



***CONFIDENTIAL – NOT FOR EXTERNAL USE***

**AUSTRALIA CENTRE FOR  
INTERNATIONAL AGRICULTURAL  
RESEARCH (ACIAR)**

**Market Study:**

**“The Indonesian Cattle and Beef Industries”**

Phillip Morey  
January 2011

**Australia**  
PO Ardmona VIC 3629  
M + 0417 322 190  
E + phillip@morelink.com.au  
**Indonesia**  
Wisma Dharmala Sakti,  
9th Floor, Jl. Jendral Sudirman  
Kav. 32 Jakarta, 10220,  
Indonesia  
P + (62 21) 570 8086 / 570 7209  
M + 08161980002  
F + (62 21) 570 3472  
E + morelink@rad.net.id  
ABN 26781852758

## EXECUTIVE SUMMARY

ACIAR engaged “Morelink Asia Pacific” to provide some background information on the Indonesian beef and live cattle industries. This report is based on some extensive research undertaken in late 2010.

Indonesia has a strong economy (growing at more than 6 percent per year) and an increasing per capita consumption and an expanding middle class (of approximately 30 million people).

Indonesia’s population is becoming increasingly urbanized and this is impacting on food shopping and consumption patterns and contributing to the changing diets as consumers have more access to modern retailers and plazas as well as a wider range of fast food outlets, serving meat products.

With this trend to urbanization, the average monthly expenditure on fresh food is increasing, and this will impact on Indonesia’s per capita annual consumption of beef, which currently is the lowest amongst ASEAN countries at only 1.7 kg.

Despite the clear trend towards hypermarket and modern retail centre shopping, Indonesian consumers still prefer hot boning of meat (from wet markets) as it is considered to be fresher compared with frozen or chilled imported boxed beef. Many consumers who buy their meat supplies at wet markets are used to buying “warm” (freshly cut) meat, although historically, it is, and has been, more expensive than imported beef.

Indonesia with over 17,000 islands provides a major challenge to distribute perishable produce like meat to major urban centres in Indonesia’s 33 provinces. Most of the imported beef is sold either direct by the importer to particular hotel / restaurant or the importer sells to a distributor / wholesaler and then to hotel, supermarket, meat shop and traditional market retailer.

The meat processing sector which is dominated by bakso (meatball) manufacturers absorbs about 55% of imported meat / cattle.

The social and political implications of a strong agricultural sector are significant when one considers that Indonesia’s agricultural sector (comprising agriculture, livestock, forestry and fishery) comprises 50% of all enterprises and 44% of all employed labour.

Food crops (mainly rice, horticulture, cassava and palm oil) were the major contributor to the Indonesian agriculture sector with 97 percent share of production volume and 32 percent of GDP value; Livestock currently contributes approx. 1.3 percent of agriculture production volume and 13 percent of GDP value.

The number of local beef cattle has only increased by 2 million over the last five years; about 4% per annum.

As demand for beef in Indonesia is increasing, the Indonesian Government wants to accelerate the development of its beef cattle population and achieve self sufficiency by 2014; this plan has been outlined in the Government’s “blue print” document which recognises that small-scale cattle farmers are still the backbone of Indonesia’s beef supply, with Beef cattle businesses divided into (i) breeding or genetic quality improvement, and (ii) growing and fattening.

Indonesia's beef production satisfies only about two-thirds of domestic demand, resulting in Indonesia importing a large amount of beef (about 100,000 tonnes) and live cattle (up to 700,000 head). Demand for beef will continue to increase and is forecasted to reach 410,000 tonnes in 2010. It is highly unlikely that local beef cattle supplies can meet this growing demand.

Indonesia has been Australia's biggest export market for live cattle and in 2008 Australia exported 651,196 head to Indonesia. However, the live cattle trade has been significantly disrupted since early 2010 due to the enforcement of weight restrictions and the tightened allocation of permits for Australian cattle to Indonesia. Imports of live cattle are down by 23% in volume (kgs) from June to September 2010 compared to the same period in 2009.

There are 25 importers of live cattle with five importers having almost 50 percent of imports.

Over the last seven years, total meat imports have increased by an average of 23 percent per year, approximately 58% of which has been supplied from Australia.

Over the last few years, beef imports have increased by an average of 36 percent per year and offal imports have increased by an average 6 percent per year.

In 2010, there were 31 importers of boxed beef from Australia with five importers having 63 percent, and 18 importers of boxed offal from Australia with four importers having 60 percent.

The Indonesian Government has stated that it wants to reduce boxed meat and live cattle imports and to develop its own beef industry. However, total boxed meat imports continued to increase by about 20% in 2009 to reach 112,000 tonnes; by September 2010 imports were 31 percent higher than the same period in the previous year.

In 2009, foreign direct and local investment in the livestock industries was less than 1 percent of total investment across all industries, with no significant new investment in the livestock sector over the last few years.

Discussions have, however, commenced on a new Comprehensive Economic Partnership Agreement between Australia and Indonesia which will offer opportunities to free up trade between both countries; the Indonesian Government is keen for Australian businesses to assist in the development of Indonesia's agribusiness sector through investment and capacity building rather than just trading.

There are a number of new Government regulations being proposed which will impact on trade in live cattle and boxed beef / offal as follows:

#### Live Cattle

- Live cattle importers have been informed that imports will be reduced as per the "blue print". The weight of individual beef cattle has been reduced to maximum of 350 kgs.
- DGLS announced that live cattle imports for 2011 will be reduced to a maximum of 500,000 cattle. The allocation of the import permits and process has not been finalised.

#### Boxed Beef and Offal

- In 2007 the government issued a policy to reduce the types of imported offal from eight types (heart, liver, tripe, intestine, spleen, lights, kidney and testicles) to two types (heart

and liver).

- A working committee on meat was set up under Commission 4 (Parliamentary Committee) to review imports of offal and has recommended that all offal imports be banned.
- In early December 2010, the Indonesian Government applied to WTO to have all offal imports except tongue and tails banned effective from mid January 2011.

## TABLE OF CONTENTS

Executive Summary .....	2
1. Introduction .....	9
1.1 Background .....	9
1.2 Objectives .....	9
1.3 Research Approach .....	10
1.4 Report .....	10
2. Indonesia's Economy .....	11
2.1 Strong Economic Growth .....	11
2.2 Investment Reaches Record Levels .....	11
2.3 Consumer Spending Up .....	11
3. Indonesia's Consumer .....	12
3.1 Market Size, Growth and Trends .....	12
3.1.1 Population Size and Structure .....	12
3.1.2 Population Location and Wealth .....	12
3.2 Consumer Food Expenditure .....	12
3.3 Beef Demand .....	13
3.4 Food Consumption Trends .....	14
3.5 Consumer Shopping Patterns .....	14
4. Food Marketing Channels .....	15
4.1 Distribution Issues .....	15
4.2 Meat Processing Sector .....	15
4.3 Retail Developments .....	16
4.4 Retail Meat Purchases and Price Trends .....	17
5. Indonesia's Agriculture Industries .....	19
5.1 Agriculture Production .....	19
5.2 Animal Husbandry .....	19
6. Beef Cattle Production and Local Supply Issues .....	20
6.1 Beef Cattle Population .....	20
6.2 Local Supply System .....	20
6.2.1 Cattle Breeding .....	20
6.2.2 Cattle Fattening .....	21
6.3 Local Slaughterhouses and Marketing Chain .....	21
6.4 Local Beef Supply Issues .....	21

7.	Imported Cattle and Beef Supply Trends .....	23
7.1	Live Cattle Imports .....	23
7.2	Beef Imports .....	25
8.	Investment in Agrifood and Livestock Industry .....	27
8.1	Introduction .....	27
8.2	Domestic Direct Investment (PMDN) .....	27
8.2.1	Overview .....	27
8.2.2	Agriculture and Food Industry .....	27
8.2.3	Regional Investment in Livestock .....	27
8.3	Foreign Direct Investment (PMA) .....	27
8.3.1	Overview .....	27
8.3.2	Agriculture and Food Industry .....	28
8.3.3	Regional Investment in Livestock .....	28
9.	Government Regulations Impacting on Beef Business in Indonesia, Investment and Trade .....	29
9.1	Government's Policies and Agriculture Development .....	29
9.2	CEPA and FTA .....	30
9.3	New Government Taskforces.....	30
9.4	Investment Laws .....	31
9.5	Import Tariffs, Quarantine and Access Issues .....	31
9.6	Government Regulations and Legislation .....	31
9.6.1	Regulations .....	31
9.6.2	Legislation .....	31
10.	Current Issues Facing Livestock and Beef Imports .....	33
10.1	Live Cattle .....	33
10.2	Boxed Beef Offal.....	33
11.	Conclusions .....	35
12.	References .....	36

## **TABLES**

1.	Projection of the World Meat Consumption, 2014 .....	13
2.	Retail Stores by Type, 2003 and 2008 .....	17
3.	Survey of Meat Cut at Kebayoran Lama Wet Market, 26 <sup>th</sup> Nov 2010, Rp/Kg .....	18
4.	Australia Export to Indonesia by State, 2004 to 2009, Commodity 010290, Bovine, Live Except Pure-Bred Breeding .....	23

5.	Indonesian Live Cattle Imports, 2005, 2009 and 2010, by Month, Tonnes .....	23
6.	Indonesia Live Cattle Import Statistic by Value and Volume (1994 – 2009) .....	24
7.	Live Cattle Imports by Port, March to May 2010, Tonnes .....	25
8.	Main Live Cattle Importers/Feedlot .....	25
9.	Meat Imports by Products, 2007, 2008 and 2009, Kgs .....	25
10.	Meat Imports by Country, 2007, 2008 and 2009, Kgs .....	26
11.	PMDN Livestock and Food Industry, 2005 to 2009 .....	27
12.	PMA Livestock and Food Industry, 2005 to 2009, USD Million .....	28

## APPENDICES

1.	Economic Data .....	37
	Table 1.1 Population, GRDP, Investment & Employment by Province, 2009 .....	37
	Table 1.2 Population by Top 10 Provinces, 2005 and 2015 .....	38
	Figure 1.1 Indonesia Population for 2005 and 2015 by Major Age Groups (in Millions) .....	38
2.	Retail Meat Prices .....	
	Figure 2.1 Monthly Retail Prices for knuckle, 2007 to 2010, Indonesia	39
	Figure 2.2 Monthly Retail Prices for Sirloin, 2007 to 2010, Indonesia	39
	Figure 2.3 Monthly Retail Prices for Tenderloin, 2007 to 2010, Indonesia .....	40
	Figure 2.4 Monthly Retail Prices for Shank, 2007 to 2010, Indonesia	40
	Figure 2.5 Monthly Retail Prices for Chunk, 2007 to 2010, Indonesia	40
	Figure 2.6 Monthly Retail Prices for Blade, 2007 to 2010, Indonesia	41
	Figure 2.7 Monthly Retail Prices for Trimming, 2007 to 2010, Indonesia .....	41
	Figure 2.8 Monthly Retail Prices for Outside, 2007 to 2009, Indonesia	41
3.	Agriculture and Livestock Production .....	42
	Table 3.1 Agriculture Production by Commodity Type, 2006 to 2009	42
	Table 3.2 Livestock Population Year 2004 – 2009 in Thousand of Head .....	43
	Table 3.3 Beef Cattle Population, 2004 – 2009, by Province, Number of Head .....	43
	Table 3.4 List of Slaughter Houses (RPH) / Abattoirs (TPH) and Number of Cuts In Year 2009 (Head) by Province .....	44

4.	Cattle and Beef Importers .....	46
	Table 4.1 Live Cattle Imports by Importer, January to September 2010, Tonnes .....	46
	Table 4.2 Import of Frozen Beef to Indonesia, January to September 2010 .....	47
	Table 4.3 Import of Offal Frozen to Indonesia, January to September 2010 .....	49
5.	Profiles of the Main Cattle Importers .....	51
	Profile 5.1 PT Agro Giri Perkasa (AGP) .....	51
	Profile 5.2 PT Great Giant Livestock Co. (GGL) .....	51
	Profile 5.3 PT. Santosa Agrindo .....	52
	Profile 5.4 PT Sadajiwa Niaga Indonesia .....	52
	Profile 5.5 PT Sukanda Djaya .....	53
6.	Domestic and Foreign Investment .....	54
	Table 6.1 PMDN Investment in 2009, Number of Projects and Value of Investment .....	54
	Table 6.2 PMDN Regional Investment in Livestock, 2004 to 2009, USD Million .....	54
	Table 6.3 PMA Investment in 2009, Number of Projects and Value of Investment .....	54
	Table 6.4 PMA Regional Investment in Livestock, 2004 to 2009, USD Million .....	54
7.	Industry Associations .....	56
	Table 7.1 List of Indonesian Meat Importers Association (ASPIDI) ..	56
	Table 7.2 List of Indonesian Meat & Cattle Associations .....	57
	Table 7.3 List of National Meat Processors Association (NAMP) ...	57
	Table 7.4 List of Indonesian Beef Producer & Lot Feeder Association (APFINDO) .....	60
8.	Government Regulations / Documents .....	60
	8.1 Australian Government AQIS Market Access Advice – Indonesia Revised Halal Certification Requirements – 30 <sup>th</sup> June 2009 .....	60
	8.2 Agriculture Minister Regulation No. 64/Permentan/OT.140 ....	61
	8.3 Revision on the Indonesian Minister of Agriculture’s Decree No. 20/2009 on Meat .....	62
	8.4 The Beef Self Sufficiency Program 2014 (PSDS – 2014) .....	69



## **I. INTRODUCTION**

### **1.1 Background**

Indonesia has a major animal husbandry industry with over 1 billion broiler chickens, 100 million layer chickens, 16 million goats, 12 million beef cows, 10 million sheep, 7 million pigs, 2 million buffalo and 400,000 dairy cows. The beef cattle population is spread across most of the 33 provinces of Indonesia.

