outlined above, Indonesia will also accept fish/seafood which is not available in Indonesia, except in the event of shortages and seasonal production limitations. It is recommended that exporters confirm product eligibility with their importer prior to export.

Food Regulation

Law No. 18/2012 on Food essentially sets the rules for Indonesia's food policy. This law mandates that the food supply must be adequate, secure, of a high quality, affordable, and consistent with culture, religion, and values. Priority should be given to domestic food production over imports (EIBN, 2017). Additionally, there are two government regulations: Government Regulation No. 28/2004 on Food Safety, Quality, and Nutrition, and Government Regulation No. 69/1999 on Label and Food Advertising.

Various related ministerial and other institutional decisions pertaining to food-related issues are also included.

Food import and export into and out of Indonesian territory, control and supervision, community involvement, and food safety are all covered under the food regulations. All facets of the food/fish industry process are regulated. Additionally, the food industry process will be impacted by the new Law No. 33/2014 on the assurance of halal products. Products must be halal certified in order to enter, circulate, and trade in Indonesia, according to Law No. 33's Article 4. As a result, halal certification has emerged as a crucial tool in Indonesia's food industry.

The Regulation Aspects of Food Policy in Indonesia

- 1 Good production practices (farming and capturing)
- 2 Good handling process live/fresh
- 3 Good manufacturing process
- 4 Clear and appropriate labelling and packaging
- 5 Good distribution/marketing practices

Logistics

Having efficient and reliable logistics for export can give exporters a competitive advantage through better order handling and shortened product cycles. Export logistics is a crucial yet considerably complicated piece of the export puzzle that includes order handling, transportation, inventory management and handling, storage, packaging, and clearing of the export goods. Most new exporters and experienced exporters use a freight forwarder to navigate the various steps needed to get their products into international markets.

SEA FREIGHT

Ongoing sea freight disruption has caused massive problems to global logistics.

The closure of some of the world's largest ports, congestion and shortages of storage space has resulted in ships rerouting and changing their schedules at short notice. The flow-on effects have been:

- Difficulty in getting containers
- Difficulty in securing freight capacity
- The escalating cost of freight
- Longer shipping journeys due to changing schedules
- Bottlenecks at ports
- Delays in transit

Sea Freight, Full Container Load (FCL)

A container (20-foot or 40-foot) is exclusively used for a single shipment. The container is not shared with other cargo shipments, and the costs are borne by one party. It is generally used for heavy cargo (over 15 tons).

Sea Freight, Less than Container Load (LCL)

A container is shared by various cargo shipments. LCL is the preferred option when there aren't enough goods to fill up the entire container. This option allows the exporters to lower their shipping costs.

The entry points for imported fishery non-industrial ingredients are as follows:

- All of the international airports in Indonesia

Seaports:

- Belawan in Medan
- Batu Ampar in Batam
- Tanjung Priok in Jakarta
- Tanjung Emas in Semarang
- Tanjung Perak in Surabaya
- Tanjungwangi in Banyuwangi
- Soekarno Hatta in Makassar
- Bitung in Bitung

Below are the top 5 seaports with the highest volume of imported fish and seafood in 2017-2021:

No	Port of unloading	2017	2018	2019	2020	2021	Trend (%)
		Volume in kg					
1	Tanjung Priok	98.115.797	100.427.420	127.903.266	133.445.458	135.861.933	8,96
2	Tanjung Perak	117.299.611	104.314.046	85.810.052	72.755.174	61.705.998	-14,80
3	Belawan	58.504.707	60.426.025	55.568.581	49.836.243	37.686.218	-9,86
4	Panjang	9.576.901	12.814.313	8.544.100	8.351.567	13.620.224	15,33
5	Tanjung Emas	17.532.192	17.234.334	10.778.190	7.352.212	10.940.777	-5,53

