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Indonesia

Livestock and Products

Livestock Update

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Report Highlights:

After a major drop-off in live cattle imports in 1998, from 368,000 head to 50,000 head, imports are coming back in 2000 to 200,000 head. Australia continues to dominate the market with more than ninety percent of imports. The domestic cattle industry, meanwhile, remains hampered by a climate which is not conducive to livestock production and by inadequate management techniques. Animal inventories including domestic supply and imports sagged to 11.28 in 1999 but are expected to recover to 11.50 million in 2000.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Jakarta [ID1], ID

I. Situation and Outlook

Production

Post estimates that as the result of the suspension in feeder cattle imports during the crisis and the diminishing local cattle herd size, the Indonesian cattle herd in CY99 declined 2 percent compared to the previous year to 11.28 million head. A precise number is difficult to obtain, in large part due to the occurrence of widespread abandonment of cattle in 1998 in several major livestock producing regions that were experiencing civil unrest. In CY00, due to higher imports of live cattle, the herd size is back up to 11.5 million head. From that 11.5 million head, 1.5 million head (13%) were produced, with a mortality rate of 5 percent. Post estimates that the annual slaughter for CY00 is 1.6 million head (15% of the total cattle population). Beef production in CY00 is estimated at about 335,000 mt (carcass weight equivalent to 200 kg/head for local cattle and 275 kg/head for imported cattle), which is 25 percent of the total national meat supply, 1.3 mmt. Even though the slaughter rate is relatively high, slaughter is occurring before animals reach full weight, resulting in lower beef production. Average carcass weight per head fell from 250-300 kg/head before the crisis to 180-200 kg/head in CY00. In addition, many cows not meant for slaughter are being slaughtered, such as productive females, premature cattle, and dairy cows. This will bring the annual slaughter to about 1.7 million head for CY01, and beef production of 355,000 mt, up 6 percent.

The Government of Indonesia (GOI) recently launched an ambitious program to reach 95 percent self-sufficiency in meat production by 2005. According to GOI estimates, that would require Indonesia to produce as much as 420,000 mt by 2005, up from the current level of 335,000 mt which would require an increase in the slaughter rate to 2.1 million head (at a rate of 200 kg/head), or 500,000 head higher than this year’s estimate. The program is aimed at increasing the productivity of livestock farming units through: an integrated artificial insemination program and the creation of new livestock breeding centers, restricting the number of female cows slaughtered in a productive age, and decreasing the risk of animal diseases that can infect productive young cattle.

Consumption

After the economic hardships of 1998 and 1999, Indonesian beef consumption has slowly recovered. Post forecasts for CY00 that total beef consumption will be stable at 355,000 mt. With total production from local supply of only 280,000 mt in CY00, Indonesia has to import 75,000 mt (55,000 mt from imported cattle and 20,000 mt from imported meat) or 20 percent of the total beef consumed. FAS/Jakarta forecasts CY01 consumption at 385,000 mt, given higher imports and improvements in the economy.

Daily beef consumption in CY99 & CY00 is 1.8 kg/capita/year, off from an average daily consumption rate of 2.2 kg/capita/year before the economic crisis. That compares to beef consumption of around 44 kg/capita/year in the United States. Post estimates the consumption rate for CY01 will increase to 2 kg/capita/year, due to renewed economic growth. Beef consumption is concentrated in the middle and upper classes with virtually no consumption in many parts of Indonesia. With a population of approximately 210 million in 2000, even a slight increase in consumption creates measurable increases in beef demand.

Trade

Live cattle imports are rebounding beyond expectations for this year. The devaluation of the rupiah in 1998 sent cattle imports into a tailspin, dropping 85 percent compared to the previous year's total, and recovery was not expected for several years. However, in CY99 imports more than doubled to 133,000 head and in CY00 are up by 150 percent to 200,000 head (equivalent to 55,000 mt). In CY01, post forecasts live cattle imports will be stable at 200,000 head based on reports from cattle importers. The major supplier of live cattle to Indonesia is Australia, with proximity one of its main advantages. FAS/Jakarta estimates that Australian beef cattle imports in CY99 were 125,000 head or more than 90 percent of total imports. In CY00, that number is expected to increase to as much as 180,000 head. Other major suppliers are New Zealand, Japan, and the United States. In CY99, The U.S. did not import live cattle, only semen, due to freight and delivery time. However, imports of semen are also down since efforts to expand the herd size by breeding are considered expensive relative to importing cattle for slaughter.

In response to the government program for meat self-sufficiency by 2005, the GOI is supporting farmers in developing the cattle breeding program. Therefore, the GOI will import 110 head of breeding cattle in CY00 that will be used to apply an artificial insemination technology and embryo transfer.

The Indonesian importers association reports that currently there are only 15 importers out of 46 registered importers that are able to continue operation and import feeder cattle. Importers are reportedly bringing in cattle ready for slaughter so that they can quickly recover their costs. With the weakening of the rupiah towards the U.S. dollar beginning in July 2000, profit margins have been squeezed closer.