Indonesia's beef production satisfies only about two-thirds of domestic demand so each year Indonesia imports a large amount of beef (about 100,000 tonnes) and live cattle (up to 700,000 head). Demand for beef is increasing and is forecast to reach 410,000 tonnes in 2010.

As demand for beef in Indonesia is high, the Indonesian government wants to accelerate its beef program and achieve self sufficiency by 2014. The Indonesian Government has a program to support the development of Indonesia's beef and dairy industries.

### **1.2 Objectives**

The overall objective of the study was to profile the beef and live cattle industries in Indonesia. Specific issues addressed in the study included:

1. Indonesia's Economy
  - a. Economic developments
  - b. Agrifood investment trends - foreign and local
2. Indonesia's Consumer
  - a. Market size, composition and trends
  - b. Consumer expenditure and food eating habits
  - c. Consumer protein, meat / beef consumption
  - d. Consumer shopping patterns
3. Food Marketing Channels
  - a. Retail developments and impact on meat purchases
  - b. Growth of the modern retailers
  - c. Food distribution system and major meat companies
  - d. Retail meat prices and trend analysis over 12 months for all major cuts for meat from local cattle, imported cattle and imported meat
4. Beef Supply
  - a. Beef cattle population, location and growth
  - b. Beef production system
  - c. Market supply system – from paddock to plate
  - d. Cattle imports – monthly volumes and trends by major importers
  - e. Meat (beef and offal) imports – annual and monthly volumes and trends by major importers
5. Government Regulations and Industry Programs
  - a. Government support and incentive programs for beef industry
  - b. Market access (current and trends) - Government import regulations and restrictions
  - c. Local cattle and meat industry bodies and their activities

### **1.3 Research Approach**

Our approach involved two stages, as follows:

1. A market study to assess the Indonesian beef cattle market (as per the above scope). Secondary information was gathered and analysed, from various sources including industry associations, Government and a variety of networks and data.
2. Personal interviews were undertaken with various participants from within the marketing chain and industry/Government representatives, to better understand the issues impacting on the beef industry. Interviews were conducted with a range of senior people from the beef feedlots association, meat importers association, cattle importers association, DGLS, Australian Government AFFA and DFAT officials and the MLA representative in Jakarta.

The research team was lead by Mr. Phillip Morey, Director of Morelink Asia Pacific.

The study was undertaken during November and December 2010.

### **1.4 Report**

This report provides detailed information on trends in the Indonesian beef and live cattle markets. Section two provides an overview of issues impacting on Indonesia's economy. Sections three and four examine issues affecting consumers and the food marketing channels respectively. An overview of Indonesia's agricultural industries is provided in section five. Sections six, seven and eight provide detailed information on the local beef cattle industry, beef and cattle imports and livestock investment respectively. Government regulations impacting on the beef and cattle trade are presented in section nine while section ten provides an update of the current issues facing live cattle and beef traders.

## **2. INDONESIA'S ECONOMY**

### **2.1 Strong Economic Growth**

In mid January 2011, Moody's Investor Services announced an upgrade of Indonesia's sovereign credit rating from Ba2 to Ba1; this is one rung beneath "investment grade".

Moody's cited<sup>1</sup> the upgrade as a result of Indonesia's:

- Continued economic growth (Indonesia's economy is expected to expand further in 2011 to join the ranks of China, India and Brazil as investment darlings.)
- Sound budgetary position
- Improved debt position
- Strong foreign currency reserves (The country's foreign exchange reserve booked a new record of US\$96 billion)
- Increased foreign direct investment flows

Indonesia's economic growth is expected to improve further to 6.3 percent in 2011 from an estimated 6 percent in 2010 and 4.5 percent in 2009.<sup>2</sup> Indonesia's per capita income has now exceeded U.S. \$ 3,000.

### **2.2 Investment Reaches Record Levels**

Indonesia is fast becoming a favorite investment destination with its huge labor force and relatively stable political and social climates. Investment increased by 7.03 percent in the third quarter from the previous quarter. According to the Indonesian Government, investment in the country from January to September reached a new record of Rp 149.6 trillion (US\$16.6 billion), surpassing the investment of Rp 143 trillion in 2007.<sup>3</sup>

Major multi-national (MNC) companies like Panasonic, Nike, Nestle and Cocoa-Cola have announced recently plans to move their businesses to Indonesia.<sup>4</sup>

1. Panasonic plans to relocate its audio digital plant from China and its energy saver light plant from Japan to Indonesia.
2. Nike will relocate some of its business units and set up a plant in West Java.
3. Nestle International is looking at moving plants in Malaysia and Philippines to Indonesia.
4. Cocoa-Cola Amatil announced plans on 25<sup>th</sup> November 2010 to double its annual spending in Indonesia to A\$100m by 2013.

### **2.3 Consumer Spending Up**

Indonesia's economy and consumer spending are strong as a result of falling interest rates, low inflation, easier access to credit and an expanding middle class with money to spend on new cars, motorcycles, housing and everyday goods. Indonesia's economy is driven by domestic consumption with a large middle class increasingly choosing to shop at the modern retailers.

---

<sup>1</sup> The Age, 18<sup>th</sup> January 2011

<sup>2</sup> The Jakarta Post, 5<sup>th</sup> November 2010

<sup>3</sup> The Jakarta Post, 31<sup>st</sup> October 2010

<sup>4</sup> Globe Asia, Vol. 4, No. 11, November 2010

### 3. INDONESIA'S CONSUMER

#### 3.1 Market Size, Growth and Trends

##### 3.1.1 Population Size and Structure

Indonesia, with a population of 220 million in 2005 is forecast to grow by an average of 1.3 percent per year to reach almost 250 million in the next 10 years. Indonesia has a relatively young population with a median age of 26.03 in 2005. However, this is forecast to increase to a median age of 29.41 by 2015 when 49 percent of the population will be over 30 years of age, up from 43 percent in 2005. (Refer to the graph in Appendix One.) With more adults in the economy (and workforce) this will lead to a greater demand for basic “every day” items such as food, beverages, clothing and footwear.

Indonesia has the world's largest Muslim population with over 88 percent of the people following Islam; about 9 percent of the population are Protestant or Catholic, followed by Hindu (2 percent) and Buddhist (1 percent).

##### 3.1.2 Population Location and Wealth

The majority of the population live on the island of Java (58 percent) followed by Sumatra (21 percent). The major cities in Indonesia are Jakarta (9.5 million), Surabaya in East Java (3.2 million) and Bandung in West Java (2.3 million).

Urbanization is becoming widespread in Indonesia with people moving to the cities for better education and employment. Urban population represented 45 percent of the population in 2005 and is forecast to increase to 52 percent in the next ten years.<sup>5</sup> Urbanization is impacting on food consumption patterns and contributing to the changing diets as consumers have easier access to a wider range of fast food outlets like McDonalds.

In 1999, the Indonesian government introduced regionalisation giving more autonomy, budget control and wealth to provincial governments. The provinces on the island of Java dominate economic activity in terms of total GRDP<sup>6</sup> (59 percent). Outside of Java, other provinces that have strong economies are in Sumatra (Riau, North Sumatra and South Sumatra) and East Kalimantan; these provinces have abundant natural resources as their main source of income. The provinces with the highest per capita GRDP in Indonesia in 2009 are: East Kalimantan (Rp. 79.3 million), Jakarta (Rp. 79.0 million), Riau (Rp. 57.6 million) and Papua (Rp. 23.4 million). (Refer to Appendix One for further details on population, GRDP, investment and employment by all 33 provinces in 2009.)

With increased autonomy and money going to provincial governments this has led to a number of regional development initiatives. For example, in 2009 the Government of South Sulawesi launched the “1 million beef cattle program” with a target to reach it by 2013.

#### 3.2 Consumer Food Expenditure

Food consumption is a very important part of household expenditure throughout Indonesia. Nielsen Indonesia data, from their annual survey of shoppers' trends, shows food consumption contributes the highest of any category to domestic consumption and has the highest contribution as a percentage of GRDP in South East Asia. Expenditure on fresh foods is increasing with the average monthly expenditure on fresh food being 52 percent of the total household grocery budget in 2009 up from 50 percent in 2007.

---

<sup>5</sup> “Consumer Lifestyles in Indonesia”, Euromonitor April 2005, page 28

<sup>6</sup> GRDP = Gross Regional Development Production

According to a U.S. Department of Agriculture report<sup>7</sup>, food held the major share (55 percent) of the average per capita expenditure of Indonesians; this compared to 15 percent in Australia and 10 percent in USA. The majority (33 percent) of Indonesian household food expenditure was in the category “bread & cereals” (mainly rice and noodles from wheat flour), followed by “fruit and vegetables” at 24 percent while “meat” and “dairy” consumption represented only 5 percent each of Indonesia’s daily food budget. Indonesia’s per capita annual consumption of beef is the lowest amongst ASEAN countries at only 1.7 kg.

### 3.3 Beef Demand

According to a study by Trouw Nutrition International, demand for beef on the world market continues to grow. At present, the world demand for beef reached 200 million tons in 2009 and is forecast to increase to 240 million tons in 2014, due to strong growth in demand for beef from a number of countries in Asia and Africa.

**Table 1: Projection of the World Meat Consumption, 2014**

No	Areas	Volume (million tons)	Growth rate (%/year)
1	Asia	110	2.7
2	Europe	45	0.6
3	North America	35	1.6
4	South America & Africa	40	3.2
5	Australia – New Zealand	8	1.1
6	Other areas	2	n.a
<b>Total world consumption</b>		<b>240</b>	

Source: Trouw Nutrition International

Data from the Directorate General of Livestock Services (DGLS) Indonesia shows that the level of consumption for animal protein in Indonesian in 2007 was only 15.04 kg per capita per year comprising:

- meat at 5.13 kg
- egg at 6.78 kg
- milk at 3.13 kg

The local production has been capable to fulfill domestic needs of chicken and eggs however for milk and beef 70 percent and 30 percent respectively of domestic needs are fulfilled by imports.<sup>8</sup>

Demand for meat is influenced by<sup>9</sup>:

- Population growth of 1.3% per annum; an extra 3 million people
- Tourist growth target of double the current 7 million people in a few years
- Strong economic growth will lead to increased meat consumption
- A large number of expatriates working in Indonesia – this will increase as foreign investment increases
- Religious holidays generate an increase in demand for imported beef

Demand for meat in Indonesia in 2011 is predicted to increase to 2.2 kg per capita compared

<sup>7</sup> [www.ers.usda.gov](http://www.ers.usda.gov)

<sup>8</sup> “Indonesian eat less meat”, *Media Indonesia*, Oct 11th 2010

<sup>9</sup> Thomas Sembiring, Executive Director, ASPIDI

to less than 2kg per capita in 2010 which will provide great opportunities for the livestock industry according to Mr Yudi Guntara, Chief of the Animal Husbandry Association of Indonesia (ISPI).<sup>10</sup>

According to the Organization Advisory Council ISPI, the Indonesian Government does not have to build state-owned breeding cattle to develop the livestock industry but can utilize its existing facilities at PT. Buli. However it is necessary to increase competitiveness through the provision of incentives for farm businesses with an existing farm credit and to increase investment in agriculture.<sup>11</sup>

### **3.4 Food Consumption Trends**

Food consumption in Indonesia is rising in response to income and population growth. In response to rising incomes and the influence of western style foods, Indonesian diets have been changing. While rice, vegetables and seafood remain staples, consumers have moved toward a wider variety of foods. In particular, there have been increases in consumption of wheat based products, fruit and livestock products, including beef and dairy products.

Consumption of fresh food is increasing, mostly because fresh foods are more widely available and more people buy them for storage at home. Better logistics on the part of the seller makes fresh food more readily available to consumers. City consumers are becoming more health conscious and more aware of food safety issues.

### **3.5 Consumer Shopping Patterns**

Today, Indonesians are working longer hours than before, and more married women with children are working and want convenience. Indonesia's middle-income shoppers (approximately 30 million of the total population's 220 million) are becoming more trend and brand conscious. Their lifestyles are changing, and part of the change is shopping in supermarkets and hypermarkets rather than wet (traditional) markets.

---

<sup>10</sup> "Agrina", January 10<sup>th</sup> 2011

<sup>11</sup> "Agrina", January 10<sup>th</sup> 2011

## 4. FOOD MARKETING CHANNELS

### 4.1 Distribution Issues

Indonesia with over 17,000 islands provides a major challenge to distribute perishable produce to major urban centres in Indonesia's 33 provinces. Most of the distribution of local products is based around seaports and regional depots. A major distribution problem for companies is the lack of refrigeration and an inferior distribution system resulting in problems to maintain a cold chain system for perishable products.

Many of the major food and consumer manufacturers have their own distribution companies that serve the major provinces throughout Indonesia. However, they still rely on local distributors and wholesalers to deliver their products to retailers in the outlying provinces of Indonesia.

There are a number of large Indonesian companies that provide national distribution services to local and imported food suppliers. These companies include:

- PT Sukanda Djaya – beverages, meat, dairy, vegetables, frozen foods, chilled foods and fine foods (A profile of Sukanda Djaya is provided in Appendix Five.)
- PT Indoguna Utama – meat, dairy, small goods and fine foods
- PT Intermas Tata Trading – fast moving consumer products
- PT Masuya Graha Trikencana – meat, seafood and dry goods
- PT Tigaraksa – canned foods and infant formula milk
- PT Wicaksana – snack foods, beverages, milk powders, instant noodles

*Mr Thomas Sembiring, Executive Director of ASPIDI (Indonesian Meat Importers Association) said that 80% of imported meat and cattle is distributed to the three provinces of Jakarta, Banten and West Java while 55% of imported meat / cattle is used in the meat processing industry for bakso (meat balls) and fast food chains (eg McDonalds burgers).*

The distribution and marketing channels of imported beef varies as follows:

- (1) direct marketing by an importer to particular hotels or restaurants, or
- (2) importer sells to distributor / wholesaler who supplies to hotel, supermarket, meat shop and traditional market retailer.

