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Poultry Annual

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Report Highlights:

The Indonesian broiler population is estimated to increase to 889 million birds in 2007 compared to 840 million in 2006, and is forecast to increase slightly to 899 million birds in 2008. Despite continuous problems with HPAI, consumer consumption of poultry meat remains strong. Per capita consumption of broiler meat is expected to reach 3.7 kg/capita/year in 2007. The new MOA regulation issued in August 2007 lifts the ban on Mechanically Deboned Meat imports. However, the import ban for chicken parts remains in place.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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I. SITUATION AND OUTLOOK

Although per capita consumption of broiler meat is relatively low, the Indonesian poultry sector is expected to continue growing. However, several fundamental problems continue that hinder growth such as the dependency on imported feed ingredients, imported parent and grand parent stocks, and inconsistent government policy.

Highly Pathogenic Avian Influenza (HPAI) continues to spread throughout the country and claim more human fatalities. The government's lack of coordination, insufficient funding, lack of avian disease experts, and poor laboratory facilities are among the major obstacles to control the disease.

PRODUCTION

The overall broiler population in 2007 is estimated to reach 889 million birds, and is forecast to slightly increase to 899 million birds in 2008 since the increasing demand for poultry meat will be offset with the increasing price of feed ingredients in the international market and slow growth in consumer purchasing power. In line with this, broiler meat production in 2007 is estimated to increase to 824,000 tons. Consumers prefer poultry with an average live weight of 1.5 kg live weight, an increase from last year preference of 1.4 kg live weight, has also increased broiler meat production.

Out of the total poultry population in 2006, broiler, native chicken, and layer chicken accounted for 69 percent, 21 percent, and 7 percent respectively. Most of the broiler population is located in West Java (47 percent), East Java (18 percent), Central Java (7 percent), and North Sumatera (5 percent).

To reduce the decline in broiler meat sales due to AI concerns, the Indonesian government continuously campaigns through media and other venues to encourage safe preparation and consumption of eggs and poultry meat. A decline in chicken meat sales usually occurs for about three weeks after a human fatality related to AI is reported. Then consumer confidence improves and consumption of chicken meat resumes.

In November 2006, Day Old Chicken production rose sharply to over 23 million DOC per week. It is reported that Indonesia imported a large amount of parent stock in October 2006, and breeder operation reflect this expansion. Total DOC production installed capacity is 26 million per week. DOC production in 2007 is estimated to reach 19 million DOC per week. The sector still relies on imported breeding stock from European countries and United States.

Poultry feed production in 2007 is estimated to reach 6.5 million tons and forecast to increase to 7.1 million tons in 2008. Most feed ingredients are imported. Because of the increase of feed ingredient prices on the world market and a distorted import regime for Meat and Bone Meal, the feed sector is demanding that the government lift the 5 percent import duty for corn that accounts for 50-55 percent share in feed formulation and allow expanded access to U.S. meat and bone meal (MBM). Reportedly, the GOI refused to lift the 5 percent import duty on corn as an effort to protect domestic corn farmers, and still has not opened to MBM from the United States. If the situation continues, there will be an opportunity for U.S. DDGS (distillers dried grain solubles) sales to Indonesia, assuming GOI does not impose an import duty on DDGS equivalent to the corn duty.

Potential for further growth in broiler production remains bright due to the low level of per capita consumption. However, several fundamental problems such as the dependency on imported feed ingredients and breeder stock, insufficient cold storage, lack of funding,

continuing AI problem, low consumer purchasing power, and inconsistent government policy will impede growth.

