MARKET SNAPSHOTS:

INDONESIA

Indonesia has the biggest population and the largest economy in Southeast Asia. High consumption of traditional soy foods such as tempeh and tofu makes Indonesia the largest food-use soybean importer in the region, 2.7 million metric tons (MMT) in 2023 of which more than 85% is U.S. Soy. Urban Indonesians opt for more plant-based proteins, contributing to increased soy consumption. Additionally, soybean meal consumption has grown annually by approximately 4% due to livestock and fishery sector expansion since 2018. Indonesia imported 5.6 MMT soybean meal in MY2022/23.

U.S. Soy has collaborated in Indonesia since the early 1980s.

MARKET STATS

SOY MARKET SIZE MY 2022/23

<table>
<thead>
<tr>
<th>Product</th>
<th>Total Volume</th>
<th>U.S. Soy Volume</th>
<th>U.S. Soy % Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soy Complex (whole soybean, meal, oil)</td>
<td>7.77 MMT</td>
<td>2.12 MMT</td>
<td>27%</td>
</tr>
<tr>
<td>Whole Bean</td>
<td>2.31 MMT</td>
<td>1.99 MMT</td>
<td>86%</td>
</tr>
<tr>
<td>Soybean Meal</td>
<td>5.43 MMT</td>
<td>0.12 MMT</td>
<td>2%</td>
</tr>
<tr>
<td>Soybean Oil</td>
<td>31.4 TMT</td>
<td>0.08 TMT</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Soy Food</td>
<td>2.26 MMT</td>
<td>1.99 MMT</td>
<td>88%</td>
</tr>
</tbody>
</table>

TMT=thousand metric tons, MMT=million metric tons

According to the Indonesia Feed Manufacturers Association, animal feed production will grow 3% annually thereby increasing the use of soybean meal by 47% from 2022 to 2035 and 70% by 2040. Furthermore, the National Statistical Agency reports soy food consumption is expected to grow 17% to 3.5 MMT by 2035, should tempeh and tofu consumption continue to grow at 1.4% and 3.2% annually. Additionally, soy oil consumption has expanded by 5.1% per year from 2015-2022. Should consumption continue to grow at this level, soy oil consumption could increase from 31.4 thousand metric tons (TMT) in 2023 to 60 TMT in 2035 and 77 TMT in 2040.
STRENGTHS

- Makers of tempeh and tofu have a strong, long-standing preference for U.S. soybeans. This represents 95% of domestic soy food consumption.
- For years, USSEC has collaborated strategically with the Indonesia Tempe Forum and the Soy Food and Beverage Network (SoyBeaN) Indonesia, two respected soy-based food organizations, to promote U.S. Soy food use among Indonesian people.
- Self-mixing layer farmers prioritize enhancing animal performance and value the quality of soybean meal made from U.S. soybeans consuming nearly 500 metric tons of soybean meal annually.
- Strong partnerships with local soybean industry stakeholders and USDA FAS Jakarta enable USSEC to effectively navigate soybean trade policy challenges.

OPPORTUNITIES

- Traditional soy food consumption, especially tempeh and tofu, is increasing in major islands outside Java such as Sumatra, Kalimantan and Sulawesi.
- There is strong growth potential for soy milk, given the per capita consumption is among the lowest in Southeast Asia, and Indonesians have a long-standing cultural acceptance of soy milk.
- Millennial and Gen Z Indonesian populations living in urban areas trend toward increased consumption of plant-based proteins and environmentally friendly food and beverage products.

CHALLENGES

- Crude protein-based soy pricing is a common trade practice in Indonesia.
- U.S. suppliers and Indonesian buyers have differing views on crude protein measurement (Dumas versus Kjeldahl testing methods).
- The Indonesian livestock industry has yet to make sustainability a key consideration when purchasing feed ingredients, especially among those selling end products only in the domestic market.
- Soybeans remain on the list of commodities in the Ministry of Agriculture’s self-sufficiency program.
- Price competition from South America continues.
- Animal diseases pose significant threats to the industry.

Sources:
- Government of Indonesia
- USDA PSD Online
- Government of Indonesia
- Indonesia Feed Manufacturers Association Presentation
- Outlook for Chicken Production
- Outlook 2023, Nov 22, 2022
- Government of Indonesia
- Statista
- Outlook for Egg Production
- Central Intelligence Agency
- National Statistical Agency, Republic of Indonesia
- Asian Development Bank