

JAPANESE FACTORY VISIT TOUR

Development of Food-Value-Chain
in ASEAN 2016

**Improving the Performance of Indonesian Food Value Chain;
Learning from Japanese Companies' Best Practices**

Final Group Presentation
by Indonesian team

Supported by



Inclusiveness, Fairness, and Sustainability: An Introduction to Food Value Chain in Indonesia



The Fact of Indonesia (*Word Bank, 2014*)

- Total Area: 1,919 million km², over 17 thousand islands
- Indonesia is the fourth most populous country in the world, in 2014 the population reached 250 million (World Bank, 2014), with the growth 1.2%

POPULATION (% total population)	1995	2000	2005	2010	2050*
Rural	64	58	52	46	33
Urban	36	42	48	54	67

Source: Word Bank

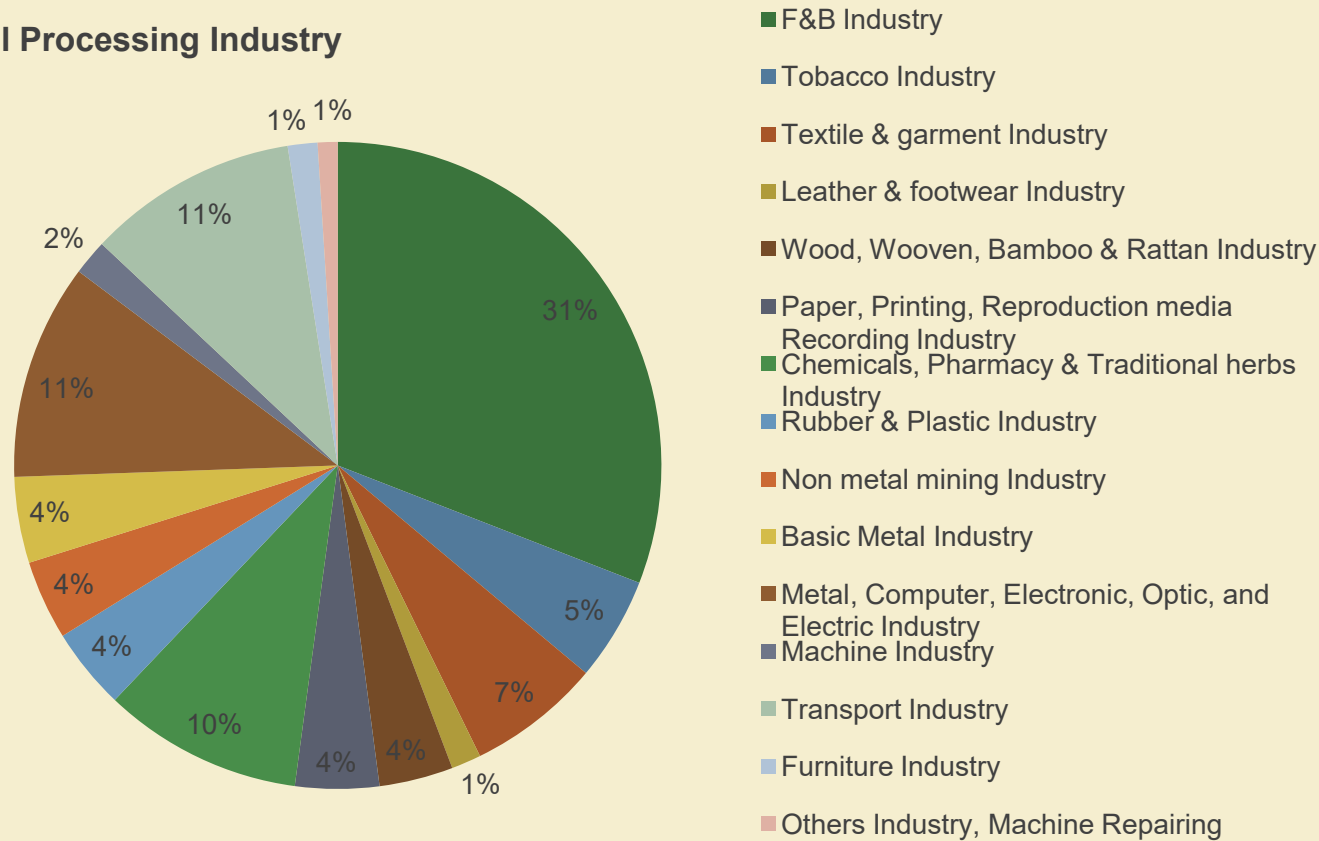
- Indonesia's economy is forecasted to be the world's 7th largest by 2030 è Currently the world's 16th largest with total GDP 2013 (Purchasing Power Parity): \$1.285 trillion.