AI SITUATION

Avian influenza remains a huge and complicated problem influencing the overall poultry sector and causing concerns about human health in this country. Since it was first detected in poultry in 2004 and the death of three persons from a family in Tangerang, Banten, a district close to Jakarta in July 2005, until September 21, 2007, approximately 13.5 million head of poultry have been infected by AI and depopulated. A total of Rp. 3.040 billion (USD 324,000) was given as compensation to those who owned the depopulated poultry and were willing to cull their poultry to prevent broader AI. AI has infected poultry in 31 out of 33 provinces in Indonesia. Referred to FAO weekly report period August 30 – September 27, 2007, a total of 350 outbreak cases in poultry were detected in 10 districts of 5 provinces in Indonesia. These findings showed that AI in poultry which is endemic in most provinces, need more serious attention to control the disease.

As of September 21, 2007, a total of 106 human cases have been confirmed to be H5N1 infections; 85 of these cases were fatal. AI has infected humans in 11 provinces in Indonesia.

In Jakarta there are approximately 220 poultry collecting sites with a total capacity of around 425,000 birds, and 1,150 poultry slaughtering houses with a total slaughter capacity of 402,000 birds. In an effort to minimize the spread of AI in Jakarta, the provincial government of Jakarta issued a regulation on the Control, Raising, and Distribution of Poultry in Jakarta. This regulation prohibits poultry collecting sites and slaughter houses in Jakarta. There will be no more live poultry transported into or out from Jakarta. All poultry must be delivered to Jakarta markets as carcasses or poultry parts. It is expected that all the collecting and slaughtering sites will be relocated outside Jakarta no later than 3 years. However, questions remain regarding the effectiveness of the regulation to overcome AI problems in Jakarta. These include inadequate infrastructure at the new locations, and the high cost that will be required to relocate all of the collecting sites and slaughter houses away from Jakarta. As a result, the poultry sector is resisting implementation of the regulation.

The Minister of Agriculture indicates that the ministry will issue an AI free certificate for large- to medium-scale poultry farms in order to prevent them from suffering loss if their AI-free poultry meat is rejected by consumer. A large or medium-scale poultry farm will receive a certificate after being monitored for six months and proven to be free from AI without vaccination. The certificate will be evaluated regularly and can be withdrawn if an AI infection is found on the farm. A small farm may obtain such a certificate if it is united in a group of small farms and the birds are caged. However, the certification process appears to be work in progress, especially for small farmers.

APHIS/Jakarta supports several activities in collaboration with Minister of Agriculture and the Indonesia National Committee for Avian Influenza (KOMNAS FBPI). A series of Veterinary Epidemiology Workshops and Live Bird Market Seminars have been conducted throughout Indonesia. More than 250 Indonesian veterinarians participated in the Epidemiology Workshops and not less than 500 participants attended the Live Bird Market Seminars. Also an International Vaccine Seminar attended by around 200 participants was conducted on June this year. APHIS also sponsored 13 Indonesian lab technicians for standardized laboratory training in Taiwan and two Indonesian scientists participated in vaccine efficacy testing with ARS.

APHIS is also involved in supporting pilot project in Tangerang District, West Java. The objective of this project is to set a model for AI control in humans and poultry. This month APHIS will conduct Geospatial Epidemiology Training that will be attended by 50 participants in the district.

CONSUMPTION

Consumers continue to consume broiler meat and eggs regardless of announced AI outbreaks. Broiler meat consumption in 2007 is estimated to increase to 824,000 tons and will remain stable in 2008. Per capita consumption of chicken meat is 3.7 kg well below neighboring countries in Asia. Consumers prefer to consume broiler carcasses with an average weight of 1.5 kg.

TRADE

During 2006, imports of poultry meat were recorded at 3,331 tons, mostly from Singapore (82 percent), and European Countries (13 percent). Japan still bans imports of Indonesian poultry products due to AI.

POLICY

On August 13, 2007 the Minister of Agriculture lifted the import ban on whole poultry carcass and Mechanically Deboned Meat (MDM). The MDM must come from a country free from Notifiable Avian Influenza (NAI) disease, and come from a farm that is registered and under the control of authorized animal health official in the country of origin. Furthermore, the area within 50 km radius surrounding the farm must be declared free from Newcastle Disease (NDM) for the last 90 days prior to the exporting date. The MDM must contain no less than 14 percent protein, no more than 0.75 percent Ca, less than 30 percent fat, and have Maximum Residue Limits below the level specified in the Indonesian National Standard (SNI). The imported MDM is only to be used in animal based food processes for human consumption. The regulation continues permitting imports of whole carcasses.