AIR FREIGHT

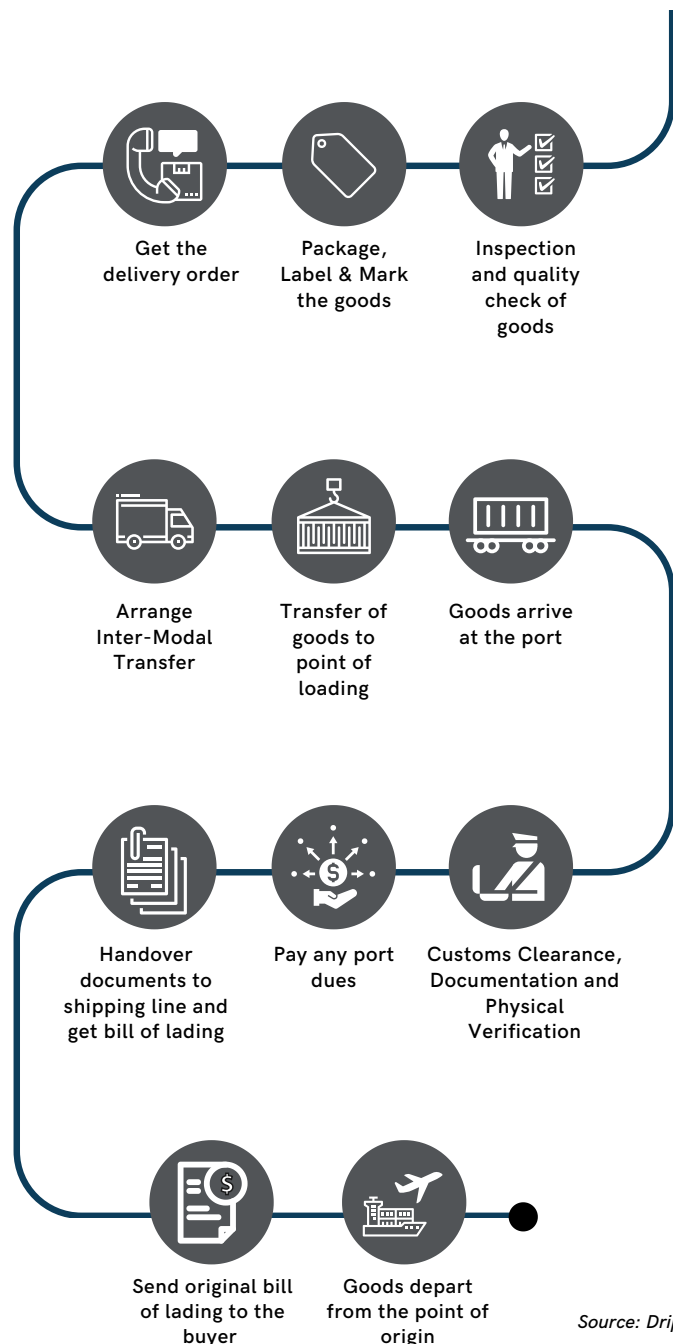
Air freight has been even more disrupted than sea freight at the onset of the pandemic and now appears to be settling into a new normal.

Most air freight is carried on passenger aircraft and with the closed border policy for international arrivals, freight has become problematic to many destinations and costs have escalated.

Government support through the International Freight Assistance Mechanism (IFAM) program has assisted to businesses to secure airfreight by keeping global air links open. The program is due to be reviewed around June-July 2022 with a replacement model being considered. More information is available through the IFAM virtual briefings and on the [IFAM](#) website.

USEFUL LINKS

- [The International Federation of Freight Forwarders Associations \(FIATA\)](#)
- Search for a customs broker or freight forwarder on the IFCBAA site:
 - [International Forwarders & Customs Brokers Association of Australia \(IFCBAA\)](#)



Source: Drip Capital

An appropriate shipping partner may greatly affect the delivery experience when it comes to international shipment. However, different shipping partners excel at different stages of the supply chain, so it's better to look for the one that fits the requirement.

For import to Indonesia, it is recommended to seek partners who possess the following qualities:

- Has local expertise
- Knows what can and cannot be shipped into the country
- Knows how to collect payment for the products

Market Entry

IMPORTER/DISTRIBUTOR ROLES & RESPONSIBILITIES

- Purchases product from exporter
- May organise ocean transportation & insurance
- Clears customs and pays any duties applicable
- Warehouses, stores and dispatches stock
- Getting paid: payment terms & deductions
- Sales and marketing services
- Can specialise in foodservice or retail

It is advisable to bear the following questions in mind before engaging in any trade conversation:

- Your potential partner's reach/coverage - i.e. does the importer only focus on retail or food service, or do they work with both? Which outlets do they work with?
- What order sizes are you looking for?
- Does the importer share your values? Are they committed to building your brand in a way you're happy with?

MARGIN STRUCTURE

EST. DISTRIBUTOR MARGIN



30% - 35%

It is important that exporters take the adjacent indicative margins as a guide only. There are many conditions attached to trading terms and because they can be a crucial element of success, they need to be strategically negotiated.

