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Indonesia

Poultry and Products

Annual

2002

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Report Highlights:
Indonesia's broiler industry continues to slowly recover following the financial crisis of 1997. Sustained by a new climate of political and economic stability, the revival of the industry is expected to continue at least through 2003, with expansion of output forecast. These same economic conditions are leading to growing demand for poultry meat. Trade, both imports and exports, remain limited. The ban on poultry part imports remains in effect, depriving Indonesian consumers from having access to one of the world's most inexpensive sources of meat protein, and preventing U.S. exporters from taking advantage of market opportunities

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Includes PSD changes: Yes
Includes Trade Matrix: Yes
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I. BROILER MEAT

Production

The broiler industry continues to recover from the lows following the financial crisis of 1997. Output is forecast to grow about 8 percent in 2002, and is expected to expand another 15 percent in 2003. The expectations for further growth are based on a continued steady macro-economic environment, stable political conditions, as well as growing consumer purchasing power. The strengthening economic conditions and more favorable political climate have contributed to one important windfall to poultry producers: the rupiah strengthened about 16 percent against the dollar during the first six months of 2002. This has been very important to the broiler sector as a large portion of their operating costs are based on dollar denominated imports, including feed and breeder stock. About 60 to 65 percent of the cost of production is for feed, a majority of which is imported corn and soybean meal. The political climate has also led to a more stable security situation in rural areas, providing an important improvement to production conditions.

Day old chick (DOC) for broiler production in 2002 is estimated at approximately 18.5 million head/week. In line with expectations for growth in the sector, DOC is forecast to grow to 20 million head/week or about 1,040 million per year in 2003. This would bring DOC production up to 91 percent of the pre-crisis (1996) level, which was 22 million head/week.

The forecast for continued growth in poultry production is reflected in expectations for growth in compound feed use. The Indonesian Feed Millers Association predicts that feed production will reach 6.8 millions tons in 2003, an increase of 8 percent from the previous year. This level would be above the pre-crisis 1996 output of 6.5 million tons

With relatively low per-capita poultry meat consumption, an increasing population (209 and 212 million in 2001 and 2002, respectively, and forecast to reach 215 in 2003), and a sector operating well below production capacity, great potential exists for further output growth in the near to medium term. Nonetheless, many leading companies in the broiler sector have not fully recovered, and their financial situation remains precarious. Continue political economic growth and political stability will be key determinants of the future health of the sector.

Consumption

With the gradual recovery of the economic climate, in 2002 consumption is expected to reach 630 million tons, or 3.1 kg/capita/year. With expectation for continued improvement in the economic situation, in 2002 consumption is forecast to continue growing to 724 million tons or 3.4 kg/capita/year. An increasing variety of value-added products are present in the market, but these products primarily enter fast-food outlets are retail outlets where they are marketed to higher end consumers. Most broiler meat continues to be market through wet market channels. Consumers do not exhibit a developed preference for light or dark meat cuts, but base purchase decisions primarily on price. Despite the growth expected through 2003, per capita consumption remains quite low relatively to other countries in South East Asia.

Trade

The increasing demand for broiler meat, together with erratic supply of local products, has created opportunities for broiler meat imports. However, the ban on imports of chicken parts implemented in September 2000 has blocked exporters from seizing these opportunities, and resulted in sharp drop in the amount of poultry part imports.

Official trade data from the central Bureau of Statistic pegged imports in 2001 at 964 metric tons (436 mt whole birds and 528 mt chicken parts). The United States was still the major supplier with 815 mt (85%) followed by Brazil (8%) and Australia (7%). Preliminary data for the month of January 2002 shows poultry meat imports reached 480 mt (23 mt whole birds and 457 mt chicken parts). Chicken parts are sourced primarily from United States.

Exports were relatively insignificant at about 1,740 tons in 2001. These products, mostly chicken parts, go to Japan.

Prices

As is the typical season trend, the average farm gate live broiler prices reportedly increased 33 percent from Rp. 6,624 in August '01 to Rp. 8,779 in Dec '01, which is the Holiday Season and the period of peak demand. In January 2002, the price dropped 11 percent to Rp. 7,778 and dropped another 17% in April 2002 to Rp. 6,471, following the usual pattern of falling prices during the 3 to 4 month period after the Moslem holiday season.

DOC broiler prices fluctuate within a range of Rp. 1,500 to Rp. 3,000, depending on the location and seasonal demand. DOC layer prices average increased from Rp. 2,000 (Dec 01) to Rp. 5, 500 (May 02), but are expected to decline again after the productive flock is fully replaced, which is scheduled for around June 2002.

Policy

Despite repeated efforts by the U.S. Embassy in Jakarta to seek a resolution to the trade barrier, the ban on poultry part imports, implemented in September 2000, remains in effect. While concern over "Halal" certification was used as justification for the barrier, the government's action should be viewed as a direct response to request for protection from the local industry.

