Spices is Indonesia’s fourth largest export commodity, after shrimp, fish and coffee. As one of the world’s spice producers, Indonesia has a great opportunity as a supplier of the world’s spices to contribute to the Indonesian economy.
Dear valuable readers,

Spices is a plant species that has a strong taste and aroma and also serves as a flavor and food flavor enhancer. Besides being used in cooking ingredients, spices can also be used as medicine and raw materials of herbal medicine. From its benefits, no wonder if the spices become one of the commodities that have high economic value. Indonesia has a wealth of extraordinary spices in the world and that is what makes other nations come long before the Majapahit empire era. Spices are a group of plants that have a very strong taste and aroma and also a good plant for treatment. Spices is the largest export commodity after shrimp, fish and coffee. The number of spices and herbs in Indonesia is estimated at least 7,000 species and most of them have not been cultivated, only wild growing.

Indonesia called as “Mother of Spices” because of its geographical superiority, so it is still hunted by other countries for its spice products from USA, Vietnam, India, Netherlands, Singapore, Germany, Japan, Italy, Malaysia, France, China, Australia, Thailand, Belgium, South Korea, Brazil, Britain, Russia, Canada and Pakistan. According to data released by the Food and Agriculture Organization (FAO), Indonesia ranks first in the world’s vanilla and clove producers and 2nd ranks for the world pepper and pepper producers by 2014 (FAO Stat, 2016).

In this edition, Export News reviews about Indonesia’s spice prospects that are increasingly in demand by world markets and efforts to increase the sector’s exports in this challenging globalization era.

Finally, we hope, although the information is very simple, it can be useful for the readers.

Thank You
Indonesian spices products seem to have a lot of interest in the European Union. It is proven by importers from Germany, Indonesia-Consult RS GmbH, buy spices from CV. Multi Spice Sulawesi (MRS) worth US $ 600 thousand. In 2015, Indonesia became the third largest supplier of spices to Germany after Brazil and Vietnam with a share of 16.51 percent. For the last five years, Indonesia’s export of spices to Germany has grown by 14.53 percent with export value of US $ 45.88 million in 2015. The purchase of this spice was achieved through the buying mission program held by the Ministry of Trade of the Republic of Indonesia. This program has proved to be a major contribution to national exports so that it will continue to run on an ongoing basis. This buying mission program is evidence of government support in increasing Indonesian products exports to global markets. The buying mission program can be used by European importers to directly see the products and discuss with Indonesian producers.

Thanks to the cooperation with Indonesian Trade Promotion Center (ITPC) Hamburg, Indonesia-Consult RS GmbH will continue to utilize DG PEN’s facilitation in this buying mission program. According to the head of ITPC Hamburg, with the purchase mission program, this spice product is expected to be able to maintain Indonesia’s spice glory in Europe, especially in Germany. Established since 2006, Indonesia-Consult RS GmbH has the role of bridging communication between Indonesia and Germany with experience with Indonesia and Southeast Asia countries. Indonesia-Consult RS GmbH is a cooperative trading partner in Asia to distribute products to Europe and America. Current concentrated products, ie, spices and herbs, sugar products, nuts, and coffee beans. Meanwhile, CV Multi Rempah Sulawesi (MRS) is known as a producer and exporter of high quality spices from Sulawesi. To get high marks on foodstuff standards, MRS works with 5,000 farmers cultivating over 4,000 hectares of land. MRS focuses on planting environmentally friendly organic products with reference to EU standards and regulations for organic food. MRS has exported its products to several countries, such as Japan, Netherlands, and Germany and continuously expanding its market to European countries.

Indonesia is one of the largest spice producers, while the EU is one of the largest markets for spice products.

Indonesia is rich with spice diversity. Some of the commodity spices that are traded in the international market are pepper, nutmeg, vanilla, cinnamon, cloves, cardamom and ginger. Of the many commodities of spices, pepper and nutmeg is the main commodity in the world spice trade, as well as Indonesia’s superior export products compared to other commodities.

According to data released by the Food and Agriculture Organization (FAO) in 2016, Indonesia ranks first in the world’s vanilla and clove producers and ranks the 2nd global pepper and pepper producer in 2014. In addition to the German market, Launched data from the Agency for the Assessment and Development of Trade Ministry of Commerce, there are several countries that became the export destination of Indonesian spices. Among others, the United States, the Netherlands, Pakistan, Bangladesh, Germany, Canada, Belgium, India, Spain, Egypt, Peru to South Korea.
Spices is Indonesia’s fourth largest export commodity, after shrimp, fish and coffee. Pepper became the spice that has the most important role in this sector for Indonesia’s economic growth.

As one of the world’s spice producers, Indonesia has a great opportunity as a supplier of the world’s spices to contribute to the Indonesian economy. One effort that can be made to improve the competitiveness and promotion of selected commodity priority of selected spices is to develop Geographical Indication (IG). Geographical Indication is the name of the place or designation used to identify commodities originating from a specific geographic area, which has special qualities, characteristics and reputations directly related to its origin region, caused by natural factors and traditional practices (EU-TCF, 2016). Geographical Indications are also part of Intellectual Property Rights.