The regulation represents a change in Indonesian policy. Previously, GOI determined that only "Safe, Healthy, Whole, and Halal (ASUH = Aman, Sehat, Utuh, and Halal)" poultry that can be imported into Indonesia, so MDM did not qualify. Indonesia banned imports of chicken leg quarter (CLQ) from the United States in 2000 claiming that CLQ do not meet the ASUH criteria because the government could not be assured that the slaughter was done according to halal. The industry concerned that permitting MDM imports is a precedent to allow import of CLQ from the United States in the future. The industry claims that U.S. CLQ imports will seriously threaten the sustainability of the domestic poultry sector.

II. STATISTICAL TABLES

Table 1. PSD: Poultry, Meat, Broiler

PSD Table									
Country	Indonesia								
Commodity	Poultry, Meat, Broiler						(MIL HEAD)(1000 MT)(PERCENT)		
	2006 Revised			2007 Estimate			2008 Forecast		
	USDA Official	Post Est.	Post Est. New	USDA Official	Post Est.	Post Est. New	USDA Official	Post Est.	Post Est. New
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Inventory (Reference)	105	105	105	110	110	127	0	0	128
Slaughter (Reference)	756	756	756	792	792	845	0	0	854
Beginning Stocks	0	0	0	0	0	0	0	0	0
Production	688	688	688	721	721	824	0	0	833
Whole, Imports	0	0	0	0	0	0	0	0	0
Parts, Imports	0	0	0	0	0	0	0	0	0
Intra-EU Imports	0	0	0	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0	0	0	0
Total Imports	0	0	0	0	0	0	0	0	0
Total Supply	688	688	688	721	721	824	0	0	833
Whole, Exports	0	0	0	0	0	0	0	0	0
Parts, Exports	0	0	0	0	0	0	0	0	0
Intra EU Exports	0	0	0	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0	0	0	0
Total Exports	0	0	0	0	0	0	0	0	0
Human Consumption	688	688	688	721	721	824	0	0	833
Other Use, Losses	0	0	0	0	0	0	0	0	0
Total Dom. Consumption	688	688	688	721	721	824	0	0	833
Total Use	688	688	688	721	721	824	0	0	833
Ending Stocks	0	0	0	0	0	0	0	0	0
Total Distribution	688	688	688	721	721	824	0	0	833
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0
Balance	0	0	0	0	0	0	0	0	0
Inventory Balance	0	0	0	0	0	0	0	0	0
Production Change	8	0	8	5	5	20	-100	-100	1
Import Change	0	0	0	0	0	0	0	0	0
Export Change	0	0	0	0	0	0	0	0	0
Trade Balance	0	0	0	0	0	0	0	0	0
Consumption Change	8	0	8	5	5	20	-100	-100	1

Note: Not Official USDA data.

Reference:

Inventory: Population divided by 7 (the number of slaughter cycle in a year)

Slaughter: 95 percent of population (5 percent mortality rate, etc)

Production: 65 percent of slaughter x average live bird weight (1.5 kg)

Table 2. Import Trade Matrix for Poultry, Meat, Broiler

Import Trade Matrix			
Country	Indonesia		
Commodity	Poultry, Meat, Broiler		
Time Period	Jan-Dec	Units:	Metric Ton
Imports for:	2006		2007
U.S.	0	U.S.	0
Others		Others	
Singapore	2728	Singapore	1319
France	269	Brazil	753
Swaziland	158	France	229
Netherlands	75	Netherlands	24
Switzerland	56		
Sweden	43		
Total for Others	3329		2325
Others not Listed	2		0
Grand Total	3331		2325

Source: World trade Atlas.