	1965	1980	1996	2010
Agricultural	51%	24%	16%	15%
Industries	13%	42%	43%	47%
Services	36%	34%	41%	38%

Why Inclusiveness, Fairness, and Sustainability is Important to Indonesia Food Value Chain?

Inclusiveness

Non-Oil Processing Industry



Limitation:

- 1.Limited access to technology
- 2.Limited in financial support
- 3.Limited in education and training
- 4.High fluctuation in raw material prices

Why Inclusiveness, Fairness, and Sustainability is Important to Indonesia Food Value Chain?

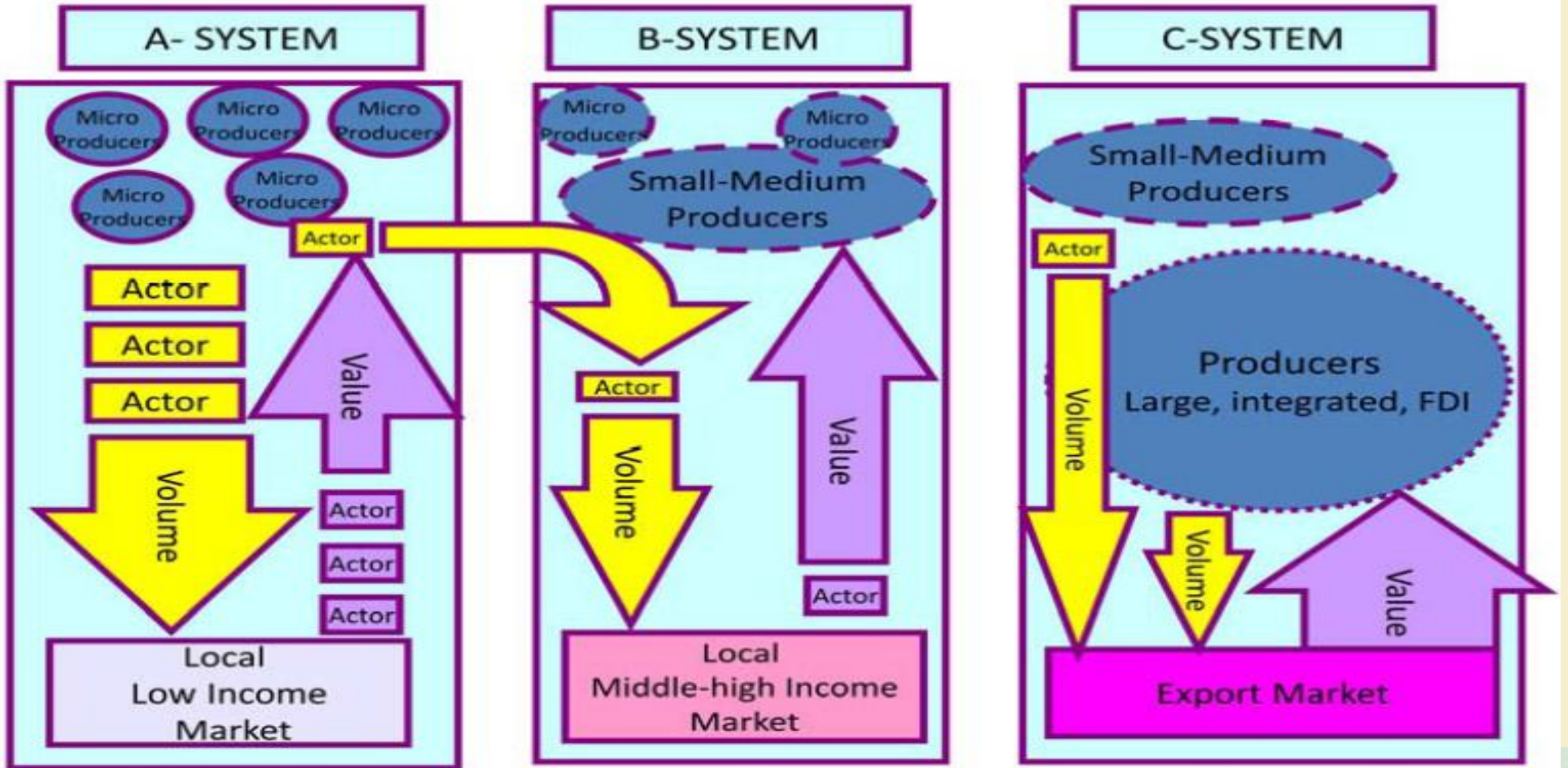
Fairness

Payment System

Standard of Food Safety and Quality

Price

Value Chain in Developing Country (Ruben et al. 2007)