The market segments for beef according to meat quality can be classified as follows:

- a) prime cut meat for five star hotels, cafés, catering and supermarkets
- b) secondary cut meat for meat shop, traditional market and households
- c) variation meat, particularly trimming meat dominant, used as raw material in meat processing industry e.g. corned beef, sausages and meatballs
- d) offal is used for processing industry and traditional culinary industry, e.g. ribs stew (*konro*), Makassar stew (*coto*), salad with water buffalo/cow snouts (*rujak cingur*), oxtail soup (*sop buntut*) and meatballs (*bakso*).

### 4.2 Meat Processing Sector

The meat processing sector is dominated by bakso manufacturers. There are about 10 main registered manufacturers of bakso in Jakarta as well as many home industry manufacturers that operate near the wet markets. The Indonesian Meat Processing Associations (NAMPA) has a list of 24 bakso manufacturers.



A research study of the bakso market in Jakarta<sup>12</sup> concluded as follows:

1. Indonesia is a major food market and bakso is a popular food item for many Indonesians.
2. There are two major manufacturing channels that need to be considered in supplying meat for processing – brand manufacturing and home industry.
3. The majority of companies interviewed purchased trimmings while some manufacturers purchased tenderloin, four quarter and chuck blade.
4. The meat purchased was either frozen (from NZ or Australia) or local “fresh” (from Australian cattle).
5. Quality and price are the main considerations when buying meat – “no tendons”, “fatness”, “fresh”.
6. The 12 bakso manufacturers surveyed purchased from 4 tons to 80 tons per month of meat whereas the 10 home industry manufacturers surveyed purchased from 15 kgs to 200 kgs per day of meat.
7. The major bakso manufacturers sell their bakso through the modern retailers (supermarkets) and catering outlets whereas the home industry manufacturers sell their bakso to the wet markets and hawkers.
8. The majority of respondents agreed that demand for bakso is increasing. The main reason is that it is an affordable product (price) compared to other meat protein sources.

#### 4.3 Retail Developments

The modern retail market throughout Indonesia continues to expand rapidly but it is still dominated by traditional grocery stores, according to data from Nielsen Indonesia. Nielsen Indonesia data shows that over a five year period (2003 to 2008) traditional stores expanded by only 9.2 percent compared to hypermarkets at 188.4 percent, minimarkets at 162.7 percent and supermarkets at 75.3 percent. This trend is likely to continue as more consumers choose to shop for their daily needs at hypermarkets and other modern retail outlets.

The modern retail sector is now dominated by big businesses that continue to invest and expand with new stores opening throughout Indonesia’s 33 provinces. Carrefour leads with 64 hypermarkets nationwide followed by Hypermart (Matahari) with 48 stores and Giant (Hero Group) with 36 stores, according to data from “Nielsen Shopper Trends” annual survey. (Refer to Table 2 below.) Hypermarkets are still received as offering the lowest prices, widest variety of items and best value for money.

*Matahari has said that four global retailers are interested in acquiring its Hypermart unit, which is Indonesia’s second-largest hypermarket chain. The group would only name Lotte Shopping as one of the four interested parties, adding that it continues to remain in talks with all the firms. However, earlier reports have suggested that Walmart and Casino have also made it to the second round of bidding. (6/12/10)*

The retail business grew by 12 percent in 2010 and will continue to grow in 2011 according to Nielsen Retail Services Director Yongky Susilo. Retail business in 2011 will grow by 13 to 15 percent due to strong economic growth, GDP per capita above U.S. \$ 3,000, strong consumer purchasing power and inflation under control at about 6 percent.<sup>13</sup>

<sup>12</sup> Morelink, “Report on the Indonesian Bakso Market”, August 2007

<sup>13</sup> detikFinance, January 7<sup>th</sup> 2011



**Table 2: Retail stores by type, 2003 and 2008**

	2003	2008
Traditional Grocery Stores	1,745,589	1,907,062
Convenient Stores	102	267
Minimarket	4,038	10,607
Supermarket	896	1,571
Hypermarket	43	127
Warehouse Clubs	24	26
Traditional Medical Stores	17,699	18,193
Chain Drugstores	179	419



Source: Nielsen Indonesia “Shopper Trends 2010”

#### 4.4 Retail Meat Purchases and Price Trends

The “Nielsen Shopper Trends 2010” survey found that in the greater Jakarta city consumers still prefer to buy their fresh produce (fruits, vegetables, fish and meat) at the traditional wet markets. In 2009, the modern retailers including supermarkets, hypermarkets and minimarkets represented only 9 percent, 6 percent and 2 percent respectively of the outlets chosen by consumers for their fresh produce purchase.

Most consumers that shop at wet markets do so early in the mornings on work days while those that shop at supermarkets and hypermarkets do so mainly on the weekends and in the afternoon. Trends in shopping at wet markets have not changed over time with most respondents going three times per week versus once per fortnight for hypermarkets.

The majority of Indonesian consumers still prefer hot boning of meat as it is considered to be fresher compared with imported frozen or chilled boxed beef. Many consumers who buy their meat supplies at wet markets are used to buying “warm” (freshly cut) meat.

However, the rapid expansion of the modern retailers throughout Indonesia has lead to increased promotional activities by Meat Livestock Australia (MLA) of branded meat at various retail chains. These meat promotions have been supported by various Australian exporters and local feedlot operators that are keen to promote their brands to consumers.

A survey of three modern supermarkets / hypermarkets in Jakarta was undertaken on 28<sup>th</sup> December 2010 to identify meat brands being promoted at a retail level. The research found that three of the local feedlots (Elders, PT Japfa Santori and PT Bina Mentari Tunggal) were prominent in the modern markets with their meat brands (Stirling, Santori and K-Beef). The results are as follows:

##### Ranch Market (Pondok Indah)

- Supplier for local beef is Elders (brand: Stirling)
- Supplier for imported beef is PT Sukanda Djaya (brand: 1824 and Dry Aged Beef)

##### Carrefour (Lebak Bulus)

- Suppliers for local beef are:

- Elders (brand: Stirling)
- PT Japfa Santori (brand: Santori)
- PT Bina Mentari Tunggal (brand: K-Beef)
- Suppliers for imported beef are:
  - PT Anzindo Gratia International (brand: Nolan and Harvey)
  - PT. Indo Guna Utama; Distributor: PT Kaldera) (brand: Alliance)

#### Hero Supermarket (Pondok Indah)

- Suppliers for local beef are:
  - PT Japfa Santori (brand: Santori)
  - PT Bina Mentari Tunggal (brand: K-Beef)

Table 3 below provides a price comparison of local versus imported meat prices, from a local wet market in Jakarta. This current price data shows that imported beef across most cuts is cheaper by Rp. 3,000 (A\$0.35) to Rp. 7,500 (A\$0.85) per kg; a saving of up to 10 percent.

**Table 3: Survey of Meat Cut at Kebayoran Lama Wet Market, 26<sup>th</sup> November 2010, Rp / kg**

Product	Local	Australian Frozen
Knuckle	76,000	70,000
Sirloin	80,000	75,500
Tenderloin	77,000	72,000
Shank	46,000	40,000
Chuck	70,000	63,000
Blade	68,000	60,500
Outside	53,000	50,000
Trimming	44,000	40,000

Source: Kebayoran Lama Wet Market

Monthly beef prices in central Jakarta wet markets have been monitored from February 2007. The data collected from retail traders in a major wet market covers 3 types of meat / cattle across eight cuts of beef (knuckle, sirloin, tenderloin, shank, chuck, blade, trimming and outside) as follows.

1. Local (Fresh) – Sapi Lokal: Meat from Indonesian Cattle
2. Australia (Fresh) – Sapi BX: Meat from Australia cattle slaughtered in Indonesia
3. Australia (Frozen): Australian boxed beef exported to Indonesia

This data is presented graphically in Appendix Two with the key conclusions being:

1. Retail meat prices are increasing steadily
2. Imported boxed beef is the cheapest sources of meat across all cuts followed by meat from Australian cattle slaughtered in Indonesia
3. The retail price gap between imported beef and locally slaughtered beef is widening resulting in some consumers switching to imported beef

## 5. INDONESIA'S AGRICULTURE AND LIVESTOCK INDUSTRIES

### 5.1 Agriculture Production

In 2009, the agricultural sector (comprising agriculture, livestock, forestry and fishery) was the most important industry sector in Indonesia with:

- 26.4 million business units; 50% of all enterprises
- 43.5 million employees; 44% of all employed labour
- Rp. 858 trillion GDP value; 17.8% of total GDP from enterprises
- GDP growth of an average 33% per annum from 2006 to 2009

In 2009, the livestock industries contributed 13 percent of the Indonesian agriculture sector's GDP value. The contribution of other agriculture sectors was as follows: food crops (32 percent), horticulture (19 percent), estate crops (15 percent), fishery (15 percent) and forestry (6 percent).

Food crops (primary, secondary and estate) were the major contributor to the Indonesian agriculture sector with 97 percent share of production volume. The main crops are paddy rice (64.4 million tonnes), fruit and vegetables (28.6 million tonnes), cassava (22.0 million tonnes) and palm oil (18.6 million tonnes). Livestock contributed 2,224 tonnes or 1.3 percent of agriculture production.

Detailed agriculture production, livestock and beef production statistics are presented in Appendix Three.

### 5.2 Animal Husbandry

Indonesia has a major animal husbandry industry which is dominated by poultry, accounting for nearly 97% of total livestock population. There are almost 1 billion broiler chickens and 100 million layer chickens followed by 16 million goats, 12 million beef cows, 10 million sheep, 7 million pigs, 2 million buffalo and almost 500,000 dairy cows. Ruminant livestock accounts for only 2.6% of the animal husbandry population while beef cattle represent 30 percent of the number of ruminant livestock.

Over the last five years, the total livestock population increased by only 2.2 percent per annum with ruminant animals increasing by an average of 4.2 percent per annum and beef cattle numbers increased by 3.9 percent per annum. In 2009, there were 12.6 million beef cattle with a production of 405,000 tonnes of beef.

In summary, based on key economic indicators, the livestock sector is only a minor player in Indonesia's agricultural industries.

- Livestock industries contributed 13 percent of the value of Indonesian agriculture industries
- Livestock industries contributed 1.3 percent of the volume of Indonesia's agricultural production (tonnes)
- Livestock industries had a 2.2 percent per year increase in volume of production with beef cattle increasing by only 0.8 percent annually.
- Beef cattle contributed 0.8 percent of the number of head of livestock; poultry was 97 percent
- Beef cattle contributed 30.0 percent of the number of ruminant animals; second in importance after goats

## **6. BEEF CATTLE PRODUCTION AND LOCAL SUPPLY ISSUES**

### **6.1 Beef Cattle Population**

According to data from the Ministry of Agriculture there are 12.6 million beef cattle in Indonesia spread across most of the 33 provinces of Indonesia. East Java and Central Java had the largest beef cattle populations of 3.4 million head and 1.5 million head respectively in 2009. The number of local beef cattle has only increased by 2 million over the last five years; about 4% per annum.

Indonesia's beef production satisfies only about two-thirds of domestic demand so each year Indonesia imports a large amount of beef (about 100,000 tonnes) and live cattle (up to 700,00 head).

### **6.2 Local Supply System**

Small-scale cattle farmers are the backbone of Indonesia's beef supply as there is only a small number of medium-scale or large-scale farms. Small-scale cattle husbandries are usually side businesses and the cattle population is spread across human settlement areas. Farmers only act as keepers or users, and almost none of them take the role of producer.

The main issues and challenges facing the local beef cattle industry are:

- (1) minimum investment made by the private sector in the beef cattle agribusiness, except for fattening operations;
- (2) lack of economic incentives in the beef cow industry, particularly in the breeding or cow calf operation;
- (3) lack of sufficient cattle feed, particularly in areas with high livestock density during the dry season, which impacts on cattle productivity.

The main breeds with the biggest population are Bali Cattle, OC (Ongole Crossbreed), and a crossbreed of AI with Limousin, or commonly known as Liomusin. Other local breeds include Aceh Cattle, Madura, and SO (Sumba Ongole).

Beef cattle businesses can be divided into several interrelated activities which include (i) breeding or genetic quality improvement, and (ii) growing and fattening.

#### **6.2.1 Cattle Breeding**

The policy on breeding of beef cattle refers to the Law No 18 of 2009, where the government is obliged to develop breeding business and to ensure the availability of semen, breeder and feeder cattle. In certain circumstances, importation of semen or breeding cattle from abroad is possible for the improvement of genetic quality and diversity, the advancement of science and technology and to address the problem of domestic semen or breeder shortage as well as to meet the need for research and development.

In cattle breeding effort, the government plays a role as regulator and facilitator, as well as acting as provider of high quality semen or breeder cattles. Seeds for beef cattle can be in the form of semen or embryo obtained domestically or from abroad, while it can be provided via research centre, breeding centre (national and local) and private/cooperative or via the community through Village Breeding Centre/VBC.

Beef cattle breeding by the government are conducted through UPT (Technical Services Unit) that produces cattle seeds and another UPT that produces breeder cattle. Seeds are produced by three central UPT, the Cipelang Livestock Embryo Institute (BET), the Singosari Artificial Insemination Institute (BBIB) and Lembang Artificial Insemination

Centre (BIB) and supported by several regional Artificial Insemination Centres. Currently, there are fourteen Regional Artificial Insemination Institutes (BIBD) located in West Sumatera, Central Java, Bali, North Sumatera, Jambi, South Sumatera, Bengkulu, Lampung, D I Yogyakarta, South Kalimantan, West Nusa Tenggara, South Sulawesi, South East Sulawesi and East Kalimantan.

#### 6.2.2 Cattle Fattening

The government has had a policy to facilitate the development of cattle fattening business. This effort is conducted by private entity/cooperative which generally does business on feeder cattle importation and small/medium scale cattle farmer groups that are facilitated by the government (central and local) by utilising local cattle and cattle as a result of artificial insemination.

