



**PAKISTAN HORTICULTURE  
DEVELOPMENT AND EXPORT COMPANY**

# **OPPORTUNITIES FOR PAKISTAN IN INDONESIAN HORTICULTURE MARKET**

## **FACTS & OPPORTUNITIES**



COMMERCE DIVISION,  
MINISTRY OF COMMERCE & TEXTILE,  
GOVERNMENT OF PAKISTAN



EMERGING  
PAKISTAN



# 1. INDONESIA - AN INTRODUCTION

Indonesia is the world's fourth most populous nation and one of Asia Pacific's most vibrant economies. It currently is the 18th largest economy in the world, experiencing remarkable economic growth. It has availed this status by maintaining its political stability. The country's economic planning follows a 20-year development plan, spanning from 2005 to 2025, segmented into five-year medium-term plans. The current medium-term development plan is the third phase of the long-term plan and runs from 2015 to 2020.

The nation's total land area used for agricultural production has increased over the last decades and is now equivalent to 32 percent of the total land area. In spite a gradual increase of food crop production, the country remains a net importer of grains (wheat mainly) and other agriculture produce, such as horticulture.

## 1.1 Indonesian Horticulture Sector

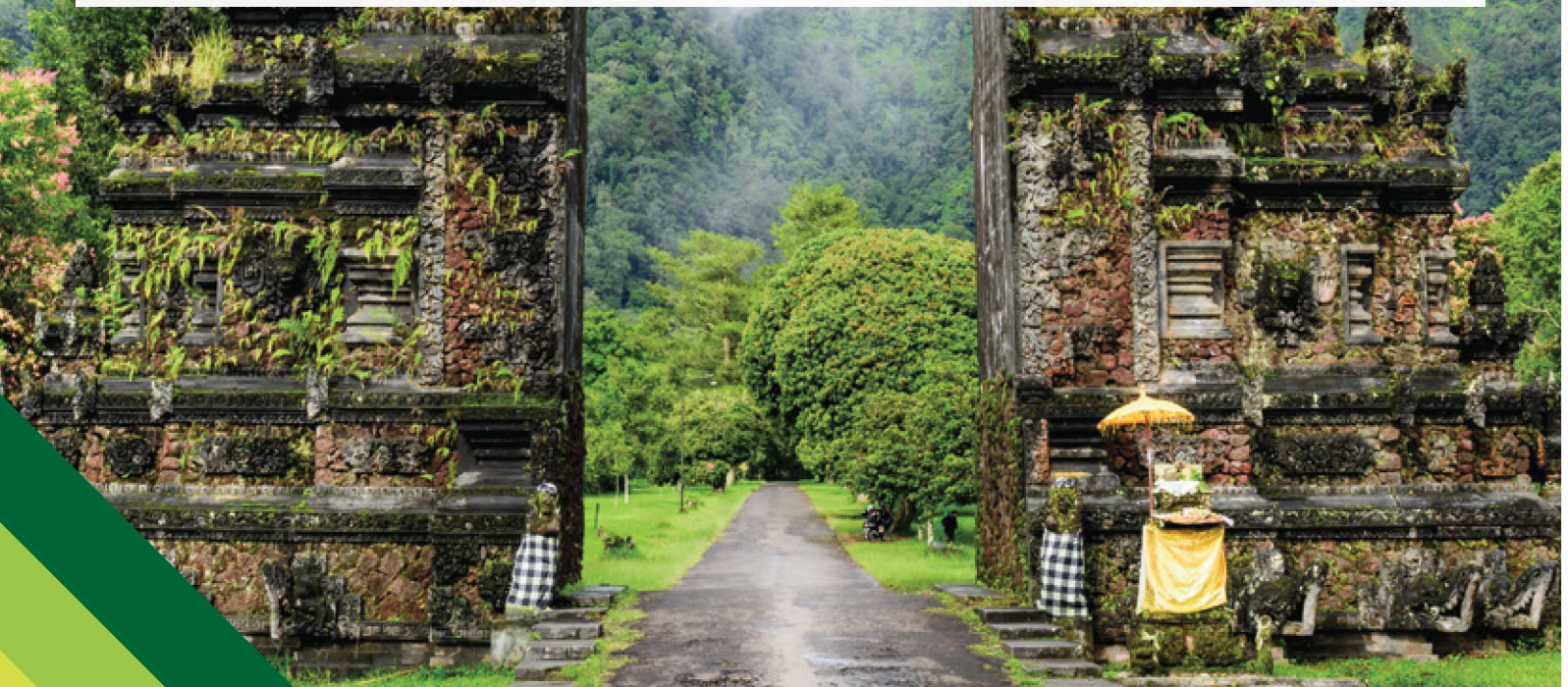
Indonesia ranked 29th in global exports with US\$ 168.8 billion exported in 2017 (1% market share in global exports) while its imports stood at US\$157.38 billion for the same period. Of this, horticulture made 0.61% of total exports and 1.25% of total imports.