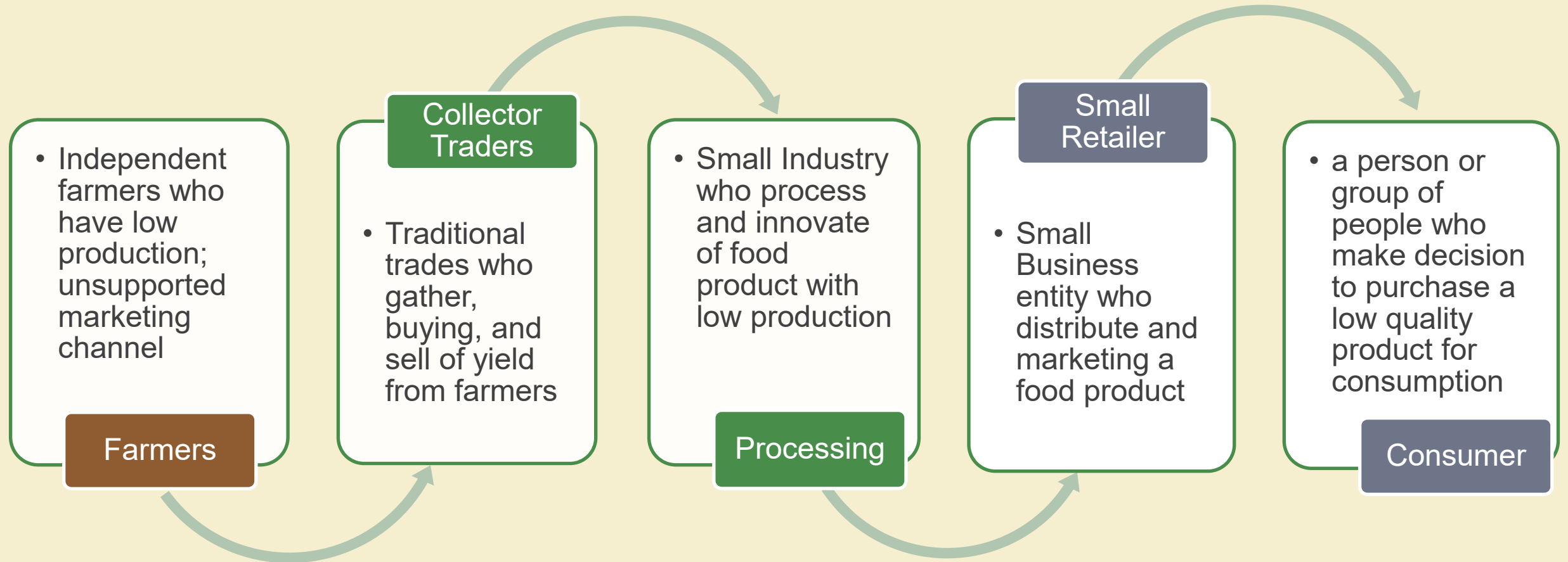


A-System

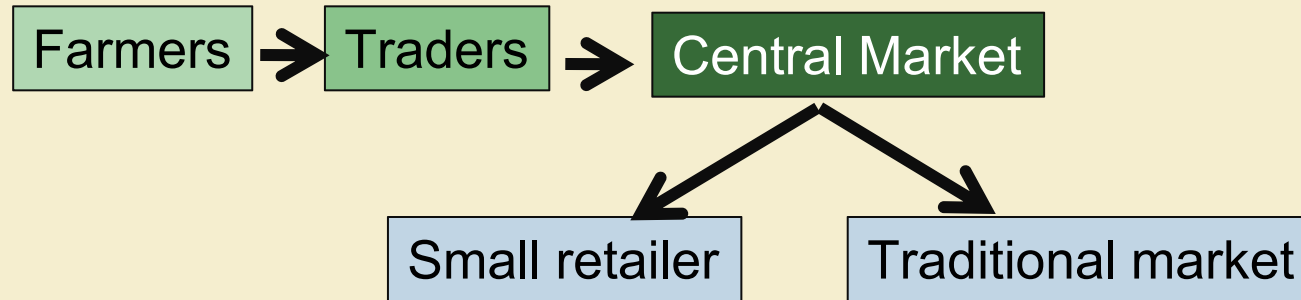
UPSTREAM

MIDSTREAM

DOWNSTREAM



Fresh Potato Value Chain



Seed/input company

- Supply seeds and other inputs

Farmers

- Small farmers
- Low productivity
- Access to market is restricted

Traders

- More than one trader
- Buy product from farmers
- Sell product to next trader or central market

Central market

- Located in city
- Collect products from villages
- Distribute to traditional market or small retailer

Small retailer

- Sell to end customer (household)

Traditional market

- Sell to end customer
- Customers (household, restaurant)