The ban has become somewhat of a controversial issue, and has been debated at the highest levels of the government as well as in the press and other public forums. An inter-Ministerial body has examined various options for resolving the issue, which would both protect the local industry and provide assurances that Halal standards would be met. In May 2002, the Ministry of Trade and Industry proposed imposing an 80 percent import tariff of chicken leg quarters, which would be over the 40 percent WTO bound rate. The plan calls for the 80 percent tariff to be gradually reduced to 5 percent over a five year period. However, the Ministry of Agriculture continues to maintain that an overall review of the plants and systems in exporting countries be concluded prior to revoking the ban.

Investment

Given the somewhat weak financial condition of the broiler industry, production expansion is likely to occur by more fully utilizing existing production capacity, rather than through building new facilities.

II. STATISTICAL TABLE

PSD BROILER MEAT

PSD Table						
Country	Indonesia					
Commodity	Plty, Meat, Chicken -16 wks			(1000 MT)(MIL HEAD)		
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2001		01/2001
Inventory (Reference)	0	104	0	112	0	119
Slaughter (Reference)	0	749	0	808	0	857
Beginning Stocks	0	0	0	0	0	0
Production	0	584	0	630	0	724
Whole, Imports	0	0	0	0	0	0
Parts, Imports	0	1	0	1	0	1
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	1	0	1	0	1
TOTAL SUPPLY	0	585	0	631	0	725
Whole, Exports	0	0	0	0	0	0
Parts, Exports	0	2	0	2	0	2
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	2	0	2	0	2
Human Consumption	0	583	0	629	0	723
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	0	583	0	629	0	723
TOTAL Use	0	585	0	631	0	725
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	0	585	0	631	0	725
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

Note:

Inventory: Population divided by 8 (the number of slaughter cycle per year)
Slaughter: 90% of population (10% mortality)

Production: 65% of slaughter (head to weight) x average live bird weight (1.2 kg in 2001 & 2002 and 1.3 kg in 2003)

TRADE MATRIX, BROILER MEAT

Import Trade Matrix			
Country	Indonesia		
Commodity	Plty, Meat, Chicken -16 wks		
Time period	Jan-Dec	Units:	Metric Tons
Imports for:	2000		2001
U.S.	12,146	U.S.	815
Others		Others	
Brazil	1,090	Brazil	75
China	517	Australia	73
Australia	350		
France	135		
Thailand	115		
Canada	94		
Norfolk Islands	24		
Malaysia	19		
Singapore	11		
Total for Others	2,355		148
Others not Listed	0		2
Grand Total	14,501		964

Import Trade Matrix			
Country	Indonesia		
Commodity	Plty, Meat, Chicken -16 wks		
Time period	Jan-Jan	Units:	Metric Tons
Imports for:	2001		2002
U.S.	455	U.S.	0
Others		Others	
Brazil	25	Singapore	0
Total for Others	25		0
Others not Listed	0		0
Grand Total	480		0

Source: Central Bureau of Statistic

Export Trade Matrix			
Country	Indonesia		
Commodity	Plty, Meat, Chicken -16 wks		
Time period	Jan-Dec	Units:	Metric Tons
Exports for:	2000		2001
U.S.	23	U.S.	0
Others		Others	
Japan	657	Japan	1,734
Taiwan	16	Singapore	4
Hongkong	7	East Timor	1
Malaysia	0	Malaysia	1
Singapore	0		
Total for Others	680		1,740
Others not Listed	0		0
Grand Total	703		1,740

Export Trade Matrix			
Country	Indonesia		
Commodity	Plty, Meat, Chicken -16 wks		
Time period	Jan-Jan	Units:	Metric Tons
Exports for:	2001		2002
U.S.	0	U.S.	0
Others		Others	
Japan	91	Japan	382
Total for Others	91		382
Others not Listed	0		0
Grand Total	91		382

Source: Central Bureau of Statistic

PRICES TABLE, BROILER MEAT

Prices Table			
Country	Indonesia		
Commodity	Plty, Meat, Chicken -16 wks		
Prices in	Rupiah	per uom	Kilogram
Year	2001	2002	% Change
Jan	11,850	11,925	0.63%
Feb	11,925	12,338	3.46%
Mar	12,350	11,700	-5.26%
Apr	13,175	11,650	-11.57%
May	13,075	11,867	-9.24%
Jun	12,673		-100.00%
Jul	12,675		-100.00%
Aug	11,713		-100.00%
Sep	11,275		-100.00%
Oct	11,150		-100.00%
Nov	12,388		-100.00%
Dec	13,388		-100.00%
Exchange Rate	9,270	Local currency/US $	

Source: Center for Market Information, the Ministry of Industry and Trade Retail Prices at the Jakarta Market