### 1.1.1 Indonesian Fruit Imports

Indonesian imports of fruits have recorded accelerated growth from US\$ 667 million in 2013 to US\$ 1,130 million in 2017. The major import products include apples, pears, grapes, longans, dates and citrus, with China holding 51% of the market share.

### 1.1.2 Indonesian Vegetable Imports

Vegetables imports of Indonesia increased from US\$ 641 million in 2013 to US\$ 836 million (893,049 tons) in 2017. The major import items include garlic, beans, onion, potatoes and peas, with China holding 76% of market share.



## 2. BILATERAL TRADE RELATIONS BETWEEN PAKISTAN & INDONESIA

Pakistan and Indonesia signed Pakistan-Indonesia Preferential Trade Agreement (PIPTA) on February 03, 2012. Under the PIPTA, Pakistan was granted preferential market access in Indonesia on seven fresh horticulture products which included Citrus, Dates, Apples, Grapes, Pears, Quinces and Apricot (The list by tariff lines is at Annex-I). Fruit juices of Citrus, Tomato, Grape, Apple, Blackcurrant and mixture of juices are subject to duty @ 5% and zero against MFN tariff of 10% and 5%, respectively. In view of the trade balance heavily tilted in Indonesia's favour, Ministry of Commerce further pursued the Indonesian side to provide more tariff concessions to Pakistan under the PTA. Consequently, Indonesia agreed to grant unilateral tariff concessions to Pakistan on 20 products which included one more horticulture product i.e. mango. A list of comparative tariff on horticulture products of interest to Pakistan is given at Annex-II.

Despite preferential tariff allowed on 7+1 fruit items, the exports of fruit from Pakistan are concentrated in citrus (kinnow), i.e. about 82%. This paper reviews the opportunities in view of the aforesaid developments.