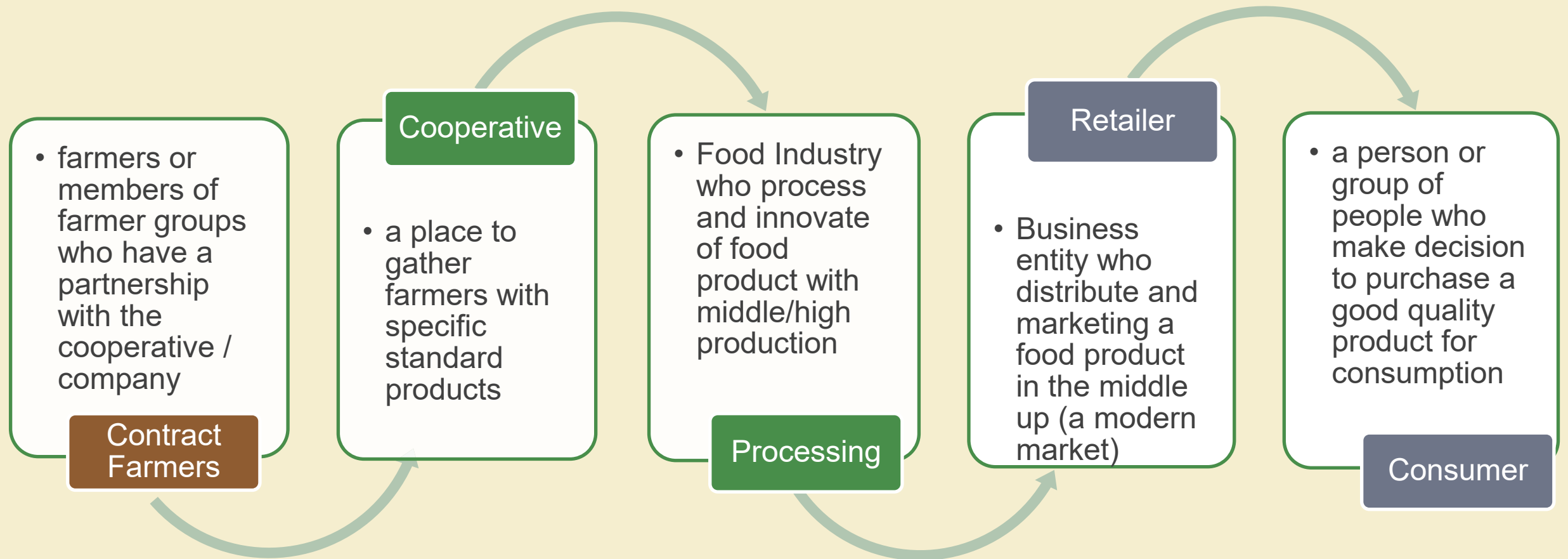


B-System

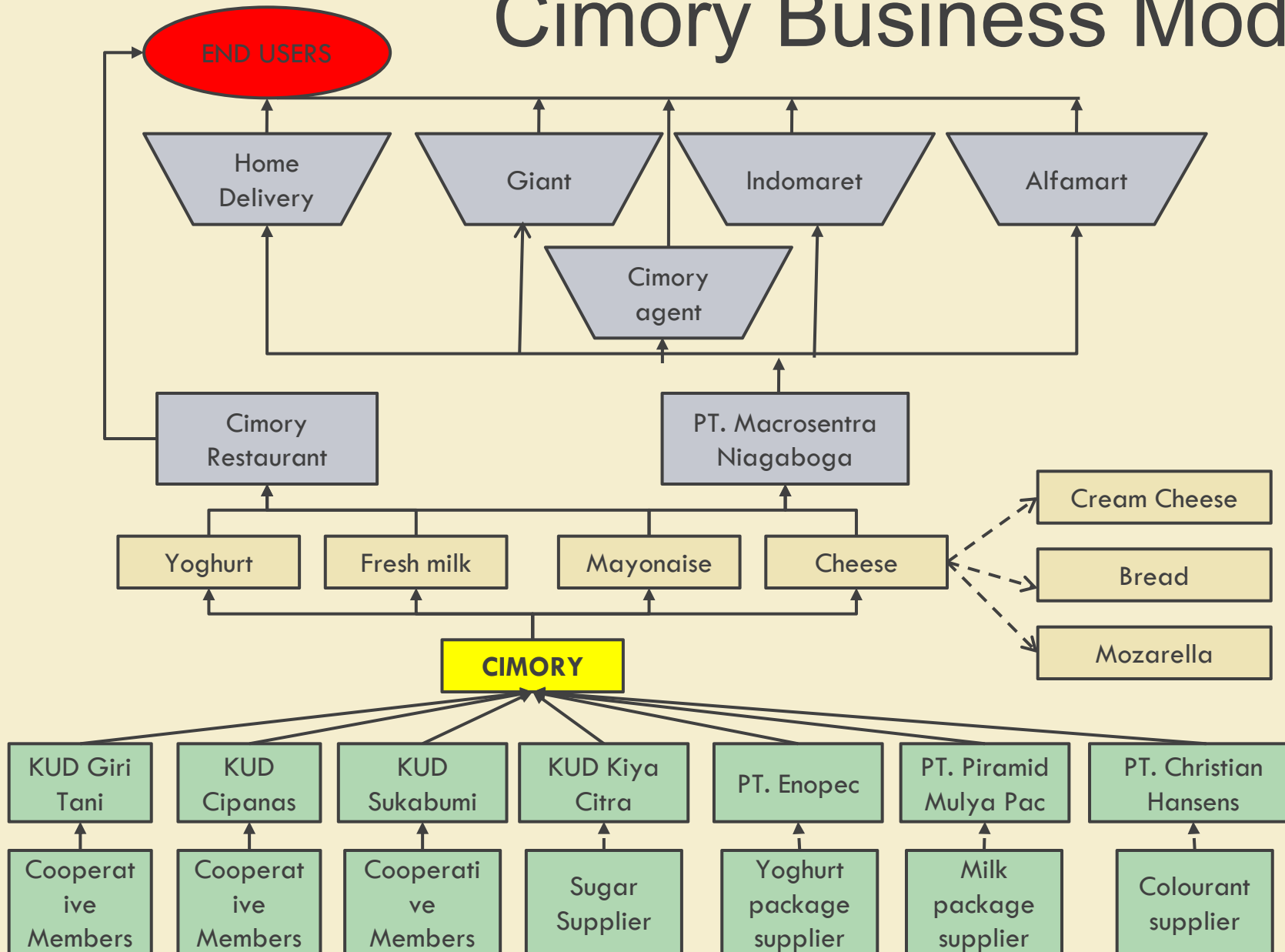
UPSTREAM

MIDSTREAM

DOWNSTREAM



Cimory Business Model

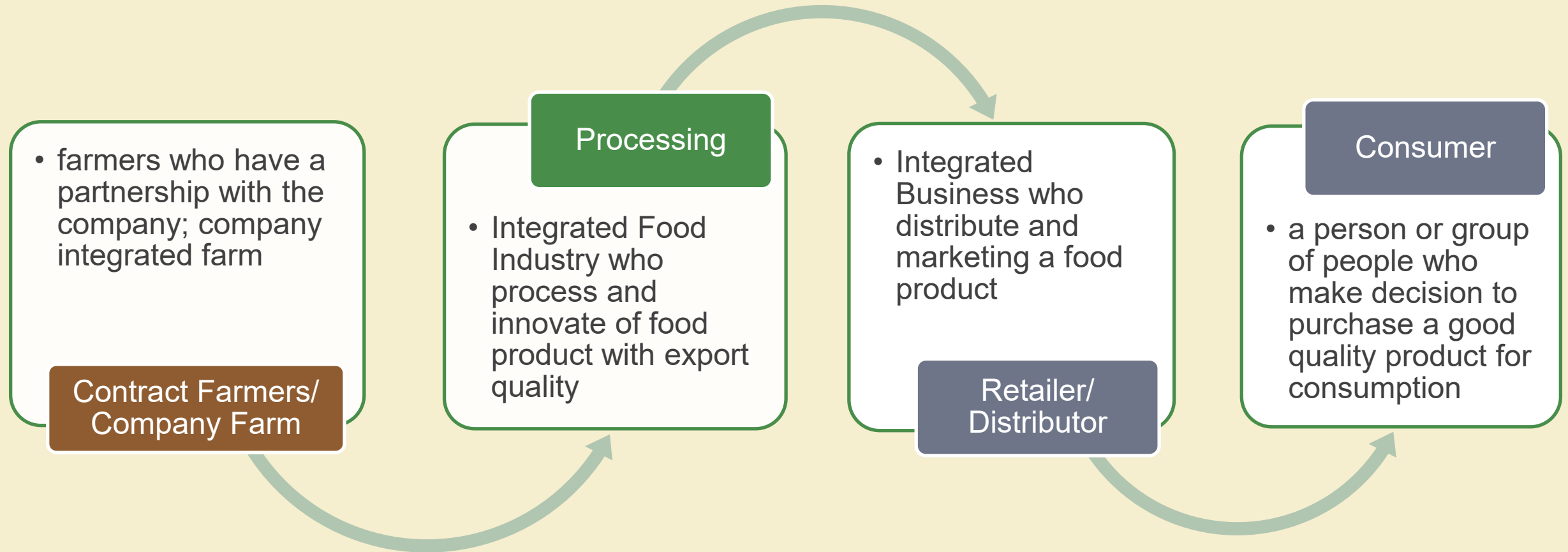


C-System

UPSTREAM

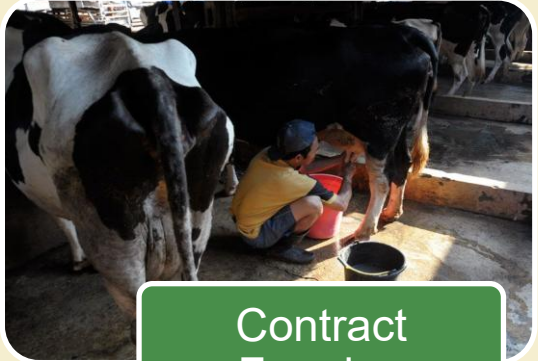
MIDSTREAM

DOWNSTREAM



Greenfields Indonesia Business Model

kabarbisnis.com, 2016



Contract Farming