The Retail Channel

OVERVIEW

- The retail value sales of supermarkets fell 8% in 2021 but are expected to grow strongly at a current value CAGR of 13% to 2026.
 - However, visits to supermarkets in standalone locations remained high due to their proximity to residential areas.
 - Meanwhile, hypermarkets saw low visitation as they're typically located far from consumers' homes and consumers sought to minimise travel due to COVID-19. This trend is expected to continue through to 2026.
 - In some outlets, sales of fresh products such as fruit and vegetables are rising as consumers avoid going to traditional markets.
- Traditional stalls and grocery stores remain very common channels to shop at, driving a large portion of the economy and supporting the livelihoods of low to middle income consumers. Government assistance programs have allowed these stalls to continue operating.
- Indonesian supermarkets and hypermarkets share many similarities, as both are usually classed as large modern grocery retail channels. Both supermarkets and hypermarkets are usually found in shopping centres. In the past, supermarkets were often subject to limited growth due to dynamic consumption trends and patterns, as well as being caught between convenience stores and hypermarkets.
- While outlet expansion continues to be viewed as a crucial component for success for modern grocery retail operators, it is becoming increasingly clear that an adequate stocking of basic essential goods is sufficient to attract consumers, thus negating the need to operate huge stores.
- In 2021, Alfamart remained the market leader in the convenience store channel. The success of the brand lies mainly in its ability to offer stable prices, while offering promotional low prices on the weekend.
- In April 2021, Alfamidi and Indomaret announced a partnership with ShopeePay, an e-commerce platform with an established digital payment system. This was launched in Ramadan 2021, which is a busy shopping season. Consumers were able to take advantage of cashback offers among other promotional deals.

RETAIL MARGIN STRUCTURE



The margin structure of the various supply chain partners is highly dependent on many factors including, but not limited to, the level of service offered and if freight is included.

Margins also vary based on some of the following:

- Chilled and frozen carry bigger margins, chilled the highest
- The value and uniqueness of the product (the margin % is less for higher-value products)
- The size of the order
- The size of the customer
- The retailer trading terms
- The level of marketing support

KEY PLAYERS



FISH & SEAFOOD CATEGORY TRENDS

- Fish is considered as one of the primary sources of animal protein and nutrition for many Indonesians, while also being a key source of livelihood and income.
- Indonesia's fish consumption is comparatively low when looking at other countries in the Southeast Asia region. In a bid to improve fish consumption and protein intake, the government launched the 'Gemarikan' program.
 - However, Indonesia maintains one of the highest levels of fisheries production in Southeast Asia, topping Vietnam, Myanmar, the Philippines, Thailand and Malaysia, with fish production greater than all of these countries combined.
- Indonesian consumers' fish consumption is dominated by fresh fish, which is reflected in its relatively inelastic demand. Fresh fish is desired by a majority of consumers at 76%, followed by processed products at 19%, and salted fish at 15%. However, regarding overall consumption, demand is elastic, with the rising price of fish negatively impacting consumption (yet to a limited extent).
- According to the Indonesian Ministry of Maritime Affairs and Fisheries, the species of fish most consumed in the country are catfish and tuna (16% approx.), processed fish (such as meatballs, sausages and nuggets) (9% approx.), catfish and cormorant (8% approx.), mackerel (6.5% approx.), milkfish (5.5% approx.), tilapia (5% approx.), shrimp and calamari (4% approx.) and anchovies (3.5% approx.).
- Fish consumption is highest in Maluku Province, Southeast Sulawesi, Riau Islands, North Maluku Province, West Papua Province and North Sulawesi Province. Meanwhile key growth provinces include Yogyakarta, West Nusa Tenggara, Central Java, Jakarta and East Java.
- Key challenges facing Indonesia's fishing industry today include a lack of feasible and well-managed fishing harbours, a weak capture fishery industry, a lack of high value-added products, as well as quality and safety issues.
- The fish and seafood production industry is highly fragmented, with the top two players generating just 1% of production value in 2021. Imports account for just 0.2% of total market size.