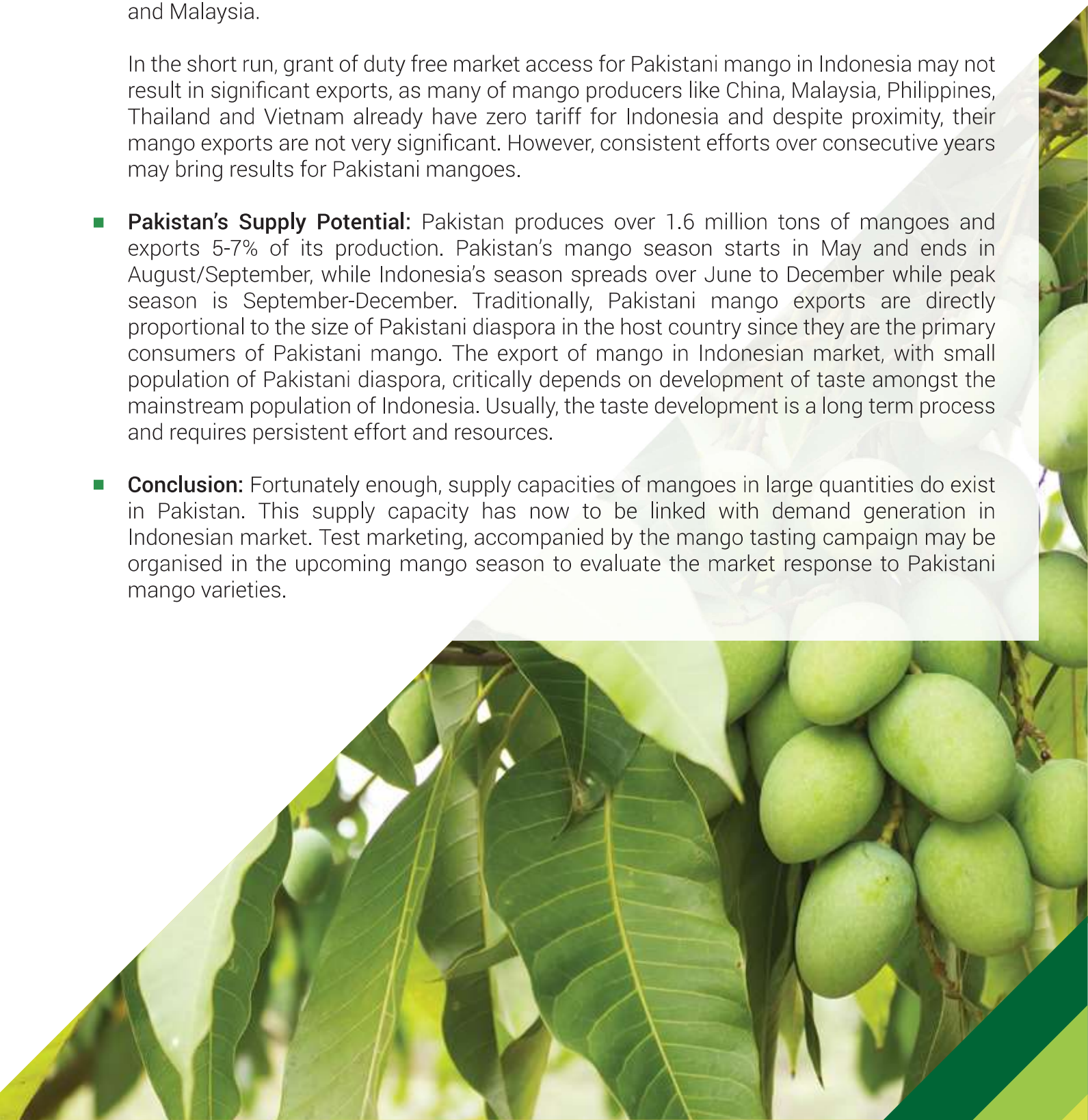
## 2.1 Opportunities for Pakistani Horticulture Products in Indonesia

### 2.1.1 Mangoes

- **Indonesian Market:** Import of Mango in Indonesia is almost non-existent, mainly because Indonesia is itself one of the large producers of number of varieties of mango with production of 2.2 million tons. Furthermore, import of mangoes was banned in order to protect the local produce. Indonesia even exports mango, though in small quantities (less than 1,000 tons during 2017, valued at US\$ 1.04 million), mostly to Gulf States, Singapore and Malaysia.

In the short run, grant of duty free market access for Pakistani mango in Indonesia may not result in significant exports, as many of mango producers like China, Malaysia, Philippines, Thailand and Vietnam already have zero tariff for Indonesia and despite proximity, their mango exports are not very significant. However, consistent efforts over consecutive years may bring results for Pakistani mangoes.

- **Pakistan's Supply Potential:** Pakistan produces over 1.6 million tons of mangoes and exports 5-7% of its production. Pakistan's mango season starts in May and ends in August/September, while Indonesia's season spreads over June to December while peak season is September-December. Traditionally, Pakistani mango exports are directly proportional to the size of Pakistani diaspora in the host country since they are the primary consumers of Pakistani mango. The export of mango in Indonesian market, with small population of Pakistani diaspora, critically depends on development of taste amongst the mainstream population of Indonesia. Usually, the taste development is a long term process and requires persistent effort and resources.
- **Conclusion:** Fortunately enough, supply capacities of mangoes in large quantities do exist in Pakistan. This supply capacity has now to be linked with demand generation in Indonesian market. Test marketing, accompanied by the mango tasting campaign may be organised in the upcoming mango season to evaluate the market response to Pakistani mango varieties.





### 2.1.2 Dates

- **Indonesian Market:** Dates are the sixth largest imported fruit in Indonesia. In 2017, Indonesia imported 34,820 tons of dates valuing US\$ 50.37 million. The main suppliers are Egypt, UAE, Tunisia and Iran, accounting for 94% of the dates imports by Indonesia. Other exporters are Algeria, Iran and United States of America with market share of 6%. Malaysia, with 0% preferential duty, has only recently entered the Indonesian dates market with increasing its exports from US\$ 0.031 million in 2016 to US\$ 0.261 million in 2017.
- **Pakistan's Supply Potential:** Pakistan is one of the top ten date producing and exporting countries globally, sliding up and down the scale with its varying annual production and hence the exports. Pakistan's dates production is around 0.5 million tons which has been on decline since 2002-03 (0.62 million tons); the production reported in 2017 was 0.439 million tons.