camemberu.com, 2012



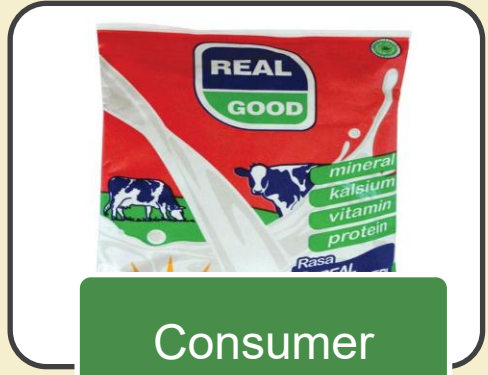
Processing Unit

japfa.com, 2016



Distributor

lifull-produk.id, 2016



Consumer



Company Farm

malangkab.go.id, 2015



Distributor

linkedin.com, 2016



Consumer

camemberu.com, 2012

What have we learned from japanese companies ?



Takeyoka
Soy Sauce

1

Operation and Production



2

Innovation



3

Culture



1

Operation and Production

Best Practices of Japanese Company



Efficiency with High Technology:

e.g using genomic intervention to insert traits in Takii Seed



Sensitivity to customers' needs:

AEON, translated consumer demand into their product development



Traceability:

Fuji Oil uses raw materials with certification e.g. RSPO for palm oil.