Table 3. Price for Poultry, Meat, Broiler

Prices Table			
Country	Indonesia		
Commodity	Poultry, Meat, Broiler		
Prices in	IDR	per uom	Kg.
Year	2006	2007	% Change
Jan	13275	17335	31%
Feb	13350	12750	-4%
Mar	13475	13100	-3%
Apr	13500	15600	16%
May	13500	16200	20%
Jun	13600	15650	15%
Jul	13925	16000	15%
Aug	14550	16450	13%
Sep	15400		-100%
Oct	15750		-100%
Nov	16675		-100%
Dec	18050		-100%
Exchange Rate	9282	Local Currency/US \$	
Date of Quote	9/20/2007	MM/DD/YYYY	

Table 4. Average Retail Prices of Beef and Poultry Meat 2006 and 2007 at Jakarta Markets

Month	Beef (Rp./Kg)		Poultry Meat (Broiler) (rp./Kg)	
	2006	2007	2006	2007
January	49,400	50,550	13,275	17,335
February	50,775	51,000	13,350	12,750
March	49,900	51,000	13,475	13,100
April	50,600	51,200	13,500	15,600
May	49,250	51,050	13,500	16,200
June	48,267	52,900	13,600	15,650
July	48,350	52,650	13,925	16,000
August	49,750	52,200	14,550	16,450
September	49,733		15,400	
October	50,200		15,750	
November	49,600		16,675	
December	48,500		18,050	

Source: Center for Market Information (PIP), the mInistry of Industry.

Table 5. Average farm Gate Prices for Live Broilers in 2006 and 2007 in Indonesia

Month	2006 (Rp./Kg)	2007 (Rp./Kg)
January	7,827	9,824
February	8,008	6,405
March	7,450	8,697
April	7,396	9,987
May	8,611	9,570
June	8,551	9,238
July	9,695	10,826
August	9,193	10,282
September	9,407	
October	10,808	
November	8,990	
December	7,715	

Source: Market Information Center for Poultry Products (PINSAR)
Processed by FAS/Jakarta

**Table 6. Exchange Rate (Rp./US\$)
On Period Month Ending Basis**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
2006	9,369	9,280	9,117	8,826	9,212	9,353	9,124	9,119	9,205	9,110	9,165	9,020	9,158
2007	9,090	9,160	9,118	9,083	8,828	9,054	9,186	9,410	9,392				9,147

Source: Indonesian Bureau of Statistics and Bisnis Indonesia Daily.

Table 7. Poultry Meat Tariffs 2007

HS Code	Description of Goods	Import Duty (%)	VAT (%)
0207	Meat and edible offal of the poultry of heading No. 0105, fresh, chilled or frozen		
	- of fowls of the species <i>Gallus domesticus</i>		
0207.11.00.00	Not cut in pieces, fresh or chilled	5	10
0207.12.00.00	Not cut in pieces, frozen	5	10
0207.13.00.00	Cuts and offal, fresh or chilled	5	10
0207.14.00.00	Cuts and offal, frozen	5	10
0207.14.10.00	Wings	5	10
0207.14.20.00	Thighs	25	10
0207.14.30.00	Livers	5	10
0207.14.90.00	Others	5	10
	- of turkeys		
0207.24.00.00	Not cut in pieces, fresh or chilled	5	10
0207.25.00.00	Not cut in pieces, frozen	5	10
0207.26.00.00	Cuts and offal, fresh or chilled	5	10
0207.27.00.00	Cuts and offal, frozen	5	10
	- of ducks, geese, or guinea fowls		
0207.32.00.00	Not cut in pieces, fresh or chilled	5	10
0207.33.00.00	Not cut in pieces, frozen	5	10
0207.34.00.00	Fatty livers, fresh or chilled	5	10
0207.35.00.00	Other, fresh or chilled	5	10
0207.36.00.00	Other, frozen	5	10
1601.00.00.00	Sausages and similar products, of meat, meat offal or blood; food preparations based on these products	10	10
1602.32.00.00	Meat, meat offal or blood of fowls prepared or preserved	5	10

Source: Indonesian Tariff and Import Duty Book 2007.