LIVE BROILER PRICES

AVERAGE FARMGATE PRICES OF LIVE BROILER												
2001(In Rp./Kg)												
Area	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sumatera	7,350	7,976	7,717	7,028	7,710	8,028	9,050	7,429	5,405	6,309	7,833	7,790
Jakarta	6,347	7,200	8,382	8,418	7,995	8,168	8,580	6,356	5,311	6,065	8,174	8,980
West Java	5,636	6,525	8,078	7,849	7,414	7,555	8,167	5,736	5,057	5,936	7,653	8,635
Central Java	5,293	6,413	7,545	7,456	7,015	7,502	7,863	5,947	5,135	5,608	7,555	8,405
Yogyakarta	5,650	6,425	7,375	7,380	7,025	7,440	7,850	5,920	5,275	5,600	7,525	8,300
East Java	5,178	6,236	7,436	7,282	6,622	7,368	7,838	5,893	4,984	5,569	7,715	8,765
Bali	6,250	6,375	7,350	7,550	6,875	7,425	8,225	6,160	5,375	5,925	8,525	8,550
Kalimantan & KTI*	10,532	10,159	10,034	9,767	10,650	10,867	11,077	9,553	8,986	9,511	10,246	10,807
AVERAGE PRICES	6,529	7,164	7,990	7,841	7,663	8,044	8,581	6,624	5,691	6,315	8,153	8,779

Source: Market Information center for Poultry Products (PINSAR)

AVERAGE FARMGATE PRICES OF LIVE BROILER												
2002 (In Rp./Kg)												
Area	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sumatera	8,362	8,465	6,560	6,350	6,460	6,360						
Jakarta	7,425	7,573	7,108	6,550	7,350	7,260						
West Java	6,931	7,411	6,591	6,353	6,897	7,056						
Central Java	7,082	6,807	6,076	4,878	6,850	6,820						
Yogyakarta	7,300	6,633	5,760	5,950	6,850	6,900						
East Java	7,403	6,411	5,462	5,856	7,011	6,889						
Bali	7,525	6,867	5,720	6,325	7,575	7,400						
Kalimantan & KTI*	10,200	10,557	10,454	9,507	9,164	9,386						
AVERAGE PRICES	7,778	7,591	6,716	6,471	7,270	7,259						

Source: Market Information center for Poultry Products (PINSAR)

Average Retail Prices of Beef and Poultry Meat 2001
(at the Jakarta Markets)

Month	Beef (Rp./kg)	Poultry Meat (Rp./kg)
January	30,950	11,850
February	30,475	11,925
March	30,425	12,350
April	30,175	13,175
May	30,350	13,075
June	30,975	12,673
July	32,175	12,675
August	31,625	11,713
September	31,275	11,275
October	31,900	11,150
November	35,150	12,388
December	39,750	13,050

Source: Center for Market Information (PIP), the Ministry of Industry & Trade

Average Retail Prices of Beef and Poultry Meat 2002
(at the Jakarta Markets)

Month	Beef (Rp./kg)	Poultry Meat (Rp./kg)
January	39,475	11,925
February	38,575	12,338
March	38,000	11,700
April	37,600	11,650
May	37,367	11,867
June		
July		
August		
September		
October		
November		

December		

Source: Center for Market Information (PIP), the Ministry of Industry & Trade

EXCHANGE RATE

Exchange Rate (Rp./1US$) on Period Month Ending Basis												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1997	2,387	2,403	2,418	2,443	2,458	2,450	2,528	2,190	3,350	3,700	3,740	5,700
1998	13,513	9,377	8,740	8,211	10,767	15,160	13,850	11,700	11,314	9,142	7,755	8,100
1999	9,419	8,992	8,778	8,632	8,179	6,750	6,989	7,736	8,571	6,949	7,439	7,161
2000	7,414	7,517	7,598	7,988	8,728	8,742	9,055	8,370	8,891	9,483	9,524	9,385
2001	9,488	9,914	10,460	11,675	11,375	11,440	9,525	8,670	9,675	10,435	10,430	10,200
2002	10,253	10,189	9,655	9,270	8,785							

Source: Central Statistic Agency (BPS-Badan Pusat Statistik) and Business Indonesia Daily Newspaper

Poultry Meat Tariffs

Harmonize System Code	**Description of Goods (HS Number)**	**2002 Import Duty (%)**	**VAT (%)**	**2001 Import Duty (%)**	**VAT (%)**
02.07	Meat and edible offal of the poultry of heading No. 01.05, fresh, chilled or frozen				
	-Of fowls of the species Gallus domesticus				
0207.11.000	Not cut in pieces, fresh or chilled	5	10	5	10
0207.12.000	Not cut in pieces, frozen	5	10	5	10
0207.13.000	Cuts and offal, fresh or chilled	5	10	5	10
0207.14.000	Cuts and offal, frozen	5	10	5	10
	-Of Turkeys				
0207.24.000	Not cut in pieces, fresh or chilled	5	10	5	10
0207.25.000	Not cut in pieces, frozen	5	10	5	10
0207.26.000	Cuts and offal, fresh or chilled	5	10	5	10
0207.27.000	Cuts and offal, frozen	5	10	5	10
	-Of ducks, geese or guinea fowls				
0207.32.000	Not cut in pieces, fresh or chilled	5	10	5	10
0207.33.000	Not cut in pieces, frozen	5	10	5	10
0207.34.000	Fatty livers, fresh or chilled	5	10	5	10
0207.35.000	Other, fresh or chilled	5	10	5	10
0207.36.000	Other, frozen	5	10	5	10

Source: 2002 Government of Indonesia Tariff Book f:\GAIN\DOCS\DLP\POULT02.WPD