Integrated Company:

Ajinomoto has been developed a new business platform to support their cores

2

Innovation

Best Practices of Japanese Company



Zero Waste

Yoshinoya, Re-use of the outer leaves of vegetables and deliver to Toubou doubustu zoo



Product development giving to customer feedback:

AEON pursuing ease of understanding through the brand structure and labeling



Strong R&D:

Fuji Oil has developed soluble soy polysaccharides

Social Contribute:

Fuji Oil provides social contribution activities by supporting small-scale farmers in Borneo

Takeyoka
Soy Sauce

Make a unique product:

Yamata soy sauce has been preserved their traditional shoyu making-process

3

Culture

Best Practices of Japanese Company



Good ethics for Business:

Fuji Oil has a good principle in business by allowing other companies to use their product as raw materials

Disabilities employees:

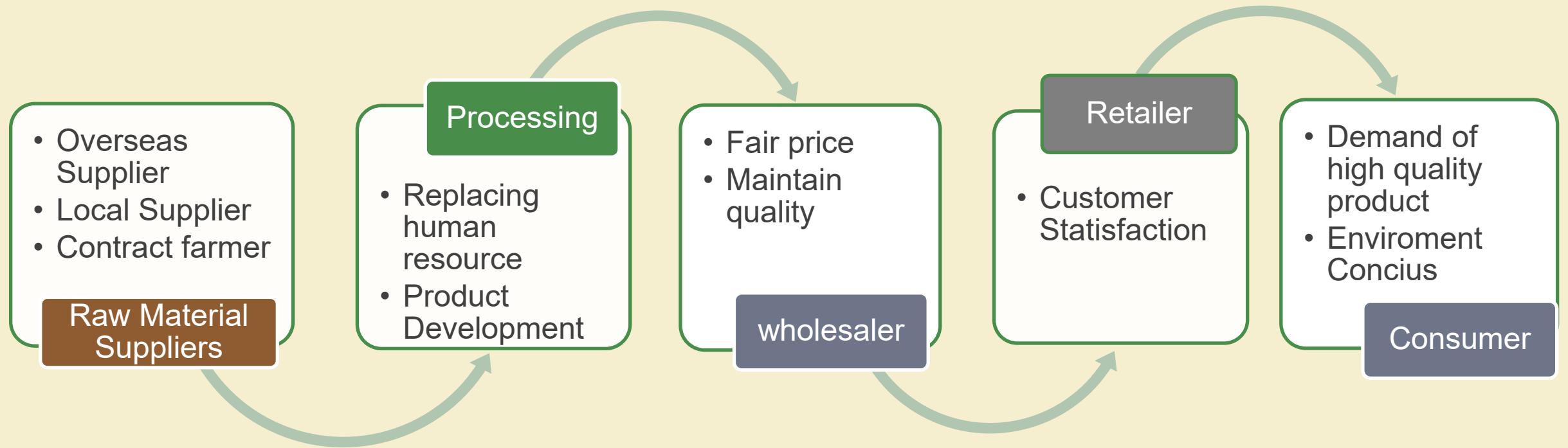
Japanese food industries acknowledge the presence of disabilities employees as part of their business supports

Food Value Chain System in Japan

UPSTREAM

MIDSTREAM

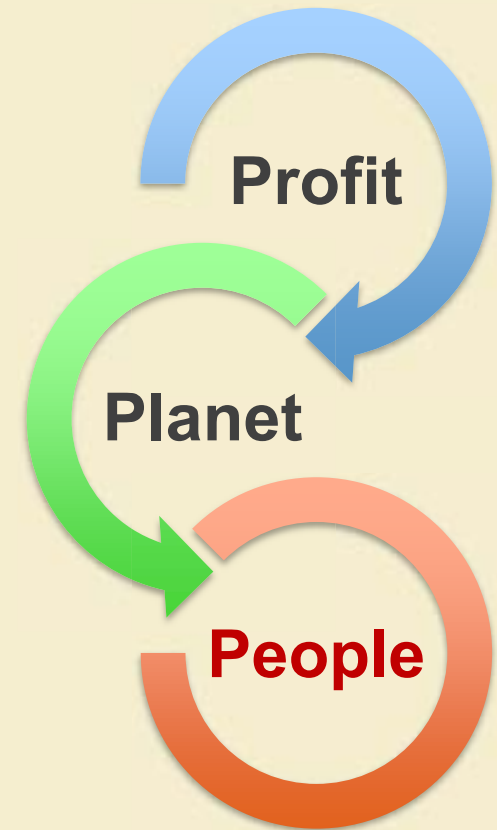
DOWNSTREAM



**Strengthening the weakest points
of Indonesia Food Value Chain;
Indonesia expectations to Japanese Companies**

Inclusiveness

Make a new business model which can improve the productivity of small farmers.