Feeder cattle fattening effort by beef cattle importer should be conducted for as long as three months or more, so that cattle with initial weight of no more than 350 kilograms could reach the average slaughter weight of 500 - 600 kilograms. Fattening can be conducted by the businessman or by the surrounding beef cattle farmer associations who become part of the scheme smallholders of the corporation. Therefore, cattle smallholders could also enjoy the benefit and added value of feeder cattle importation by taking part in fattening the ex-import cattle.

### **6.3 Local Slaughterhouses and Marketing Chain**

The domestic production of meat is derived from various slaughter houses (RPH) and abattoirs (TPH). Before the cattle are sent to RPH and TPH, live cattle from farmers are bought by a village collector. Afterwards, the cattle will be sold in an animal market or bought by a regional trader. The trader would sell the cattle. Alternatively, the village collector will bring the cattle to the animal market and sell it to a buyer or a butcher and afterward the cattle is brought to the slaughter house to be slaughtered. From either the RPH or TPH, the meat will be distributed to meat retailers and wet markets for purchase by consumers on the same day.

In 2009, there were 693 licensed slaughter houses and abattoirs in Indonesia which slaughtered 935,700 head of cattle. (Details on the number of cattle slaughtered by province can be found in Appendix Three.) The slaughter houses and abattoirs are spread across Indonesia's 33 provinces with 50 percent of them located in Java; East Java is the main province with 22 percent (162 sites) of all sites.

The Government will aim to better regulate slaughterhouses by introducing two licenses covering:

1. Suppliers to local wet markets only
2. Suppliers to more distant markets will need to have established cool chain systems

### **6.4 Local Beef Supply Issues**

As demand for beef in Indonesia is increasing, the Indonesian Government wants to accelerate the development of its beef cattle population and achieve self sufficiency by 2014, as outlined in the Government's "blue print" document. (Refer Appendix Eight for a summary of the "Beef Self Sufficiency Program 2014".)

To achieve self sufficiency the Government has nominated 20 provinces to be the centres of beef producers; these regions have the high potential in livestock development. They are: Aceh, North Sumatra, West Sumatra, Jambi, Riau, Sumatra Selatan, Lampung, Jawa Barat, Jawa Tengah, Daerah Istimewa Yogyakarta, Jawa Timur, Nusa Tenggara Barat, Bali, Nusa

Tenggara Timur, South Sulawesi, Central Sulawesi, South East Sulawesi, Gorontalo, West Kalimantan, and South Kalimantan.

Indonesia's total meat demand by 2014 is forecast to be around 467,000 tonnes with 90 per cent coming from these 20 provinces (420,300 tonnes) and the remainder will be filled from imports (46,700 tonnes).<sup>14</sup>

However, there are a number of challenges facing the Government to achieve its self sufficiency target as follows:

- According to Government data there are 12.6 million beef cattle in Indonesia. However, industry sources claim that there may be only 6 to 8 million beef cattle in Indonesia. The Government has agreed to do a census of beef cattle in 2011.
- The Merapi volcano eruption in Bantul district (Central Java) in November 2010 has resulted in many livestock being killed and has impacted on Bantul achieving its aim to be a cow breeding hub.
- The Moslem religious festival of Idul Adha on 17<sup>th</sup> November 2010, when Muslims butcher cattle and goats and distribute the meat to the poor and orphans, may have resulted in many female cattle being slaughtered due to high prices received meaning less breeding cattle available to grow the beef cattle population.

The Government has introduced some programs / activities to assist the industry achieve the self sufficiency target in beef cattle population as follows:

- South Sulawesi has launched a program called "1 million cattle program" with the target to be reached by 2013.
- To protect Indonesia's cattle population the Government has issued a ban on beef exports and on the slaughtering of female productive cows.
- The low level of Indonesian meat production may be due to many of the existing breeding enterprises being of poor quality so the Government aims to build 1,000 cattle breeding farms in the next five years.
- The Government of Indonesia supports the procurement of 800,000 beef cattle and 200,000 dairy cattle within the next five years by issuing the Ministry of Finance Decree no. 131/PMK.05/2009 on Loan for Breeding Cattle. This decree provides a five percent loan subsidy given from the Government to any businessman who expects to purchase beef or dairy cattle. To become eligible for the subsidy the businessman must partner with dairy or beef cattle farmers. Four national banks, namely Bank Mandiri, Bank Rakyat Indonesia (BRI), Bank Negara Indonesia (BNI), and Bank Bukopin are involved in this program.
- The government is providing direct support for the development of domestic dairy farms and milk industries by providing 145 billion rupiah of subsidy for the purchasing of calves for dairy cows and beef cattle.<sup>15</sup>

---

<sup>14</sup> Media Indonesia, November 16th 2010

<sup>15</sup> Centre for Indonesian Veterinary Analytical Studies, 30th May 2009



## 7. IMPORTED CATTLE AND BEEF SUPPLY TRENDS

Indonesia's beef production satisfies only about two-thirds of domestic demand so each year Indonesia imports a large number of live beef cattle and boxed beef.

### 7.1 Live Cattle Imports

Indonesia is a country that is free from FMD and BSE diseases. Breeder cattle imports come from only two countries (Australia and New Zealand) while feeder cattle are imported only from Australia.

Indonesia has been Australia's biggest export market for live cattle. In 2008, out of 869,545 head of live cattle that Australia exported, 75 percent (651,196 head) was sent to Indonesia, valued at A\$420 million. This was a 26 percent increase on 2007 volumes, and the largest ever volume of cattle sent to Indonesia in a year.<sup>16</sup>

The live cattle trade has been significantly disrupted since early 2010 due to the enforcement of weight restrictions and the tightened allocation of permits for Australian cattle to Indonesia. However, Indonesia has continued to take a steady number of cattle in September, at 50,584 head, taking total shipments for January to September 2010 to 424,607 head which is 23 percent lower than 2009, but 5 percent ahead of the five-year average.<sup>17</sup>

**Table 4: Australia Export to Indonesia by State, 2004 to 2009, Commodity: 010290, Bovine, Live Except Pure-Bred Breeding**

State	Unit	Quantity					
		2004	2005	2006	2007	2008	2009
NT	No.	139,511	191,218	198,604	285,821	362,937	312,834
WA	No.	165,921	151,969	172,379	174,181	186,153	258,875
Queensland	No.	44,668	3,180	13,525	55,292	95,541	182,098
Victoria	No.	1,200	1,600	2,050	0	0	12,605
NSW	No.	2,480	0	8	1,678	8	0
Re-Exports	No.	300	0	0	0	0	0
Tasmania	No.	2,980	0	0	0	0	0
<b>All States</b>	<b>No.</b>	<b>357,060</b>	<b>347,967</b>	<b>386,566</b>	<b>516,972</b>	<b>644,639</b>	<b>766,412</b>

Source: ABS

An analysis of Indonesian import statistics confirms the Australian data that live cattle imports are slowing in 2010. Imports of live cattle are down by 23% in volume (kgs) from June to September 2010 compared to the same period in 2009. (See table below.)

**Table 5: Indonesian live cattle<sup>18</sup> imports, 2005, 2009 and 2010 by month, tonnes**

Month	2005	2009	2010	% change 09/10
January	7,906	19,887	28,559	43.6
February	3,997	13,576	14,935	10.0
March	5,954	11,525	22,954	99.2
April	7,530	15,356	18,535	20.7

<sup>16</sup> Livecorp Article 04 February 2009, "Live Cattle Export Record"

<sup>17</sup> Livestock Export Statistics, MLA, November 2010

<sup>18</sup> Includes all cattle including breeders and dairy cattle

May	6,424	18,386	21,321	16.0
June	5,757	23,363	16,921	-27.6
July	12,726	24,176	16,619	-31.3
August	11,560	20,609	17,346	-15.8
September	9,314	12,250	11,060	-9.7
October	5,270	26,654		
November	8,575	20,471		
December	4,660	12,593		
<b>TOTAL</b>	<b>89,672</b>	<b>218,847</b>	<b>168,250*</b>	

Source: BPS

\* 9 months data

The Indonesian market for live cattle imports has grown more than ten fold over the last fifteen years from 21,000 tonnes in 1994 to over 233,000 tonnes in 2009. Most of this growth in cattle imports has occurred since 2007, although large volumes of cattle (more than 100,000 tonnes) were imported in 1996 and 1997 just prior to the Asian crisis.

**Table 6: Indonesia Live Cattle Import Statistic by Value and Volume (1994 – 2009)<sup>19</sup>**

<b>Year</b>	<b>Volume (tonnes)</b>	<b>Value (US\$ million)</b>
1994	21,070.3	43.6
1995	75,041.5	109.1
1996	117,744.5	181.9
1997	129,674.8	176.6
1998	33,031.2	36.9
1999	41,430.0	39.4
2000	93,678.7	92.4
2001	58,820.7	57.9
2002	49,582.8	44.5
2003	73,068.2	66.5
2004	82,525.8	89.0
2005	89,672.5	107.7
2006	92,842.7	108.4
2007	144,895.5	217.7
2008	201,335.5	382.0
2009	233,535.5	436.4

Source: BPS

There were 25 importers of live cattle with five importers having almost 50 percent of imports from January to September 2010 as follows:

- Great Giant Livestock – 18,980 tonnes (11.28%)
- Agro Giri Perkasa – 16,880 tonnes (10.03%)
- Sadajiwa Niaga Indonesia – 16,526 tonnes (9.82%)
- Santoso Agrindo – 15,246 tonnes (9.06%)
- Agrisatwa Jaya Kencana – 13,694 tonnes (8.14%)

Details of live cattle imports by importer by month during 2010 are presented in Appendix Four.

<sup>19</sup> HS code for live cattle is 0102901000



The majority of live cattle are imported through the ports in Jakarta (57%) and Lampung (32%). Other seaports used for live cattle imports were Surabaya, Medan and Riau.

**Table 7: Live Cattle Imports by Port, March to May 2010, tonnes**

Company	March	April	May	Total	%
Tanjung Priok Jakarta	10,484	11,672	13,810	35,966	<b>57.3</b>
Panjang Lampung	9,072	5,396	5,521	19,989	<b>31.8</b>
Tanjung Perak, Surabaya	1,184	934	1,092	3,210	<b>5.1</b>
Dumai, Riau	696	0	0	696	<b>1.1</b>
Belawan, Medan	1,519	444	822	2,785	<b>4.4</b>
Other (Airport)		89	77	166	<b>0.3</b>
<b>TOTAL</b>	<b>22,955</b>	<b>18,447</b>	<b>21,245</b>	<b>62,812</b>	<b>100.0</b>

Source: BPS

Profiles of the five main cattle importers / feedlots are summarised below and detailed in Appendix Five.

**Table 8: Main Live Cattle Importers / Feedlot**

Company	Location	Imports per year	Carrying capacity	Feed producer	Cattle breeding	Local stock Buyer	Processing	Own Brand
PT Agro Giri Perkasa (AGP)	Lampung	65,000	125,000	Yes	Yes	Yes (small)	No	No
PT. Great Giant Livestock Co.	Lampung	65,000	120,000	Yes	No	Yes	No	No
PT Santosa Agrindo (Santori)	Bekasi	65,000	100,000	Yes	Yes	Yes	Yes	Yes
PT Sadajiwa Niaga Indonesia	Bekasi	50,000	100,000	Yes	Yes	Yes	Yes	No
PT. Bina Mentari Tunggal	Subang	30,000	80,000	No	No	No	Yes	Yes

## 7.2 Beef Imports

Over the last seven years, total meat imports have increased by an average of 23 percent per year from 42,855 tonnes in 2002 to 111,973 tonnes in 2009. In 2009, Australia supplied 71,162 tonnes (58.2%) while New Zealand contributed 35,933 tonnes (38.3%) of meat.

Meat imports for the January – September 2010 period were 31% higher than same period last year to reach 104,919 tonnes; this compares to 79,997 tonnes in January – September 2009 and 72,234 tonnes in January – September 2008.

Details of boxed beef and offal imports by importer, by month and by country during 2010 are presented in Appendix Four.

An analysis of data in Table 9 below shows that beef imports have increased by an average of 36 percent per year since 2007 compared to offal imports at 6 percent.