Indonesian imports of beef are relatively small but have steadily increased. The uncertain political and economic situation has led importers to shift from imports of live cattle to imports of primary cuts of beef. Post estimates that total imports of primary cuts of beef (chilled or frozen) in CY00 will be 20,000 MT, 30 percent higher than beef imports in CY99, or 15,170 MT. According to the importers association, during the first six months of CY00 (Jan-June), beef imports have already reached 10,150 mt. If the exchange rate stays around Rp. 8,000/US$ 1, importers are optimistic that the industry will continue on this track and be back to pre-crisis levels within the next year. Australia was still the major beef supplier in CY99 with a total 9,320 mt (61.4%), followed by New Zealand with 3,922 mt (26%), while imports from United States were 1,789 mt (11.8%). Industry sources indicate that the U. S. beef market share could go up to about 20 percent in CY00, if the U.S. can keep offering competitive prices. Imports from Ireland have surged in CY00. As of June, 1,497 mt of meat imports from Ireland have been booked, making Ireland the fourth largest supplier.

Price and Policy

The price of imported live feeder cattle is around US$1.50 – 1.60 /kg weight, up slightly from the previous year. Because of the short supply of local beef in the country, retail prices of beef in the Jakarta market have increased gradually, from about Rp 25,680 /kg in June 1999 to Rp 27,500 in June 2000.

Import taxes remain at 0 percent for cattle, and 7.5 percent for primary cuts of beef (chilled or frozen). Importers are required to import 10 to 20 percent of female cows out of their imported cattle (for the artificial insemination program). Reportedly, many feedlotters do not follow this regulation and enforcement is erratic. Importers are also required to put feeder cattle on weight for a minimum of 90 days, but in practice importers are slaughtering earlier.

New Investment

Due to the economic and political uncertainty in Indonesia in 1998 and 1999, the livestock sector was considered a high risk business with slow turn over. However, starting in mid 1999, when the rupiah was relatively stable, the market showed an upswing in demand for beef. Now we find that farmers and investors are slowly returning to the business however uncertainty does linger and limits investment. According to a GOI official, total investment in the livestock industry in CY2000 is Rp 378 billion from the private sector and Rp 358.5 billion from France and Japan to build slaughterhouses (roughly US$ 42 million and US$ 39.8 million at current exchange rates Rp 9,000/1 US$).

II. Statistical Table

PSD Animal Numbers, Cattle

PSD Table						
Country	Indonesia					
Commodity	Animal Numbers, Cattle				(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Total Cattle Beg. Stks	0	11610	0	11850	0	11870
Dairy Cows Beg. Stocks	0	330	0	350	0	370
Beef Cows Beg. Stocks	0	11280	0	11500	0	11500
Production (Calf Crop)	0	1930	0	1990	0	2100
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	133	0	200	0	200
TOTAL Imports	0	133	0	200	0	200
TOTAL SUPPLY	0	13673	0	14040	0	14170
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Cow Slaughter	0	1500	0	1600	0	1700
Calf Slaughter	0	0	0	0	0	0
Other Slaughter	0	0	0	0	0	0
Total Slaughter	0	1500	0	1600	0	1700
Loss	0	323	0	570	0	570
Ending Inventories	0	11850	0	11870	0	11900
TOTAL DISTRIBUTION	0	13673	0	14040	0	14145
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

PSD Meat, Beef and Veal

PSD Table						
Country	Indonesia					
Commodity	Meat, Beef and Veal				(1000 MT CWE)(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Slaughter (Reference)	0	1500	0	1600	0	1700
Beginning Stocks	0	0	0	0	0	0
Production	0	340	0	335	0	355
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	15	0	20	0	30
TOTAL Imports	0	15	0	20	0	30
TOTAL SUPPLY	0	355	0	355	0	385
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	0	355	0	355	0	385
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	0	355	0	355	0	385
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	0	355	0	355	0	385
Calendar Yr. Imp. from U.S.	0	2	0	4	0	6
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Import trade Matrix Beef

Import Trade Matrix			
Country	Indonesia	Units:	MT
Commodity	Meat, Beef		
Imports for:	1999		2000
Time period	Jan - Dec		Jan - June
U.S.	1,789	U.S.	2,147
Others		Others	
Australia	9,320	Australia	3,869
New Zealand	3,922	New Zealand	2,515
Ireland	75	Ireland	1,497
Canada	65	Canada	120
Total for Others	13,381	Total for Others	8,001
Others not Listed	0	Others not Listed	0
Grand Total	15,170	Grand Total	10,148

Source : Association

Average Retail Prices of Beef and Poultry Meat 1999
at the Jakarta Market

Month	Beef	Poultry Meat
	(Rp./Kg)	(Rp./Kg)
January	26,113	13,250
February	26,875	12,750
March	26,463	13,000
April	25,975	12,550
May	26,113	12,213
June	25,681	13,203
July	25,500	12,525
August	25,450	12,150
September	25,375	10,863
October	25,150	11,150
November	25,125	11,513
December	26,540	12,670

Source : Center for Market Information, the Ministry of Industry and Trade

Average Retail Prices of Beef and Poultry Meat 2000
at the Jakarta Market

Month	Beef	Poultry Meat
	(Rp./Kg)	(Rp./Kg)
January	28,575	12,525
February	26,825	10,838
March	26,675	10,363
April	27,550	9,983
May	27,700	10,150
June	27,500	10,788
July		
August		
September		
October		
November		
December		

Source : Center for Market Information, the Ministry of Industry and Trade

Exchange Rate
(Rupiah/US$)

Exchange Rate (Rp./1US$) on Period Month Ending Basis												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1997	2387	2403	2418	2443	2458	2450	2528	2190	3350	3700	3740	5700
1998	13513	9377	8740	8211	10767	15160	13850	11700	11314	9142	7755	8100
1999	9419	8992	8778	8632	8179	6750	6989	7736	8571	6949	7439	7161
2000	7414	7517	7590	7945	8550	8735	9220					

Source : Bisnis Indonesia Daily

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