Interestingly, despite declining production, export of dates has been on increase and reached 175,130 tons in 2017. The major component of dates export is dried dates accounting for over 92% of total export, the main chunk (around 95%) of which is exported to India. Export of fresh dates, though small, has also grown slowly.

- **Conclusion:** Since Indonesia imports around 35,000 tons of dates every year and Pakistan exports considerable quantities of dried and some quantities of fresh dates, the opportunity for export of dates to Indonesia does exist which needs to be explored. A market analysis for dates conducted by Commercial Section, Embassy of Pakistan, Jakarta reveals that the import licensing procedures are more than often a discouraging factor for the dates exporters from Pakistan, followed by the high unit cost of Pakistani produce. We may encourage exporters for this market and facilitate interested parties through our Commercial Section in Jakarta.





### 2.1.3 Citrus

- **Indonesian Market:** Indonesia imported citrus worth US\$ 140 million in 2017, after the lowest-in-a-decade import level of US\$ 96 million in 2016. China has enjoyed major share of Indonesian citrus import market (between 60% to 85%). Australia, USA, South Africa, Egypt and Turkey are some of the other citrus exporters to Indonesian market. However, major increase during 2017 was mainly contributed by Pakistan amounting to 46,887 tons.

Indonesia also produces Citrus (tangerine variety). Its production was reported at 2.295 million tons in 2017, which was mainly consumed domestically. Indonesia exported some insignificant quantities (around 1,300 tons) during 2013 to 2016, mainly to Malaysia. Imports are, however, controlled through quota restrictions on year-to-year basis.

- **Pakistan's Supply Potential:** Pakistan produces around 2.3 million tons of citrus annually out of which 17% (primarily kinnow) is exported – based on three years average. Export of citrus from Pakistan to Indonesia before signing of PTA in 2012, was around 10,000 tons annually. The exports did not pick up dramatically even after the zero-rating of import tariff under PTA, since Indonesia has been controlling imports through imposition of quota on year to year basis, to protect the local producers of citrus. Indonesia has issued new quota for citrus for first half year.

Pakistani kinnow's harvesting season starts in later part of November and ends in April, while Indonesian season is spread around the year as reported below:

- September – December 25%
- January – April 19%
- May – August 56%

- **Conclusion:** As January to April is relatively lean period for Citrus production in Indonesia, matching with Pakistani Kinnow's window, with some aggressive marketing and Government's support for increased quota of the product from Indonesia, the exporters may further enhance the exports of the product.





#### 2.1.4 Apples

- **Indonesian Market:** Apple is the leading fruit in Indonesian fruit imports with annual import value of around US\$ 500 million in 2017. China has 82% market share followed by United States of America, South Africa, New Zealand and Australia being the major holders of the remaining market share.
- **Pakistan's Supply Potential:** Pakistan's production of apples is about 0.6 million tons. Pakistan has been net importer of apples. During 2017, Pakistan exported only 206 tons of apples while imported 155,851 tons, mainly from Afghanistan and Iran.
- **Conclusion:** As Pakistan is a net importer of apples, there is not much supply potential for export of apples to the Indonesian market for the time being.

#### 2.1.5 Grapes

- **Indonesian Market:** Grapes are the second largest imported fruit in Indonesia, after apples. The major suppliers of grapes to Indonesia are China (35%), Australia (24%), Peru (16%) and USA (13%). The grapes from China and Australia enjoy zero tariff in Indonesia.
- **Pakistan's Supply Potential:** Pakistan's production of grapes (64,516 tons) is very low to meet even its own domestic demand. Pakistan is net importer of grapes with 61,672 tons imports and 112 tons exports in 2017.
- **Conclusion:** As Pakistan is net importer of grapes, there is very little supply potential of grapes to the Indonesian market in the short run.

#### 2.1.6 Pears

- **Indonesian Market:** Pears are another imported fruit in Indonesia, valuing US\$ 198 million in 2017. China has 90% share in the pear imports of Indonesia, with South Africa (6%) and Australia (2%) being the next big suppliers.
- **Pakistan's Supply Potential:** Pakistan's production of pears (15,000 tons) is very low to meet even its own domestic demand. Pakistan is net importer of pears with 728 tons imports and 12 tons exports in 2017.
- **Conclusion:** As Pakistan is net importer of pears, there is supply constraint for exporting pears for the time being.