- The average volume of fish and seafood consumed per person annually is equivalent to 6.1kg in 2022, reflecting that consumption is steadily increasing. 2.8kg is the volume of processed fish and seafood consumed per person, a figure which is showing even stronger growth than overall.
- Factors driving this low fish consumption include limited infrastructure to distribute quality fish, a preference for meat over fish, and the fact that certain seafoods like tuna, shrimp, crabs and octopus are often exported rather than sold domestically, leaving local consumers with access only to medium and low-quality seafoods.
- Indonesia's fisheries industry is committed to enhancing the sustainability of products on offer both domestically and for export, with the country committing to conserving the ocean by establishing 20 million hectares of Marine Protected Areas.
- Government is continuing with campaigns to improve fish consumption, such as the Communal Fish-Eating Festival at Raga Amp-at regency to improve public awareness of and interest in buying and eating fish.
- Indonesian cuisine includes a rich variety of seafood-based dishes. Popular dishes include Cakalang Fufu (made with cured and smoked skipjack tuna), Satay Udang (prawn satay), Udang Balado (stir-fried prawns), Sate Kerang (mussels satay), Kepiting Saus Padang (marinated crab), Arsik (stewed carp), Ikan Bakar (barbecued/grilled fish), Pecel Lele (deep-fried catfish) and Pempek (fish cake made with ground fish meat).

The E-Commerce Channel

OVERVIEW

- The switch from physical store shopping to online shopping, generally using smartphones, remains a key trend.
 - Changes in consumers' shopping patterns have benefitted e-commerce performance in 2021, with major players such as Tokopedia, Bukalapak and Shopee expanding in the grocery segment with discounts and promotions to encourage online grocery shopping.
 - There is a growing number of small businesses selling products online via platforms such as WhatsApp and Instagram, with brands using these platforms to approach consumers.
- The switch from physical store shopping to online shopping, generally using smartphones, remains a key trend.
- Despite the shift towards e-commerce in 2020, groceries remain a product category where consumers still prefer to visit physical outlets, especially when it comes to buying fresh products.
- Although, during the forecast period, it is expected that online shopping of food and drink products will continue to rise in popularity. With the pandemic causing a shift to online shopping, the consumer base for e-commerce websites has become significantly larger, going beyond the original core target base.
 - This rise in popularity has been supported by the channel's assurance of reliability as well as the overall convenience offered by the channel.
- The constant improvements being made to improve infrastructure and logistical capabilities, including cold chain capacities, are expected to offer several advantages to the food and beverage e-commerce sector during the forecast period. This is especially since the perishability of produce and grocery products is one of the biggest obstacles in the further development of food and drink e-commerce.
 - Improvements made to the logistical capabilities of the overall e-commerce sector will also mean shorter delivery times and cheaper shipping costs. This is expected to drive more impulse purchases of food and drink products.

KEY PLAYERS



The Foodservice Channel

OVERVIEW

Food & beverage services comprise establishments engaged in the sale of prepared food and drinks for immediate consumption. The various types of food and beverage services in Indonesia are:

- Restaurants
- Fast food restaurants
- Food caterers
- Ship chandlers
- Airport catering
- Armed forces
- Others
- Cafes, coffee houses and snack bars

FOODSERVICE TRENDS

- While value sales and the number of outlets will continue to decline in 2021, the decline will be less severe than in 2020, as the lifting of stricter restrictions boosted sales in the first half of the year.
- Despite the impact of the COVID-19 pandemic, chained speciality coffee shops are one of the few categories that continues to grow in number of locations.
 - Visiting such venues is currently a popular pastime among Indonesia's middle- to high-income population, particularly among young people, who are less financially impacted by the pandemic.
- It's also worth noting that the surge in demand for delivery services was fueled in part by Indonesian consumers' increased desire for convenience and the increased availability of third-party food delivery apps.
 - Promotions and discounts, including attractive cashback offers, were also a strong incentive to purchase through these apps.

Appendix

APPENDIX A - INCOTERMS CHART

Incoterms® 2020											
Transportation	Any mode of transport		Sea and inland waterway transport				Any mode of transport				
	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAP	DPU	DDP
Incoterm	Ex Works (Place)	Free Carrier (Place)	Free Alongside Ship (Port)	Free On Board (Port)	Cost and Freight (Port)	Cost Insurance & Freight (Port)	Carriage Paid To (Place)	Carriage and Insurance Paid to (Place)	Delivered at Place (Place)	Delivered at Place Unloaded (Place)	Delivered Duty Paid (Place)
Export packaging	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading charges	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Delivery to port/place	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export duty, taxes and customs clearance	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Origin terminal charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading on carriage	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Carriage charges	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Insurance	Negotiable	Negotiable	Negotiable	Negotiable	Negotiable	*Seller	Negotiable	**Seller	Negotiable	Negotiable	Negotiable
Destination terminal charges	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller
Delivery to destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller
Unloading at destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Buyer
Import duty, taxes, and customs clearance	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller

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