**Table 9: Meat Imports by Products, 2007, 2008 and 2009<sup>20</sup>, kgs**

Product	2007	2008	2009	Total	% (Av)
Beef	36,064,969	42,260,261	62,340,021	140,665,251	49.8
Offal	34,531,653	40,296,337	38,796,865	113,624,855	40.2
Other	7,464,070	9,936,872	10,835,787	28,236,729	10.0

<sup>20</sup> Beef (HS:020230000) & Offal (HS:02062900)

<b>TOTAL</b>	<b>78,060,692</b>	<b>92,493,470</b>	<b>111,972,673</b>	<b>282,526,835</b>	<b>100.0</b>
--------------	-------------------	-------------------	--------------------	--------------------	--------------

Source: BPS

**Table 10: Meat Imports by Country, 2007, 2008, and 2009, kgs**

<b>Country</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Total</b>	<b>% Share</b>
Australia	43,481,946	49,878,184	71,162,376	164,522,506	58.2
NZ	34,504,617	37,779,907	35,933,397	108,217,921	38.3
USA	48,425	2,422,255	2,634,270	5,104,950	1.8
Canada	0	2,381,169	2,064,625	4,445,794	1.6
Other	25,704	31,955	178,005	235,664	0.1
<b>Total</b>	<b>78,060,692</b>	<b>92,493,470</b>	<b>111,972,673</b>	<b>282,526,835</b>	<b>100.0</b>

Source: BPS

In 2010, there were 31 importers of boxed beef from Australia with five importers having 63 percent of imports from Australia for the period January to September 2010 as follows:

- PT Anzindo Gratia International – 6,785 tonnes (21.4%)
- PT Berkat Mandiri Prima – 3,789 tonnes (12.0%)
- PT Bumi Maestroaya – 3,667 tonnes (11.6%)
- P Karunia Segar Utama – 2,956 tonnes (9.3%)
- PT Sukanda Djaya – 2,696 tonnes (8.5%)

In 2010, there were 19 importers of boxed beef from New Zealand with three importers having 73 percent of imports from New Zealand as follows:

- PT Anzindo Gratia International – 12,440 tonnes (46.8%)
- PT Berkat Mandiri Prima – 4,216 tonnes (15.9%)
- CV Surya Cemerlang Abadi – 2,813 tonnes (10.6%)

In 2010, there were 18 importers of boxed offal from Australia with four importers having 60 percent of imports from Australia for the period January to September 2010 as follows:

- PT Bumi Maestroaya – 2,568 tonnes (16.4%)
- PT Agro Boga Utama – 2,405 tonnes (15.4%)
- PT Indo Guna Utama – 2,230 tonnes (14.3%)
- PT Berkat Mandiri Prima – 2,202 tonnes (14.1%)

In 2010, there were 15 importers of boxed offal from New Zealand with four importers having 81 percent of imports from New Zealand as follows:

- PT Bumi Maestroayu – 2,755 tonnes (25.6%)
- PT Indo Guna Utama – 2,626 tonnes (24.4%)
- PT Berkat Mandiri Prima – 1,907 tonnes (18.6%)
- PT Anzindo Gratia International – 1,356 tonnes (12.6%)

## 8. INVESTMENT IN AGRIFOOD AND LIVESTOCK INDUSTRY

### 8.1 Introduction

This section of the report provides information on domestic and foreign investment in Indonesia's agri-food and livestock industries.

The information obtained is from "BKPM, "Data Perkembangan Penanaman Modal, Statistic of Direct Investment", Dec 2008". The investment data does not include investment in oil and gas, banking, non bank financial institution, insurance, leasing, mining and portfolio. Please note that all PMDN (domestic) figures in the tables and text of this report, which are quoted by BKPM in rupiah, have been converted to USA dollar at an exchange rate of 1US\$ = Rp. 10,000.

### 8.2 Domestic Direct Investment (PMDN)

#### 8.2.1 Overview

In 2009, there were 248 domestic investment projects in Indonesia with a total investment of US\$ 3,780 million; up from US\$2,065 million in 2006. In 2009, total domestic investment (across all sectors) occurred mainly in Jakarta (26%), West Java (12%), Banten (11%) and East Java (11%).

#### 8.2.2 Agriculture and Food Industry

In 2009, the food industry was the second most popular sector for investment and contributed 15.3 percent of domestic investment while livestock investment was less than 1 percent.

Over the last five years total domestic investment in livestock was US\$70.7 million from 20 projects, employing an additional 3,421 people. This compares to total domestic investment in the food industry of US\$2,699.9 million from 164 projects employing 88,635 people.

**Table 11: PMDN Livestock and Food Industry, 2005 to 2009**

Year	Livestock			Food Industry		
	Projects	Investment US\$ M	Manpower	Projects	Investment US\$ M	Manpower
2005	3	10.8	196	35	449.08	23,863
2006	7	11.6	744	19	317.53	12,734
2007	1	14.5	999	27	537.17	27,525
2008	2	5.0	217	49	819.29	13,669
2009	7	28.8	1,265	34	576.85	10,844
<b>TOTAL</b>	<b>20</b>	<b>70.7</b>	<b>3,421</b>	<b>164</b>	<b>2,699.92</b>	<b>88,635</b>

Source: BKPM, "Data Perkembangan Penanaman Modal, Statistic of Direct Investment", Dec 2009

#### 8.2.3 Regional Investment in Livestock

Over the last five years, domestic investment in "livestock" sector has mainly occurred on the islands of Java (49.5%), Sumatra (32.9%) and Kalimantan (16.4%). The two provinces of East Java and Riau (on the island of Sumatra) accounted for 53 percent of total investment.

### 8.3. Foreign Direct Investment (PMA)

#### 8.3.1 Overview

In 2009, there were 1,221 foreign investment projects in Indonesia with a total investment of US\$10,815 million. This is a slight increase from 2007 with investment of US\$10,341 million but a decline from 2009 when investment reached a high of US\$14,871 million.

In 2009, total foreign investment (across all sectors) occurred mainly in Jakarta (51%), followed by West Java (18 percent), Banten (13 percent) and East Java (4 percent). Most of

the foreign investment in 2009 came from Singapore (40%), Netherlands (11%), Japan (6%), South Korea (6%) and UK (5%).

### 8.3.2 Agriculture and Food Industry

In 2009, the food industry sector was ranked sixth for investment and contributed 5.1 percent of foreign investment.

Over the last five years total foreign investment in livestock was US\$124.3 million from 22 projects, employing an additional 8,538 people. This compares to total foreign investment in the food industry which was 20 times bigger at US\$2,705.2 million from 235 projects.

**Table 12: PMA Livestock and Food Industry, 2005 to 2009, USD Million**

Year	Livestock			Food Industry		
	Projects	Investment US\$ M	Manpower	Projects	Investment US\$ M	Manpower
2005	3	52.8	711	46	603.2	13,137
2006	7	18.8	3,308	45	354.4	12,729
2007	7	45.7	4,073	53	704.1	16,845
2008	1	4.5	242	42	491.4	16,620
2009	4	2.5	204	49	552.1	17,571
<b>TOTAL</b>	<b>22</b>	<b>124.3</b>	<b>8,538</b>	<b>235</b>	<b>2,705.2</b>	<b>76,902</b>

Source: BKPM, "Data Perkembangan Penanaman Modal, Statistic of Direct Investment", Dec 2009

### 8.3.3 Regional Investment in Livestock

Over the last five years, foreign investment (like domestic investment) in "livestock" sector has mainly occurred on the islands of Java and Sumatra. The provinces of Riau Islands (part of Sumatra) and North Sumatra accounted for almost 50 percent of this investment.

### Conclusion

Over the last six years investment in the livestock industry has totalled US\$216.6 million; with 67 percent from foreign investment. In 2009, investment in the livestock industries was less than 1 percent of total investment. The average foreign and domestic investment per project was US\$5.6 million and US\$3.5 million respectively. Foreign investment in the livestock industries has been declining since it peaked in 2005 and in 2007.

Domestic and foreign investment statistics for livestock over the last five years by province are presented in Appendix Six.

## **9. GOVERNMENT REGULATIONS IMPACTING ON BEEF BUSINESS IN INDONESIA – INVESTMENT AND TRADE**

### **9.1 Government's Policies and Agriculture Development<sup>21</sup>**

Indonesia has emerged as a growing and important market for Australian agricultural commodities. In 2005, Australia was the leading agricultural exporting country to Indonesia, supplying just over US\$1 billion of agricultural commodities.

Economic growth and industrialisation in Indonesia have led to an increase in competition for domestic resources. As in many other developing countries in Asia, this has resulted in a reduction in the contribution of agriculture to gross domestic product.

Sustained income growth in Indonesia has resulted in a significant increase in food demand. For the most important staple food — rice — there have been restrictive import controls in place since 2004 (imports are permitted on an ad hoc and as needed basis — for example, during extreme circumstances such as drought). The growth in domestic rice production has slowed since the mid-1990s, as the availability of arable land has become a constraint and productivity growth has slowed. As a result, there has been a gradual increase in imports of other staples, such as wheat, to meet increasing domestic food consumption.

Growth in per person income has also led to an increase in demand for other food products, especially vegetables, fruit, sugar, beef, dairy products, poultry and seafood. While Indonesia is largely self sufficient in fruit, poultry and seafood, imports have become an increasingly important source of vegetables, sugar, beef and dairy products.

Indonesia's government has pursued policies that promote agricultural production and provide protection to farmers. The measures used to protect the agriculture sector include both tariff and nontariff barriers, especially import regulations, and have resulted in some domestic price for agricultural products being well above prevailing international prices.

In recent years, Indonesia has pursued regional trade agreements as a strategy for gradually reducing protection and increasing access to the markets of trading partners. Indonesia is currently a member of the ASEAN Free Trade Agreement (FTA), China–ASEAN FTA and Korea–ASEAN 9 FTA, with several others under negotiation. A Japan–Indonesia Economic Partnership Agreement was finalised in August 2007.

Indonesia's continued high economic growth and industrialisation is likely to place considerable pressure on its policy of achieving food self sufficiency. With competitive pressure for resources from nonagriculture sectors, there is likely to be limited capacity to increase agricultural production. In broad terms, freer trade practices in Indonesia could lead to cheaper domestic prices for agricultural products and more efficient allocation of domestic resources to sustain high economic growth.

The Indonesian President has made agriculture development a priority in 2011 and the government will strengthen the production base of food because of concerns of a potential food crisis. The Ministry of Agriculture has targeted the improvement of agricultural production by up to 5 percent in 2011.<sup>22</sup>

---

<sup>21</sup> Australian Commodities, ABARE, September Quarter 2007

<sup>22</sup> Investor Daily Indonesia, 10<sup>th</sup> January 2011

## 9.2 CEPA and FTA

Negotiations to establish a new Comprehensive Economic Partnership Agreement (CEPA) between Australia and Indonesia was signed in November 2010 by Prime Minister Julia Gillard and offers opportunities to free up trade between both countries. According to the National Farmers' Federation President David Crombie, "Australian farmers already enjoy a strong bilateral agricultural relationship with Indonesia, but the growth potential in this burgeoning market could exponentially expand our existing trade base worth \$1.74 billion a year".<sup>23</sup>

CEPA is considered to be a broader agreement than a Free Trade Agreement (FTA) and will include initiatives and policies on capacity building. The Indonesian Government is keen for Australian businesses to assist in the development of Indonesia's agribusiness sector through investment and capacity building rather than just trading.

Indonesia has implemented a number of significant reforms to improve the ease of doing business and is emerging as an attractive investment and business market for Australian companies. The ANZ-ASEAN FTA, which was signed in early 2009, is expected to eliminate 96% of tariffs of Australian exports to ASEAN nations by 2020.

## 9.3 New Government Taskforces

There exists two Government to Government taskforces that are relevant to the beef and cattle industries and investment. These are:

1. The Australian Indonesian Working Group on Agriculture, Food and Forestry Cooperation (WGAFC) was established about 15 years ago to provide a forum for senior government officials and key industry representatives from Australia and Indonesia to discuss bilateral agriculture issues on market access, capacity building and technical assistance to attain mutual beneficial outcomes. At the last meeting in Darwin in early June 2010 there was a request from Indonesia for support to their smallholder beef sector. ACIAR has prepared a proposal for the kind of support they want to build domestic breeding capability. This will be discussed during a visit to Indonesia in mid December with the new head of DGLAHS (Mr Prabowo) with representatives from Australia from MLA, DAFF, DFAT, AusAID and Austrade.
2. In early 2010, a task force on "Investment in Agriculture" was established and held its first meeting in Jakarta on 4<sup>th</sup> March 2010. The main issues discussed were:
  - The Task Force was established to support the ASEAN-Australia-New Zealand FTA. It was said that Agriculture is "the prima dona" in the bilateral relationship.
  - The meeting discussed bilateral cooperation in agriculture and noted some examples.
  - The meeting was attended by forty people, with representation on the Australian side from Austrade, DFAT, AusAID, State Governments, DAFF and ACIAR. On the Indonesian side the meeting was chaired by Dr Bayu Krisnamurthi, Vice Minister of Agriculture, with representatives from the Ministry of Agriculture, Ministry of Trade and Coordinating Ministry for Economic Affairs.

## 9.4 Investment Laws

In late 2007, the Government issued its latest "priority investment list", which sets out a more comprehensive description of which business sectors are opened and closed to investors. The new list, required under the recently enacted Investment Law, governs a total of 338 business

---

<sup>23</sup> farmonline.com.au



sectors, of which Trade Minister Mari Pangestu said 69 sectors would now be more open than before, with 11 becoming more restrictive. The list increases the number of closed sectors to 25 from 11 previously to protect the national interest in such areas as public health, the environment, culture and natural biodiversity. It also prioritizes 43 sectors for small and medium enterprises (SMEs). Other sectors will, however, be more open to foreign investors than before. Under the new rules, non-national investors will be allowed to take controlling stakes in agriculture and plantation firms (up to 95%).

In the first week of 2008 the Government revised its Negative Investment List, a list of business sectors partly or wholly closed to investment. In terms of the retail sector, the new restrictions stipulates 100% domestic ownership for supermarkets of less than 1,200 square metres, department stores of less than 2,000 square metres and convenience stores of less than 200 square metres. This effectively means that foreign retailers are only allowed to operate in the hypermarket & superstore channel.

With respect to the ability for Foreign players to invest “across the board” in the Beef industry, there doesn’t appear to be anything in the Investment legislation preventing foreigners from investing in either cattle importation, cattle fattening (on a large scale) or meat processing. There are many regulations and decrees to protect the smaller players in a myriad of industries, however there doesn’t appear to be any prohibitions on large scale commercial enterprises in the Beef and other sectors, as exemplified by the retail eligibilities described above.

### **9.5 Import Tariffs, Quarantine and Access Issues**

Quarantine protocols and regulations for agri-food products exported into Indonesia have been relatively modest however they are becoming more stringent.

All imported processed foods sold at the retail level, by law, must be registered with a “ML” number issued from Indonesia’s food and safety authority (BPOM). This is a time consuming and costly exercise which is ‘irregularly’ regulated.

The Government controls the number of import licences for meat and all meat must have halal and health certificates.

Tariffs have been reduced over the last few years. Tariffs on food are mostly at 5 percent and other duties include 10 percent VAT and 2.5 percent PPN tax on most imported food products. There is also a luxury tax of 10 percent for some value added food products.

#### Beef

According to fiscal and trade policies a 5% tariff is imposed on imported beef and offal.