### 2.1.7 Onions & shallots

- **Indonesian Market:** Indonesia's import of onions & shallots has varied over the last five years between 124,544 tons in 2013, which went down to 58,786 tons in 2015 and then shot up to 142,148 tons in 2017 valuing at US\$ 70 million. The main suppliers of onion are India (46%), New Zealand (33%), Netherlands (22%), cumulatively accounting for 99% of market. China and Australia provide a small quantity. The product is subject to 6.25% import duty on MFN basis, with preferential tariff of 5% for Australia and New Zealand.
- **Pakistan's Supply Potential:** Pakistan has reasonable level of production of onions (2 million tons in 2017), part of which is also exported to various destinations. In 2017, Pakistan exported 59,949 tons of onion which had gradually come down from 189,473 tons exported in 2015. The production of onion in Pakistan follows typical agricultural production cycles – increase in production leading to price drop which, in turn, makes exports viable; low prices reduce cropping area and production leading to high prices and less availability and viability of exports.
- **Conclusion:** There appears to be opportunity for Pakistan to claim some share in the Indonesian import market for onions, though Pakistan does not enjoy any tariff concession in Indonesia under the PTA. Pakistan is already exporting the highest amount to Malaysia (23,865 tons in 2017) so the region is not going to be new for the exporters. The supply potential will, however, vitally depend on the prices in the domestic market in comparison with the international market from year-to-year.





### 2.1.8 Potatoes

- **Indonesian Market:** Indonesia is the biggest potato producer in southeast Asia. Between 1960 and the mid-1990s, the country's potato output grew at a rate of almost nine percent per year, and since 2003 annual production has averaged more than one million tonnes. In 2017, Indonesia's potato production stood at 1.164 million tonnes. Potato is cultivated throughout the archipelago, in highlands areas of between 800 and 1800 m, mainly by small scale farmers. Potato growers are largely dependent on seed tubers imported from Germany and the Netherlands. While some potatoes are grown for export, mainly in northern Sumatra, the bulk of Indonesia's potato harvest is destined for fresh consumption in large urban areas.

The import of potatoes by Indonesia was 56,941 tons in 2013, which went down to 39,771 tons in 2015 and then rose to 63,162 tons in 2017 valuing US\$ 32 million. The major suppliers of potatoes to Indonesia are Germany (35%), Egypt (21%), India (12%), Canada (11%), Australia (9%) and France (4%), cumulatively accounting for 93% of market share. The MFN import tariff on potatoes is 20%. Japan enjoys a preferential tariff of 2.7%. Pakistani potatoes do not have a preferential tariff under the PTA. Indonesia also exports potatoes in small quantity mainly to Singapore. The total value exported in 2017 was around US\$ 3 million. The imported potatoes are only meant for industrial usage and cannot be sold in the local market.

- **Pakistan's Supply Potential:** Pakistan's potato production during last three years averaged at 3.947 million tons, out of which on average 0.40 million tons, valuing US\$ 81 million was exported. Like any other horticulture product, potato production in Pakistan also follows typical agricultural production cycle— increase in production leading to price drop which, in turn makes exports viable; low prices reduce cropping area and production leading to high prices, thereby less availability for and viability of exports.

Pakistan exported to Indonesia a small quantity of 223 tons potatoes in 2012 and 288 tons in 2016. However, Indonesia, restricted imports through non-tariff barriers as a result of protests by local growers.

- **Conclusion:** In view of the above, Pakistani potato may not get a significant market share in the Indonesian market unless retail sale of the imported potatoes is allowed.



### 3. CONCLUSIONS & RECOMMENDATION

Based on the above-mentioned market and supply analysis, it can be deduced that as citrus has already made its mark in the Indonesian market, further penetration may be possible. There also exists some potential for export of fresh dates but awareness among exporters needs to be raised as well as facilitation is required to be extended to them to fulfil the cumbersome import requirements. As regards mango, lesson can be learnt from citrus where it did not perform well in the beginning but has slowly started gathering pace. Test marketing can be made through promotional campaign to sell some quantity during May to July 2019, when local production is low in Indonesia. Similarly, there appears to be some chance for Pakistan to take some share in onions and potatoes imported by Indonesia, though potential would depend a lot on Pakistan's exportable surplus.