Table 8. Strategic Indicators

ANIMAL INVENTORIES-Beginning of Year (in heads)				
Country: Indonesia	2005	Last Year 2006	Current Year 2007	Out Year Forecast 2008
Report Year: 2006				
Poultry (including ducks)	1,207,000,000	1,225,000,000	1,250,000,000	1,275,000,000
Hogs	6,800,000	7,086,709	7,200,000	7,500,000
Dairy Cattle	361,000	382,000	400,000	420,000
Goats	13,409,000	14,051,000	14,500,000	15,000,000
Beef Cattle & Buffalo	12,697,000	13,036,000	13,300,000	13,500,000
MEAT PRODUCTION (in metric tons)				
Country: Indonesia	2005	Last Year 2006	Current Year 2007	Out Year Forecast 2008
Calendar Year: 2006				
Poultry				
Poultry Meat (including ducks)	1,147,000	1,180,000	1,215,000	1,250,000
Eggs (including ducks)	1,051,000	1,105,000	1,160,000	1,195,000
Pork	173,000	179,000	182,000	185,000
Beef	358,000	389,000	425,000	450,000
Goat	50,000	53,000	55,000	60,000
COMPOUND FEED SECTOR (in 1,000 mt)				
Country: Indonesia	2005	Last Year 2006	Current Year 2007	Out Year Forecast 2008
Calendar Year: 2006				
Compound Feed Capacity	10,000	11,000	11,500	11,500
Total Compound Feed Produced	7,000	7,000	8,000	8,500
----- by integrated producers	5,000	5,000	6,000	6,000
----- by commercial producers	2,000	2,000	2,000	2,000

FEED GRAIN USE (in 1,000 mt)				
Country: Indonesia	2005	Last Year 2006	Current Year 2007	Out Year Forecast 2008
Marketing Year:				
Corn (Domestic consumption: feed)	4,000	4,000	4,050	4,050
Other:				
Wheat (Domestic consumption: feed)	52	52	53	53
Rice (Domestic consumption)	35,600	35,800	35,850	36,000
PROTEIN - ENERGY USAGE (in 1,000 mt)				
Country: Indonesia		Last Year	Current Year	Out Year Forecast
Marketing Year: 2006/2007	2005/2006	2006/2007	2007/2008	2008/2009
Total Protein Meal (feed waste domestic consumption)	1,914	2,340	2,182	2,505
Soy Bean Meal (feed waste domestic consumption)	1,965	1,790	1,900	1,900
Other Protein Meal:				
Palm Kernel Meal (feed waste domestic consumption)	450	460	510	510
Rape Meal (feed waste domestic consumption)	5	5	5	5
Fish Meal (feed waste domestic consumption)	n.a	n.a	n.a	n.a
Sunflower Meal	0	0	0	0
Cottonseed Meal	0	0	0	0
Feather Meal	0	0	0	0
Meat Meal	0	0	0	0
Palm Oil (feed waste domestic consumption)	80	85	90	90

Source: Various sources.

III. OTHER RELEVANT REPORTS

1. Indonesia Feed Situation report 2007
<http://www.fas.usda.gov/gainfiles/200709/146292439.pdf>
2. Indonesia AI Update Report2007
<http://www.fas.usda.gov/gainfiles/200701/146280005.pdf>
3. Indonesia Grain and Feed Annual Report 2007
<http://www.fas.usda.gov/gainfiles/200704/146280723.pdf>
4. Indonesia Oilseed Annual Report 2007
<http://www.fas.usda.gov/gainfiles/200702/146280302.pdf>
5. Indonesia Poultry Annual report 2006
<http://www.fas.usda.gov/gainfiles/200608/146208739.pdf>