#### Live cattle

Live cattle consist of breeder and feeder cattle. Breeder cattle imports are needed for breeding purposes in order to produce feeder cattle and therefore 0% tariff is imposed. Feeder cattle imported are also at 0% tariff, subject to the requirement of the maximum weight of 350 kg.

### **9.6 Government Regulations and Legislation**

#### 9.6.1 Regulations

The main regulations are:

- The Law No. 18 of 2009 on Husbandry and Animal Health stated that feeder cattle importation can be conducted from any country that has fulfilled all requirements and are in compliance with importation procedures stipulated by the Government of

Indonesia.

- Beef importation can be exercised by referring to the Regulation of the Minister of Agriculture (Permentan) No. 20/Permentan/OT.140/4/2009 on importation and supervision of distribution of carcasses, meat and/or offal from abroad, dated 8 April 2009.
- Regulation of the Minister of Agriculture (Permentan) No. 07/Permentan/OT.140/1/2008 on Requirements and Procedure of Exportation and Importation of Seeds, Breeding Cattle and Beef Cattle, dated 30 January 2008. This regulation covers the subject matters of: (i) requirements and procedure for importation and exportation of seeds, breeding cattle or beef cattle; (ii) packaging and transportation; (iii) supervision and sanction imposed for violation of regulation.
- Breeding of beef cattle is conducted according to a national breeding system as stipulated in the Regulation of the Minister of Agriculture No 36/Permentan/Ot.140/8/2006 on National Breeding System, dated 31 August 2006. This system aims to ensure that cattle farmers will be able to obtain high quality breeders in a sustainable manner and to optimise interdependency of breeding operators in the efforts to supply cattle seeds and/or breeders according to quantity, type and quality needed. The regulation covers the following subject matters: (i) utilisation of genetic resources; (ii) cattle breeding; (iii) production and distribution of cattle seeds and breeder; (iv) area of origin of breeder; (v) breeding institutionalisation; (vi) breeder certification and standardisation; and (vii) supervision.

#### 9.6.2 Legislation

The following are the main Government legislations impacting on the beef and cattle business in Indonesia.

- Law No 18 of 2009 on Husbandry and Animal Health.
- Law No 16 of 1992 on Animal, Fish and Plant Quarantine.
- Government Regulation No 22 of 1983 on Veterinary Public Health.
- Government Regulation No 15 of 1977 on Rejection, Prevention, Eradication and Treatment of Animal Diseases.
- Government Regulation No 82 of 2000 on Animal Quarantine.
- Regulation of the Minister of Agriculture No 20/Permentan/OT.140/4/2009 on Importation and Supervision of Distribution of Carcass, Meat and/or Offal from Abroad.
- Regulation of the Minister of Agriculture No 07/Permentan/OT.140/1/2008 on Requirements and Procedure for Importation and Exportation of Seeds, Breeding Cattle and Beef Cattle.
- Decree of the Minister of Agriculture No 422/Kpts/LB.720/6/1988 on Animal Quarantine.
- Decree of the Minister of Agriculture No 745/Kpts/TN.240/12/1992 on Requirements and Supervision of Meat Importation from Abroad.



## **10. CURRENT ISSUES FACING LIVESTOCK AND BEEF IMPORTS**

### **10.1 Live Cattle**

There have been a number of ongoing developments over the last few months as follows:

- Live cattle importers have also been informed that imports will be reduced as per the “blue print”. The weight of individual beef cattle has been reduced to maximum of 350 kgs and import permit volumes have been reduced. These issues have been debated for most of this year and are on going.
- In early November the DGLS invited and met with the APFINDO (Feedlot Association) members to discuss live cattle import issues.
- DGLS initiated and invited the Australian live cattle exporters to Jakarta in late November to discuss beef cattle export issues and the new regulations. The Australian delegation was led by Allister Lugsdin from Meat Livestock Australia.
- After the meeting with the Australian livestock delegation the DGLS announced that live cattle imports for 2011 will be reduced to a maximum of 500,000 cattle. The allocation of the import permits and process has not been finalised.

### **10.2 Boxed Beef Offal**

- In 2007 the government issued a policy to reduce the types of imported offal from eight types (heart, liver, tripe, intestine, spleen, lights, kidney and testicles) to two types (heart and liver).
- A working committee on meat has been set up under Commission 4 (Parliamentary Committee) to review imports of offal. The committee wants to ban all offal imports. The committee is chaired by a woman who is connected to a feedlot business. The feedlot businesses in Indonesia will benefit if a ban of imports occurs as this will increase the price of local offal.
- The rationale (from the Commission 4 working committee) for banning imported offal is as follows:
  - a. Offal is unfit for human consumption
  - b. Domestic demand for offal is not strong
  - c. Offal is a product that is usually thrown away (in many countries) so it is an insult for Indonesians to be consuming offal – impacts on national pride
  - d. Offal is not good for your health – it is high in cholesterol
  - e. However, both heart (used in bakso – meat balls) and liver (traditional meals like “Padang”) have been important products in Indonesian cuisine for many years
- The second issue of meat import permits is complex. In October 2009 the Government stated that they would reduce meat imports and to develop their own beef industry. However, total meat imports continues to increase by about 20 percent in 2009 to reach 112,000 tonnes and by July 2010 imports were 27 percent higher than the same period previous year. The DGLS issues import permits 6 monthly but the monitoring of imports occurs at Customs and Quarantine hence imports still continue to increase. The concern is that the Government is trying to find a way to have an unofficial quota (allocation) to restrict imports through reduced allocations (quantity) when applying for permits. This may be against the WTO and needs to be discussed on a Government-to-Government

basis.

- In respect to the situation with “allowable country of imports” for beef, the Committee has recommended that there will be total country bans (not based on area of freedom / regions) for FMD. Therefore, Brazil and India cannot export beef to Indonesia.
- In early December 2010, the Indonesian Government applied to WTO to have all offal imports except tongue and tails banned effective from mid January 2011. (A unofficial copy of the draft regulation is presented in Appendix Ten.) The Government’s of the four countries (Australia, New Zealand, USA and Canada) involved in exporting meat to Indonesia have 60 days to respond to the Indonesian Government’s submission to WTO.

## 11. CONCLUSIONS

1. Strong economy (6% p.a. GDP growth) resulting in increased investment
2. Large population (220 million) with expanding middle class (30 million)
3. Food expenditure is the major component of the household budget
4. Meat consumption is low but growing
5. Modernization of the retail market and expansion of fast food outlets offers good growth opportunities for increased meat supply and consumption
6. Imported boxed beef is the cheapest source of meat across all cuts followed by meat from Australian cattle slaughtered in Indonesia
7. Distribution across Indonesia of fresh / chilled / frozen produce is a major challenge
8. Indonesia's meat processing sector is important to Australian suppliers as it absorbs about 55% of imported meat / cattle
9. Indonesia's livestock sector is only a minor player in Indonesian agriculture however it is one of the five Government priority sectors to achieve self sufficiency
10. The number of local beef cattle (12.6 million in 2009) has increased by only 2 million over the last five years and cannot satisfy consumer demand for beef (only two-thirds)
11. The Indonesian Government faces too many challenges to develop the local beef cattle industry to achieve self sufficiency by 2014.
12. Many of the almost 700 slaughter houses / abattoirs are inefficient. They slaughter an average of 1,350 cattle each per year (average of less than four cattle each per day).
13. Indonesia live cattle imports are declining (after peaking at almost 700,000) due to Government restrictions on weight limits and import permits. This has impacted on Australia's exports of live cattle to Indonesia.
14. Meat imports have increased by an average of 23 percent per year over the last seven years to reach 111,973 tonnes in 2009. Imports have continued to increase so far in 2010 despite the Government's earlier attempts to reduce beef import permits. Most of the growth has been in frozen beef compared to offal.
15. About 80 percent of imported boxed meat and meat from imported live cattle is sold in the provinces of Jakarta, Banten and West Java as this is where the major meat processors and middle class population are located.
16. Live cattle and boxed beef / offal imports are controlled by about five major importers each.
17. Foreign investment in the livestock industries is minimal (compared to other industry sectors) and has been declining since it peaked in 2005 and in 2007.
18. A number of Australian Government agencies are developing policies and projects to assist Indonesia develop its domestic cattle industry through capacity building in cattle breeding and encouraging private sector investment.
19. There are a number of new Government regulations being proposed which will impact severely on Australia's trade in live cattle and boxed beef / offal with Indonesia in the short term.
20. In the longer term, as demand for beef in Indonesia continues to grow faster than local production then meat supplies from Australia, which is the cheapest source of meat, are likely to continue to expand.

## 12. REFERENCES

- ABS
- Agrina Magazine, January 10<sup>th</sup> 2011
- Australian Commodities, ABARE, September Quarter 2007
- Biro Pusat Statistic (BPS)
- Bisnis Indonesia, November 5<sup>th</sup> 2010
- BKPM, "Data Perkembangan Penanaman Modal, Statistic of Direct Investment", December 2009
- BPS, Bappenas & UNFPA, "Indonesian Population Projection Book 2000 – 2025"
- Centre for Indonesian Veterinary Analytical Studies, 30<sup>th</sup> May 2009
- CIC No. 409 - 25<sup>th</sup> September 2009, "Brazilian Beef import Channel Is Now Open"
- DetikFinance, January 7<sup>th</sup> 2011
- Euromonitor April 2005 page 28, "Consumer Lifestyles in Indonesia 2005"
- Farmoline.com.au
- Globe Asia, Vol. 4, No. 11, November 2010, page 90
- Indonesian Beef Producer & Lot Feeder Association (APFINDO)
- Investor Daily Indonesia, 10<sup>th</sup> January 2011
- Kebayoran Lama Wet Market
- Livecorp Article, February 4<sup>th</sup> 2009, "Live Cattle Export Record"
- Livestock Export Statistics, MLA, November 2010
- Media Indonesia, October 11<sup>th</sup> 2010, "Indonesian Eat Less meat", and November 16<sup>th</sup> 2010
- Morelink Asia Pacific, "Report on the Indonesian Bakso Meat", August 2007
- Morelink Asia Pacific, "Monthly Retail Surveys"
- Nielsen Indonesia, "Shopper Trends 2010"
- The Age, 18<sup>th</sup> January 2011
- The Jakarta Post, October 31<sup>st</sup> 2010 and November 5<sup>th</sup> 2010
- The Directorate General of Livestock Services (DGLS) - Ministry of Agriculture, "Livestock Statistics 2009"
- Thomas Sembiring, Executive Director, ASPIDI
- Trow Nutrition International
- Website: <http://www.ers.usda.gov>
- Website: <http://www.ditjennak.go.id>
- Website: <http://www.bi.go.id/web/id/Statistik/Sekda>
- Website: <http://www.nampa-ind.com>

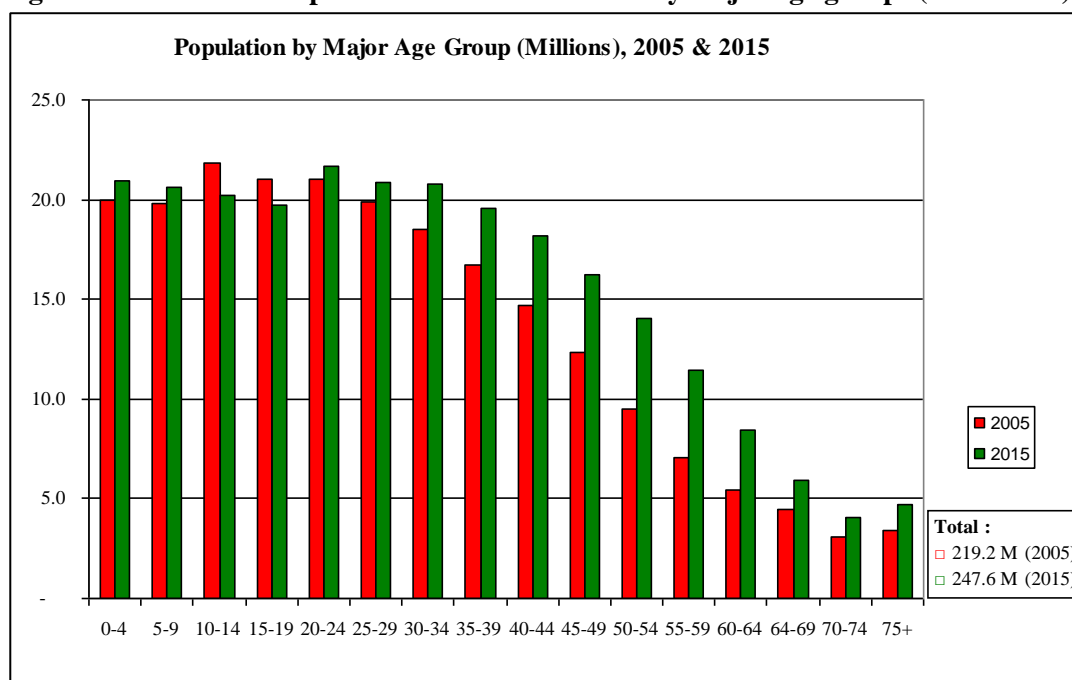
## APPENDIX ONE – ECONOMIC DATA

**Table 1.1: Population, GRDP, Investment & Employment by Province, 2009**

PROVINCE	Population	GRDP Rp. Billion	Investment Domestic (Rp. billion)	Realisation Foreign (US\$ million)	Employment
West Java	43,021,826	652,029	4,725	1,934	16,901,430
East Java	37,476,011	684,231	4,291	422	19,305,056
Central Java	32,380,687	392,984	2,643	83	15,835,382
North Sumatera	12,985,075	236,354	2,061	140	5,765,643
Jakarta	9,588,198	757,023	9,694	5,511	4,118,390
South Sulawesi	8,032,551	99,905	1,138	77	3,222,256
South Sumatera	7,446,401	136,558	580	57	3,196,894
Banten	10,644,030	133,029	4,382	1,412	3,704,778
Riau	5,543,031	319,511	3,387	252	2,067,357
NAD	4,486,570	70,758	80	0	1,732,561
West Sumatera	4,845,998	76,295	459	0	1,998,922
Jambi	3,088,618	42,816	214	40	1,260,592
Bengkulu	1,713,393	15,533	0	1	787,308
Lampung	7,596,115	88,322	550	33	3,387,175
Kep. Bang Belitung	1,223,048	22,614	249	22	506,284
Kepulauan Riau	1,685,698	63,893	240	231	626,456
DI Yogyakarta	3,452,390	41,427	33	8	1,895,648
Bali	3,891,428	57,579	51	227	2,057,118
W. Nusa Tenggara	4,496,855	41,786	0	3	1,967,380
E. Nusa Tenggara	4,679,316	24,139	0	4	2,160,733
West Kalimantan	4,393,239	53,866	517	28	2,081,211
Central Kalimantan	2,202,599	36,224	1,464	5	998,967
South Kalimantan	3,626,119	51,177	871	18	1,705,905
East Kalimantan	3,550,586	281,414	82	80	1,302,772
North Sulawesi	2,265,937	32,050	50	58	940,173
Central Sulawesi	2,633,420	32,057	0	3	1,149,718
S. East Sulawesi	2,230,569	25,656	0	4	950,876
Gorontalo	1,038,585	7,083	0	0	420,962
Maluku	1,531,402	7,069	0	0	533,015
North Maluku	1,035,478	4,688	0	6	393,834
Papua	2,851,999	66,652	41	2	1,082,028
Papua Barat	760,855	14,548	0	1	325,759
West Sulawesi	1,158,336	8,672	0	0	488,080
<b>Total</b>	<b>237,556,363</b>	<b>4,577,942</b>	<b>37,800</b>	<b>10,662</b>	<b>104,870,663</b>