#### 4. OFFICES FOR FACILITATION

**Mr. Muhammad Usman, Commercial Secretary,  
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**Pakistan-Indonesia Business Forum (PIBF)**

 [info@pibf.org.pk](mailto:info@pibf.org.pk)

## 5. VISA REQUIREMENTS FOR PAKISTANI NATIONALS

Single entry visa is awarded to foreigners who will travel to Indonesian Territory in the context of Government's official duties, travel, socio-culture activities, visit family, noncommercial sports, business and journalistic activities.

### 5.1 Requirements

- Original national passport with validity not less than 18 months from the date of travel & previous passport must be attached.
- Two visa application forms must be filled and signed completely along with two latest color photographs.
- Copy of page 1-3 national passport, along with the copy of previous Indonesia visa (if any).
- Copy of valid/latest national identify card (NIC).
- Copy of return ticket and hotel reservation.
- Covering letter from the hotel/travel tour from Indonesia.
- Bank statements for the last 6 months with the minimum balance equal to US \$ 10, 000 for business and US \$ 1.500 for other purposes.
- Copy of business registration certificate & recommendation letter from the Chamber of Commerce and industry or business Association (for business visa only).
- Invitation letter from Indonesian sponsor (business partner, individual, institution/department) mentioning the purpose of visit clearly.
- Authorization letter with NIC copy of the authorized person or agent (if visa will be collected by other).
- Request letter from company, institution/department of the applicant, detail with the purpose of visit in Indonesia.
- Police character certificate.



## REFERENCES

- 01 ITC Trade Map, <https://www.trademap.org>
- 02 <https://www.indonesia-investments.com/culture/economy/general-economic-outline/item251>
- 03 FAO. 2018. Small Family Farms Country Fact Sheet. Retrieved from <http://www.fao.org/3/i8881en/i8881EN>.
- 04 Fruit, Vegetables and Condiments Statistics of Pakistan 2016-17. Retrieved from <http://www.mnfsr.gov.pk/frmDetails.aspx>
- 05 <https://www.potatopro.com/indonesia/potato-statistics>



## DUTIES AS PER INDONESIAN OFFER LIST IN PTA SIGNED ON FEB 03, 2012

| S. No. | SUB HEADING   | DESCRIPTION OF GOODS                                                                           | IMPORT DUTY |
|--------|---------------|------------------------------------------------------------------------------------------------|-------------|
| 1      | 08.04         | Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried.            |             |
| A      | 0804.10.00.00 | Dates                                                                                          | 0%          |
| 2      | 08.05         | Citrus fruit, fresh or dried.                                                                  |             |
| A      | 0805.10       | Oranges                                                                                        | 0%          |
| B      | 0805.20.00.00 | Mandarins (including tangerines and satsumas): clementines, wilkings and similar citrus hybrid | 0%          |
| C      | 0805.40.00.00 | Grapefruit, including pomelos                                                                  | 0%          |
| D      | 0805.50.00.00 | Lemons (Citrus limon, Citrus limonum) and limes (Citrus aurantifolia, Citrus latifoJia)        | 0%          |
| E      | 0805.90.00.00 | Other                                                                                          | 0%          |
| 3      | 08.06         | Grapes, fresh or dried.                                                                        |             |
| A      | 0806.10.00.00 | Fresh                                                                                          | 0%          |
| B      | 0806.20.00.00 | Dried                                                                                          | 0%          |
| 4      | 08.08         | Apples, pears and quinces, fresh.                                                              |             |
| A      | 0808.10.00.00 | Apples                                                                                         | 0%          |
| B      | 0808.30.00.00 | Pears                                                                                          | 0%          |
| C      | 0808.40.00.00 | Quinces                                                                                        | 0%          |
| 5      | 08.09         | Apricots, cherries, peaches (Including nectarines), plums and sloes, fresh.                    |             |
| A      | 0809.10.00.00 | Apricots                                                                                       | 0%          |