In addition to meeting domestic needs, Indonesia also has the opportunity to become the world’s top exporter of spices currently occupied by India, Vietnam and China. Therefore, the development of focused exports becomes very important to be able to formulate export development strategies as well as efforts to open market access. To know priority export commodities in the framework of export development, commodity mapping is done by looking at the growth of Indonesia’s exports to the world as well as the growth of world imports.
During the period of 5 years ie in 2012 to 2016, Indonesia plays a role of supplying about 14% of the needs of the world’s spices. Of that amount, about 79.4% of pepper products became the most exported commodities by Indonesia. Meanwhile, the next product is cinnamon which gives export contribution of 10%. It is impossible to determine the exact volume of spices produced in sustainability. Although the actual production figures provide a rough indication of organic crops, fair trade production data is not available. Rainforest Alliance spice production data is not available anyway, since the certificate was just introduced. Total domestic organic farming area of 8 million hectares (Ha) represents 0.14% of the total agricultural land of Indonesia. Organic agricultural sector is being intensively conducted by the government. Various efforts continue to be done in order to divert from conventional farming to organic farming. But there is still a bit of land that does the organic planting. Currently Indonesian farmers are still many who apply conventional planting system. With this planting system has side effects, such as farmers’ habits that often use pesticides with high levels, the frequency of pesticides are continuous in the short term and even some farmers are using the pesticide in flush instead of spray.

Understanding the value of Indonesia’s spice production in a global perspective provides a basic understanding to analyze the role of the country as a supplier to the international market. Spices is Indonesia’s fourth largest export commodity, after shrimp, fish and coffee. Pepper is the spice that has the most important role in this sector for the economic growth of Indonesia.

Indonesia’s pepper export in 2016 reached 51,759 tons and became the most exported commodity of Indonesia for spice category. By viewing the contribution of pepper exports is significant compared to other spices commodities that reach 55.9%. While other commodities such as vanilla only contributed 9.5%, cinnamon by 7.06%, Nutmeg 8.78%, Clove 5.58%. Vietnam became the largest export destination of pepper from Indonesia with export of 19,327 tons during 2016 or with export value of USD 122,4 million. The export value of pepper to Vietnam has a positive trend over the 5-year period from 2012-2016 at 11.72%. Besides Vietnam, there is a United States of America which is the export destination of Indonesian pepper with total export of 8,540 tons. There are 5 provinces producing pepper commodities in Indonesia, including Bangka Belitung Islands, Lampung, South Sumatra, East Kalimantan, South Sulawesi. The islands of Bangka Belitung and Lampung are the main producers of pepper with its contribution to national production of 58.32 percent. South Sumatera, East Kalimantan and South Sulawesi provinces contributed 41.68 percent to national production.

The islands in the North Maluku Province cluster are the legendary sources of world cloves. Indian, Arab, Chinese and Javanese traders often come to Ternate, Tidore, and Banda which are the source of the world’s spices. They back home with the precious commodity to their home country for sale at a high price. Cloves, together with nutmeg and mace are so valuable in proportion to gold because they are used as a food spice and to preserve food or medicinal ingredients.
In addition, in Indonesia alone there are some areas that become producers of spices that have good quality, following areas that produce spices in Indonesia;

- **Pepper.** Lampung Province is the largest black pepper producing province. Many white pepper produced in Bangka Province. Other areas of pepper production are DI Aceh, Jambi, West Kalimantan, East Kalimantan, Lampung, West Nusa Tenggara, South Sulawesi, Southeast Sulawesi, South Sumatra, North Sumatra, and Yogyakarta.

- **Clove.** Maluku Province is the largest producer of cloves. Other producing regions are North Sulawesi, Aceh, West Sumatra, Lampung and Central Java.

- **Nutmeg.** is the number two commodity of the VOC era. Producing areas of nutmeg, such as Bengkulu, Maluku, Papua, South Sulawesi, Southeast Sulawesi, and North Sulawesi.

- **Ginger.** warmth of ginger is very famous in Continental Europe. Ginger can flourish in all areas.

- **Cinnamon.** are found in Jambi, West Sumatera and Yogyakarta.

- **Onion, in Indonesia is currently the largest producer of red onion in the area of Brebes Regency, located in Central Java Province. Other areas are West Kalimantan and South Kalimantan.**

- **Pecan**, producing areas of candlenut such as Mamuju West Sulawesi Province, Sigi District, Central Sulawesi, Bima West Nusa Tenggara Province.

- **Cardamom** is produced primarily commercially produced from West Java and southern Sumatra.

However, in 2016 the value of Indonesian exports again decreased at USD 524.29 million. Nevertheless, Indonesia’s export value still has a positive trend during that period of 6.67%. Indonesia actually has great potential to master the spice market of the world, one of the efforts that can be done to improve the competitiveness and promotion of exports of selected herbs is to develop geographical indications (IG). Given Geographical Indications, the herb farmers are expected to benefit tremendously.
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