Fairness

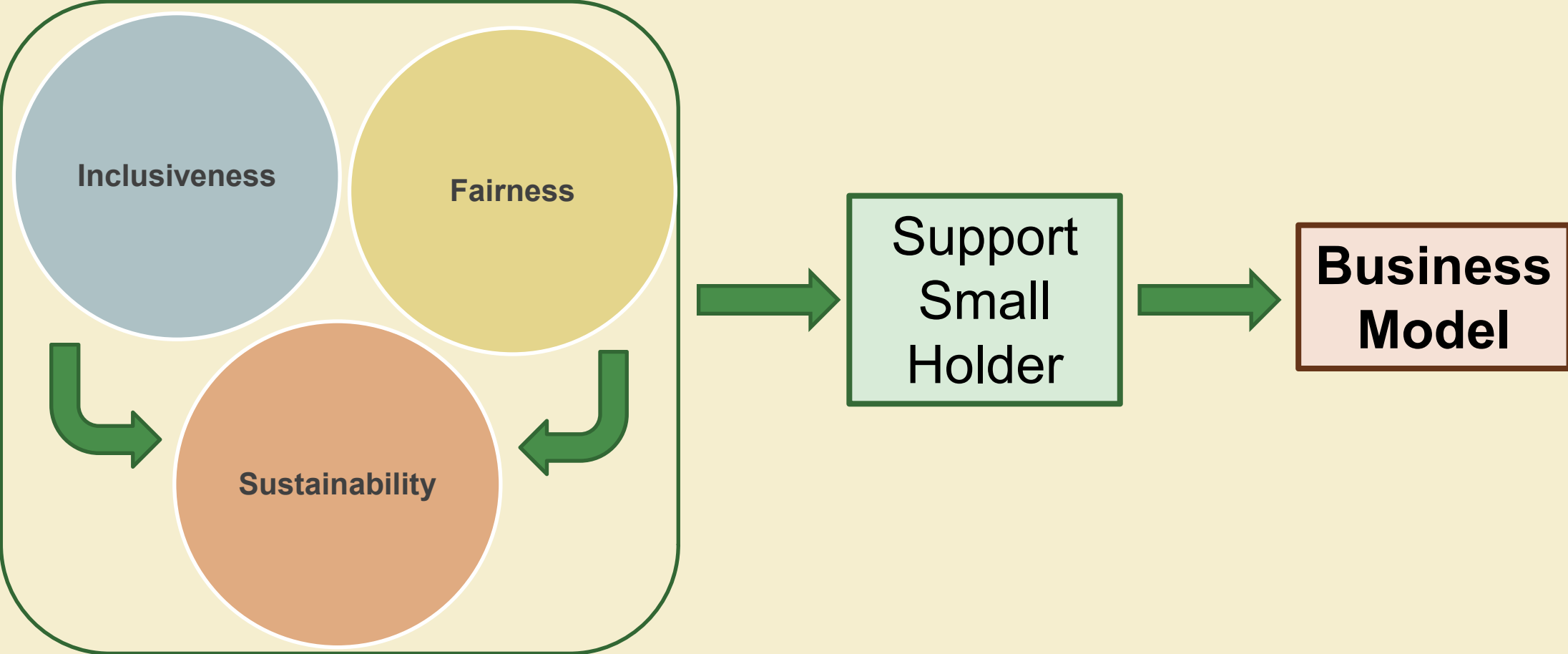
providing them with the **fairness in price and terms and conditions**

- payment systems
- standard in food safety
- quality, etc.

Sustainability

the inclusiveness and the fairness are a **guarantee** that the food factories will be survived since they provide the “**good values in business**”.

Concluding Remarks



Thank You