|    |               |                                                                                                                                                                                                 |    |
|----|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| 6  | 20.08         | Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or Included. |    |
| A  | 2008.30       | Citrus fruit:                                                                                                                                                                                   | 0% |
| B  | 2008.30.10.00 | Containing added sugar or other sweetening matter or spirit                                                                                                                                     | 0% |
| C  | 2008.30.90.00 | Other                                                                                                                                                                                           | 0% |
| 7  | 20.09         | Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar other sweetening matter.                           |    |
|    |               | Orange juice                                                                                                                                                                                    |    |
|    |               | Grapefruit (including pamele) juice:                                                                                                                                                            |    |
| A  | 2009.21.00.00 | Of a Brix value not exceeding 20                                                                                                                                                                | 5% |
| B  | 2009.29.00.00 | Other                                                                                                                                                                                           | 0% |
| 8  |               | Juice of any other single citrus fruit:                                                                                                                                                         |    |
| A  | 2009.31.00.00 | Of a Brix value not exceeding 20                                                                                                                                                                | 5% |
| B  | 2009.39.00.00 | Other                                                                                                                                                                                           | 0% |
| 9  |               | Pineapple juice:                                                                                                                                                                                |    |
| 10 | 2009.50.00.00 | Tomato Juice                                                                                                                                                                                    | 5% |
| 11 |               | Grape juice (including grape must):                                                                                                                                                             |    |
| A  | 2009.61.00.00 | Of a Brix value not exceeding 30                                                                                                                                                                | 5% |
| B  | 2009.69.00.00 | Other                                                                                                                                                                                           | 0% |
| 12 |               | Apple Juice                                                                                                                                                                                     |    |
| A  | 2009.71.00.00 | Of a Brix value not exceeding 20                                                                                                                                                                | 5% |
| B  | 2009.79.00.00 | Other                                                                                                                                                                                           | 0% |

|    |               |                                                                                                                    |    |
|----|---------------|--------------------------------------------------------------------------------------------------------------------|----|
| 13 |               | Juice of any other single fruit or vegetable:                                                                      |    |
| 14 | 2009.81       | Cranberry ( <i>Vaccinium macrocarpon</i> ,<br><i>Vaccinium oxycoccos</i> , <i>Vaccinium vitis-idaea</i> )<br>juice |    |
| A  |               | For infant use                                                                                                     |    |
| B  | 2009.81.90.00 | Other                                                                                                              | 5% |
| 15 | 2009.89       | Other:                                                                                                             |    |
| A  | 2009.89.10.00 | Blackcurrant juice                                                                                                 | 5% |
| 16 | 2009.90       | Mixtures of juices:                                                                                                |    |
| A  | 2009.90.10.00 | For infant use                                                                                                     | 5% |
| B  | 2009.90.90.00 | Other                                                                                                              | 5% |



## Comparative Tariffs for Pakistani Products (of Pakistan Interest) in Indonesia

| Sr. No. | Product | MFN Tariff | Tariff for Pakistan | Countries with Zero Tariff                                                                                                       | Preferential Tariff                                                   |
|---------|---------|------------|---------------------|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| 1.      | Citrus  | 20%        | 0                   | Australia, Brunei, Cambodia, China, Japan, Lao, Malaysia, Myanmar Korea, New Zealand, Philippines, Singapore, Thailand, Vietnam  |                                                                       |
| 2.      | Mango   | 10%        | 0                   | Brunei, Cambodia, China, Lao, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam                                       | Australia: 6.67%,<br>Japan: 3.13%,<br>New Zealand: 6.67%<br>Korea: 5% |
| 3.      | Dates   | 5%         | 0                   | Australia, Brunei, Cambodia, China, Japan, Korea, Lao, Malaysia, Myanmar New Zealand Philippines, Singapore, Thailand, Vietnam   |                                                                       |
| 4.      | Onion   | 6.25%      | 6.25%               | Brunei, Cambodia, China, Lao, Malaysia, Myanmar Korea, Philippines, Singapore, Thailand, Vietnam                                 | Australia: 5%<br>New Zealand: 5%<br>Japan: 0.57%                      |
| 5.      | Potato  | 20%        | 20%                 | Brunei, Cambodia, China, Lao, Malaysia, Myanmar Korea, Philippines, Singapore, Thailand, Vietnam                                 | Japan: 2.27%                                                          |
| 6.      | Apple   | 5%         | 20%                 | Australia, Brunei, Cambodia, China, Korea, Lao, Japan, Malaysia, Myanmar, New Zealand Philippines, Singapore, Thailand, Vietnam  |                                                                       |
| 7.      | Grape   | 5%         | 20%                 | Australia, Brunei, Cambodia, China, Korea, Lao, Japan, Malaysia, Myanmar, New Zealand, Philippines, Singapore, Thailand, Vietnam |                                                                       |