

# The Indonesian noodle market

## ITS IMPORTANCE TO AUSTRALIAN WHEAT EXPORTS

Due to its stability and magnitude, Indonesia's noodle market, especially its instant noodle market, will remain a major source of Indonesia's demand for imported wheat. Fortunately for Australia, flour made from Australian wheat is used in both instant and fresh noodles.

*The Indonesian noodle market: its importance to Australian wheat exports* is the second in a series of three reports on the current status and future prospects of the Indonesian wheat market. Visit [aegic.org.au](http://aegic.org.au) for more information.



## Key findings

### INDONESIAN NOODLES: CRUCIAL FOR AUSTRALIAN WHEAT

Indonesia imports 3-3.5mmt of wheat for noodles, mostly from Australia. Instant noodles are by far the main type of noodles consumed. Fresh noodles account for about 20%.

### A VAST INSTANT NOODLE MARKET

13 billion packets sold each year which is 15% of all instant noodle consumption on earth. Two companies, Indofood and Wings Corp, have a combined market share of over 80%.

### INSTANT NOODLE CONSUMPTION PER CAPITA IS PLATEAUING, BUT POPULATION INCREASING

Instant noodle consumption per person is stable but Indonesia's strong population growth will grow demand. By 2030, 350,000t more wheat will be needed — that's 170 million more packets of instant noodles.

### AUSTRALIAN WHEAT UNDER PRESSURE

Price is the main concern in the low-cost instant noodle market. While Australian wheat is preferred due to its unique quality attributes, noodle manufacturers are using more and more low-cost wheat from Russia, Ukraine and Argentina.

### INSTANT NOODLE "PREMIUMISATION"

A premium instant noodle segment is emerging. As incomes increase, demand shifts into higher quality noodles and/or the inclusion of other products such as meat. Australian wheat is more likely to be retained in this premium segment.

### INSTANT NOODLE DEMOGRAPHICS

Many young people view instant noodles as a staple food. 18% of 10-19-year-olds eat more than one packet a day. Instant noodles are expected to remain the dominant type of noodles as young people age.

### INDOFOOD'S GLOBAL EXPANSION

Indofood, whose brand Indomie dominates the instant noodle market, is expanding rapidly into neighbouring South-East Asian countries, supporting third-country demand for Australian wheat.

### AUSTRALIA'S FINITE WHEAT CAPACITY

Instant noodles help Indonesia achieve its food security objectives. However, Indonesia's strong growth is generating a challenge. Australia cannot supply enough wheat for all of Indonesia's needs and so will face continued competition from other wheat exporters, including Russia, Ukraine and Argentina.

### THE IMPORTANCE OF FRESH NOODLES

Fresh noodles are popular among wealthier and more urbanised consumers and have higher wheat quality requirements than instant noodles. Australian wheat is recognised for its superior colour attributes and texture and we can improve noodle texture even more.

# Recommendations

How should Australia position its wheat offering to Indonesia to serve Indonesian needs while delivering value for Australian grain producers?



## DEFEND AUSTRALIA'S INSTANT NOODLE SHARE

*...especially at the premium end of the market*

Australian wheat breeders, farmers and supply chain operators need to cooperatively ensure affordable, high-yielding, fit-for-purpose wheats continue to be grown and delivered to the Indonesian market delivering value for all parties. In particular, the industry must ensure Indonesian processors understand the value of using Australian wheat for “premium” instant noodles, and, where possible, help them grow this market.

## SUPPORT THE FRESH NOODLE INDUSTRY

Australia should defend the fresh noodle segment by ensuring our wheat continues to meet specific market requirements for fresh noodles. Previous AEGIC research has confirmed Australian wheat is preferred for its superior colour and texture and improvements can be made to textural attributes.



## BUILD SKILLS AND CAPACITY IN OUR INDONESIAN CUSTOMERS

The Australian wheat industry should increase efforts to provide technical training and support to Indonesian customers to enhance their understanding of the value of using Australian wheat for instant and fresh noodles.



## CONTINUED MARKET INTELLIGENCE

Australia must continue market research in Indonesia to understand consumer trends and preferences for different wheat-based end products, so the Australian industry can more quickly respond to emerging opportunities and issues.



## A WHOLE OF INDUSTRY APPROACH

The Australian wheat industry needs to present a united front in Indonesia.



## CAPTURE PREMIUM OPPORTUNITIES IN BREAD, CAKES AND BISCUITS

As Indonesians become more wealthy and urbanised, they will demand more breads, cakes, biscuits and confectionary. Providing wheats tailored to a wider spectrum of premium-paying markets in Indonesia is a sound risk-diversification strategy for Australia.

Read the full report at [aegic.org.au](http://aegic.org.au)

Other reports in this series:

*The Indonesian wheat market: Its strategic importance to Australia*

*The Indonesian baked goods market: Its importance to Australian wheat exports (COMING SOON)*