Source: Indonesia Bureau of Statistics and Indonesia Investment Coordinating Board

**Figure 1.1: Indonesia Population for 2005 and 2015 by major age groups (in Millions)**



Source: Indonesian Population Projection Book, 2000 – 2025 (BPS, BAPPENAS & United Nations Population Fund)

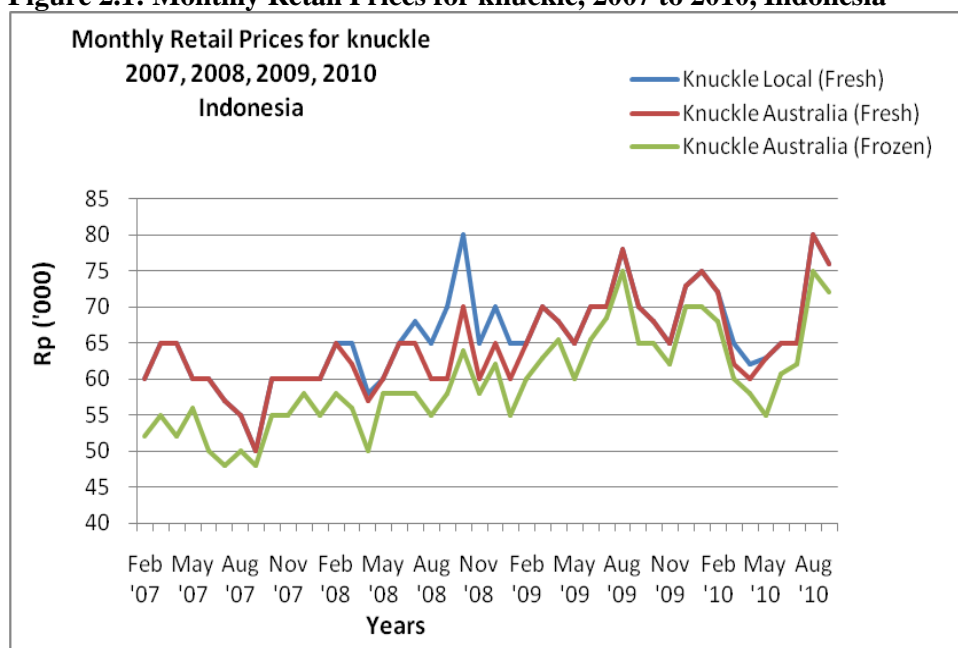
**Table 1.2: Population by Top 10 Provinces, 2005 and 2015**

Province	Population 2005 (million)	Population 2015 (million)	Annual Growth (%)	GRDP Per capita Rp million 2009	Capital City Population (million)
West Java	39.1	46.1	1.8	15.2	Bandung (2.3)
East Java	35.6	36.8	0.4	18.3	Surabaya (3.2)
Central Java	31.9	32.9	0.3	12.1	Semarang (1.2)
North Sumatra	12.4	13.9	1.2	18.2	Medan (2.1)
Banten	9.3	12.1	3.0	12.5	(0.5)
Jakarta	8.7	9.2	0.5	79.0	Jakarta (9.5)
South Sulawesi	8.5	9.3	1.0	12.4	Makassar (1.1)
South Sumatra	6.7	7.8	1.6	18.3	Palembang (1.3)
Riau	6.1	9.0	4.7	57.6	Pekanbaru (0.7)
W. Kalimantan	4.4	5.1	1.7	12.3	Pontianak (0.6)
Other	56.4	64.3	1.6	-	-
<b>TOTAL</b>	<b>219.2</b>	<b>247.6</b>	<b>1.3</b>	<b>19.3</b>	

Source: Indonesian Population Projection 2000 - 2025 (BPS, Bappenas & UNFPA)

## APPENDIX TWO – RETAIL MEAT PRICES

**Figure 2.1: Monthly Retail Prices for knuckle, 2007 to 2010, Indonesia**



Source: Morelink monthly retail surveys

**Figure 2.2: Monthly Retail Prices for Sirloin, 2007 to 2010, Indonesia**



Source: Morelink monthly retail surveys



**Figure 2.3: Monthly Retail Prices for Tenderloin, 2007 to 2010, Indonesia**



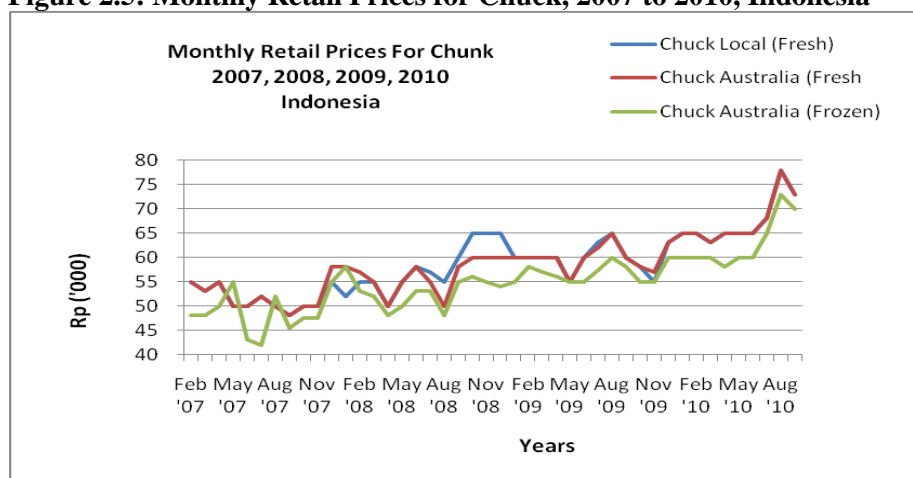
Source: Morelink monthly retail surveys

**Figure 2.4: Monthly Retail Prices for Shank, 2007 to 2010, Indonesia**



Source: Morelink monthly retail surveys

**Figure 2.5: Monthly Retail Prices for Chuck, 2007 to 2010, Indonesia**



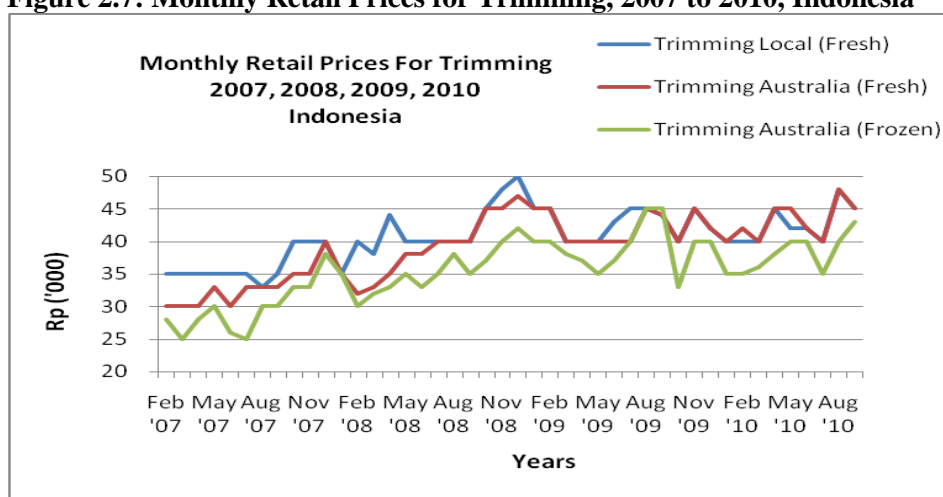
Source: Morelink monthly retail surveys

**Figure 2.6: Monthly Retail Prices for Blade, 2007 to 2010, Indonesia**



Source: Morelink monthly retail surveys

**Figure 2.7: Monthly Retail Prices for Trimming, 2007 to 2010, Indonesia**



Source: Morelink monthly retail surveys

**Figure 2.8: Monthly Retail Prices for Outside, 2007 to 2010, Indonesia**



Source: Morelink monthly retail surveys

## APPENDIX THREE – AGRICULTURE AND LIVESTOCK PRODUCTION

**Table 3.1: Agriculture Production by Commodity Type, 2006 to 2009**

COMMODITY TYPE	PRODUCTION ('000 TONNES)				Growth
	2006	2007	2008	2009	% Annual
<b>Primary Crops</b>					
Paddy	54,455	57,157	60,326	64,399	6.1
<b>Secondary Crops</b>					
Maize	11,609	13,288	16,317	17,630	17.3
Soybean	748	593	776	975	10.1
Peanuts	838	789	770	778	-2.4
Mungbean	316	322	298	314	-0.2
Cassava	19,987	19,988	21,757	22,039	3.4
Sweet Potatoes	1,854	1,887	1,882	2,058	3.7
Vegetables	9,527	9,455	10,035	10,628	3.9
Fruits	16,171	17,117	18,028	18,000*	3.8
<b>Total</b>	<b>115,505</b>	<b>120,596</b>	<b>130,189</b>	<b>136,821</b>	<b>6.2</b>
<b>Yield Estate Crops</b>					
Rubber	2,637	2,755	2,751	2,594	-0.5
Coconut	3,131	3,193	3,240	3,247	1.2
Oil Palm	17,351	17,665	17,540	18,641	2.5
Coffee	682	676	698	705	1.1
Tea	147	151	154	151	0.9
Pepper	78	74	80	85	3.0
Clove	61	80	71	82	11.5
Cocoa	769	740	804	758	-0.5
Cashew nut	149	146	157	156	1.6
Sugar Cane	2,307	2,624	2,668	2,850	7.8
Tobacco	146	165	168	177	7.1
<b>Total</b>	<b>27,458</b>	<b>28,269</b>	<b>28,331</b>	<b>29,446</b>	<b>2.4</b>
<b>Livestock</b>					
Beef Cattle	396	339	393	405	0.8
Buffalo	44	42	39	41	-2.3
Goat	65	64	66	69	2.1
Mutton and Lamb	75	57	47	54	-9.3
Pork	196	226	210	220	4.1
Horse	2	2	2	2	0.0
Native Chicken	341	355	336	345	0.4
Layer	58	58	57	59	0.6
Broiler	861	943	1,019	1,017	6.0
Duck	25	44	31	32	9.3
<b>Total</b>	<b>2,063</b>	<b>2,130</b>	<b>2,200</b>	<b>2,244</b>	<b>2.9</b>
<b>Egg</b>					
Native Chicken	194	218	167	174	-3.4
Layer	817	944	956	1,014	8.0
Duck	194	208	201	217	4.0
<b>Total</b>	<b>1,205</b>	<b>1,370</b>	<b>1,324</b>	<b>1,405</b>	<b>5.5</b>
<b>Dairy Milk</b>	617	568	647	679	3.3
<b>Total</b>	<b>617</b>	<b>568</b>	<b>647</b>	<b>679</b>	<b>3.3</b>
<b>Grand Total</b>	<b>146,848</b>	<b>152,933</b>	<b>162,691</b>	<b>170,594</b>	<b>5.4</b>

Source: Ministry of Agriculture

\*estimate

**Table 3.2: Livestock Population, Year 2004 – 2009 in thousand of head**

No.	Species	Year					
		2004	2005	2006	2007	2008	2009 *)
I	<b>RUMINANT</b>						
1	Beef Cattle	10,533	10,569	10,875	11,515	12,257	12,603
2	Dairy Cattle	364	361	369	374	458	487
3	Buffalo	2,403	2,218	2,167	2,086	1,931	2,046
4	Goat	12,781	13,409	13,790	14,470	15,147	15,656
5	Sheep	8,075	8,327	8,980	9,514	9,605	10,472
	<b>Total</b>	<b>34,156</b>	<b>34,884</b>	<b>36,181</b>	<b>37,959</b>	<b>39,398</b>	<b>41,264</b>
II	<b>NON RUMINANT</b>						
1	Pig	5,980	6,801	6,218	6,711	6,838	7,384
2	Horse	397	387	398	401	393	398
3	Rabbit	0	0	0	708	748	999
	<b>Total</b>	<b>6,377</b>	<b>7,188</b>	<b>6,616</b>	<b>7,820</b>	<b>7,979</b>	<b>8,781</b>
III	<b>POULTRY</b>						
1	Native Chicken	276,989	278,954	291,085	272,251	243,423	261,398
2	Layer Chicken	93,416	84,790	100,202	111,489	107,955	110,106
3	Broiler Chicken	778,970	811,189	797,527	891,659	902,052	930,318
4	Duck	32,573	32,405	32,481	35,867	39,840	42,090
5	Quail	0	0	0	6,640	6,683	6,946
6	Pigeon	0	0	0	163	1,499	1,511
	<b>Total</b>	<b>1,181,948</b>	<b>1,207,338</b>	<b>1,221,295</b>	<b>1,318,069</b>	<b>1,301,452</b>	<b>1,352,369</b>
	<b>TOTAL ALL</b>	<b>1,222,481</b>	<b>1,249,410</b>	<b>1,264,092</b>	<b>1,363,848</b>	<b>1,309,431</b>	<b>1,361,150</b>

Source: [www.ditjennak.go.id](http://www.ditjennak.go.id)

\*) estimate

**Table 3.3: Beef Cattle Population, 2004 – 2009, by Province, number of head**

No.	Province	Year					
		2004	2005	2006	2007	2008	2009 *)
1	NAD	655,811	625,134	718,623	784,053	641,093	688,118
2	North Sumatera	248,971	288,931	251,488	384,577	388,240	394,064
3	West Sumatera	597,294	419,353	440,641	450,823	469,859	476,263
4	Riau	107,954	102,352	108,223	114,156	161,202	182,553
5	Jambi	147,917	113,678	118,160	125,114	149,042	175,525
6	South Sumatera	438,666	449,500	450,300	451,102	336,295	351,498
7	Bengkulu	80,371	83,196	85,429	93,659	93,219	111,238

8	Lampung	391,846	417,129	401,636	410,165	425,526	436,164
9	West Java	232,949	234,840	254,243	272,264	295,554	302,943
10	Central Java	1,357,125	1,390,408	1,392,590	1,416,464	1,442,033	1,529,991
11	DI Yogyakarta	236,726	247,010	251,335	257,836	269,927	276,173
12	East Java	2,519,030	2,524,476	2,584,441	2,705,605	3,384,902	3,394,089
13	Bali	576,586	590,949	613,241	633,789	668,065	688,373
14	NTB	426,033	451,165	481,376	507,836	546,114	567,219
15	NTT	522,929	533,710	544,482	555,383	573,461	584,620
16	W. Kalimantan	156,569	158,791	160,527	166,800	168,053	170,455
17	C. Kalimantan	55,599	61,259	63,300	67,465	69,152	70,880
18	S. Kalimantan	173,648	182,639	193,920	202,037	210,633	211,266
19	E. Kalimantan	60,784	69,024	73,878	81,746	90,028	97,897
20	N. Sulawesi	98,741	118,931	114,816	107,818	108,332	109,957
21	C. Sulawesi	197,692	187,514	189,145	197,794	203,893	205,985
22	S. Sulawesi	627,981	594,316	637,128	696,615	703,303	703,965
23	S.East Sulawesi	208,740	213,840	221,975	227,265	237,360	238,900
24	Maluku	76,864	66,578	67,948	75,458	74,654	76,520
25	Papua	74,298	48,271	51,054	53,085	56,064	56,156
26	Bangka Belitung	3,181	4,559	5,272	14,065	9,373	9,607
27	Banten	22,872	18,838	20,509	54,887	60,680	61,900
28	Gorontalo	201,678	205,993	210,694	213,831	227,690	234,270
29	North Maluku	34,034	40,537	41,115	49,828	51,485	53,029
30	Riau Island	0	10,027	7,204	7,627	7,893	8,090
31	West Irian Jaya	0	30,149	29,906	34,429	35,297	36,180
32	West Sulawesi	0	86,215	90,526	101,295	98,182	99,272
	<b>TOTAL</b>	<b>10,532,889</b>	<b>10,569,312</b>	<b>10,875,125</b>	<b>11,514,871</b>	<b>12,256,604</b>	<b>12,603,160</b>

Source: www.ditjennak.go.id

Note: \*) Preliminary figures

**Table 3.4: List of Slaughter Houses (RPH) / Abattoirs (TPH) and Number of Cuts in Year 2009 (Head) by Province**

No	Province	Total RPH/TPH	Number of Cuts in Year 2009 (Head)
1	DKI Jakarta	3	48,000
2	DI Yogyakarta	6	13,800
3	West Java	89	101,100
4	Central Java	93	80,100
5	East Java	162	210,000
6	NAD	21	35,100
7	North Sumatera	22	9,600

8	Riau	18	38,400
9	Jambi	12	19,500
10	Riau Island	4	15,000
11	Lampung	9	8,100
12	Bali	9	26,100
13	NTT	26	46,200
14	NTB	38	27,900
15	South Kalimantan	15	12,300
16	West Kalimantan	10	13,200
17	East Kalimantan	7	19,200
18	Central Kalimantan	7	10,500
19	North Sulawesi	3	6,000
20	Central Sulawesi	11	13,500
21	South Sulawesi	24	36,900
22	Gorontalo	7	1,500
23	Papua	7	19,500
24	West Sumatera	8	19,200
25	Bengkulu	8	8,700
26	Banten	14	22,500
27	South Sumatera	13	19,200
28	West Sulawesi	6	5,700
29	South East Sulawesi	13	12,600
30	Bangka Belitung	16	12,300
31	North Maluku	72	3,300
32	Maluku	37	8,400
33	West Papua	3	12,300
	<b>Total</b>	<b>693</b>	<b>935,700</b>

Source: The Directorate General of Livestock Services (DGLS), Ministry of Agriculture

## **APPENDIX FIVE - PROFILES OF THE MAIN CATTLE IMPORTERS**

### **5.1 PT Agro Giri Perkasa (AGP)**

Office: Jl. Terusan H. Juanda No. 6A Pahoman – Bandar Lampung  
Feedlot: Ds. Sukabanjar, Sidomulyo Lampung Selatan  
Phone: (0721) 255933, (021) 7659079  
Fax: (0721) 251190, (021) 7659079  
Contact Person: Greg Pankhurst (Operational Director)  
Email: [gregonindo@yahoo.com](mailto:gregonindo@yahoo.com)

#### **General:**

AGP is based in Lampung. It is a Cattle Importation and Livestock Business - importing livestock for fattening and breeding in Indonesia.

Owners and operators of AGP have been involved in the Indonesian Cattle Industry for 20 years, establishing the AGP Group in 1999.

AGP is owned by a Private Indonesian Investment Company (family owned)

Using feedlots in Medan and Lampung, AGP has the feeding capacity to import 125,000 head of cattle and 5,500 head of goats per year. Due to regulation changes for importation of cattle imposed by the Indonesian Government in May 2010, AGP imported only 65,000 head in 2010.

AGP has a relationship with the JUANG JAYA ABDI ALAM GROUP (JJAA) to custom feed its' cattle. One time feedlot capacities of JJAA Medan is 8,500 head and JJAA Lampung is 30,000 head.

### **5.2 PT. Great Giant Livestock Co. (GGL)**

Office / Feedlot: Jl. Terbanggi Besar Km 77 Lampung Tengah  
Phone: (0725) 25092  
Fax: (0725) 27194  
General:

GGL is one of the agribusiness divisions of Gunung Sewu Kencana (GSK).

GSK was established in the 1950s by its founder, Mr. Go Soei Kie (Indonesian name: Mr. Dasuki Angkosubroto). GSK has 3 core businesses: agribusiness, property, and life insurance.

GGL is a cattle-fattening business whose feedlots are located within Great Giant Pineapple or GGP's plantation areas. GGL purchases domestic cattle and fattens them with pinemeal (feed made out of pineapple peel) and other organic materials over a period of 90 to 100 days. The cattle are then sold live on the hoof to cattle sellers, slaughterhouses and meat processors in the Greater Jakarta Area (Jabotabek) and West Java

GGL also processes pineapple peel, an abundant waste product that is difficult to dispose of, into pinemeal for internal use and for export to overseas markets, mainly Japan.



### **5.3 PT. Santosa Agrindo**

Address: Jl. Andini Sakti, Km. 44. Desa Gandasari, Bekasi, Cikarang Barat, 17520  
Phone: 62 21 831 0255  
Fax: 62 21 831 9019  
Contact Person: Mr. Bruce Warren (General Manager of Meat Division)  
Email: [brucew@santori.austasia.biz](mailto:brucew@santori.austasia.biz)  
Website: <http://www.santori.co.id>  
General:

PT Santosa Agrindo (Santori) was established in August 1991 under an Indonesian-Australian joint venture company.

Early in its development, Santori has already established itself as a quality provider of value added processed products to multinational food franchises in Indonesia. Today, Santori is the largest integrated beef producer in Indonesia. Integration from feed production and cattle fattening, to beef processing has given Santori the competitive advantage in producing cost effective products whilst meeting exacting international standards.

PT. Santosa Agrindo has two feedlots, one in Lampung and the other in Probolinggo (East Java) with capacities of 18,000 and 7,000 cattle respectively.

Both feedlots were chosen for their strategic location with regard to availability of raw feed materials, close proximity to international ports, and accessibility to end customer. The feedlotting process begins with high quality Brahman Cross feeder cattle from Australia.

To secure continuous supply of feeder cattle, Santori has set up direct alliances with large pastoral companies in Queensland and Northern Territory, as well as individual cattle stations in Western Australia. Santori also operates a livestock carrier to import the feeder cattle. Depending on customer requirements, cattle are fed for 100 days with Santori's specialized feed.

### **5.4 PT Sadajiwa Niaga Indonesia**

Address: Kalimalang Square Blok Q,R,S. Jl. KH Nur Ali, Bekasi, West Java  
Phone: (021) 8847992, 8849495  
Contact Person: Mr. Suwaji SE (President Director)  
General:

PT Sadajiwa Niaga Indonesia is an importer of beef cattle livestock and provides beef meat and carcass, and other products from beef meat, to the domestic market and outside of their region.

Minimum stock in their feedlots is 15,000 head and their contribution to the domestic market represents about 30% of the cattle livestock demand. Their import requirement is approx. 18,000 head minimum every month.

Their Lines of Business include Trading & fattening of beef cattle, Importing cows, Provision of breeding cattle, Partnering with beef cattle growers and cattle feed growers, Production of fodder, Meat processing, and the Leather processing industry.

## **5.5 PT SUKANDA DJAYA**

Address: Jl. Pasir Putih Raya Kav. 1, Ancol Timur  
Jakarta Utara 14430  
Ph : + (62 21) 640 5678  
Fax : + (62 21) 640 2861  
Contact: Norman Chen (President Director)  
General:

PT. Sukanda Djaya is one of the largest refrigerated food distribution companies in Indonesia. It is the only refrigerated food distribution company that operates on a national level. The company was formed in 1978 and is wholly owned by PT. Diamond Cold Storage. In 1986, the management decided to add the Frozen Food trading division with synergy utilizing the same cold chain infrastructure and customer base as in the ice cream operation.

In the refrigerated food business, temperature control is of crucial importance to guarantee that quality remains the same from production to delivery. To this end, the company has invested heavily in modern cold storage facilities not only in the Jakarta head office, also in the various branch offices – Mataram, Denpasar, Surabaya, Yogyakarta, Cirebon, Bandung, Palembang, Pekanbaru, Padang, Medan, Batam, Balikpapan, Makasar and Manado. In Jakarta, all products are stored in a new 800ton fully racked cold storage and an existing 1,200ton cold room and 500ton dry warehouse.

In addition, to anticipate rising demands of refrigerated and dry products, the company has now a new distribution center with a total combined dry, chilled and cold storage capacity of 4,500 pallet points or 4,000 tons. The new site is located in MM2100 Industrial Park, Cibitung, 45 minutes from city center. In outlying areas, the company branches has approximately another 2,500ton dry storage and cold room capacity.

Sukanda Djaya has 200 delivery vans and trucks which are equipped with refrigerated units to cope with various types of products requiring different temperatures.

In terms of distribution Sukanda Djaya covers all the major cities in Java, part of Sumatra and Kalimantan (Borneo) from sixteen distribution points (Jakarta, MM2100, Cirebon, Bandung, Denpasar, Yogyakarta, Surabaya, Pekanbaru, Padang, Balikpapan, Mataram, Medan, Batam, Palembang, Makasar and Manado).

Major outlets supplied include: International Hotels, Restaurants, Caterers, Oil Companies, Fast Foods (QSR), Bakeries, Supermarkets, Mini markets, Retail Shops, Meat Processors and Snack Food Industries.

There are over 100 international suppliers. Sukanda Djaya airfreight over 40 times per month from various cities such as Melbourne, Perth, Sydney, Auckland, Singapore, Paris and San Francisco and sea freight approximately 100 containers per month from various places such as U.S., Canada, Singapore, New Zealand, United Kingdom, Australia, France, Holland, Belgium and Brazil and Norway.

## APPENDIX SIX – DOMESTIC AND FOREIGN INVESTMENT

**Table 6.1: PMDN Investment in 2009, Number of Projects and Value of Investment**

Rank	Sector	No. Of Projects	Value In Million USD	Contribution (percent)
1	Food Industry	34	576.85	15.3
2	Chemical and Pharmaceutical Industry	15	585.01	15.5
3	Electricity, Gas & Water Supply	4	344.27	9.1
4	Construction	8	276.57	7.3

Source: BKPM, “Data Perkembangan Penanaman Modal, Statistic of Direct Investment”, Dec 2009

**Table 6.2: PMDN Regional Investment in Livestock, 2004 to 2009, USD Million**

No.	Province	2004	2005	2006	2007	2008	2009	Total
1	Riau	0	7.0	0	0.5	1.6	0	9.1
2	East Kalimantan	0	2.4	0	0	0	0.8	3.2
3	South Kalimantan	0	0	4.8	0	0	0.4	5.2
4	South Sumatra	0	0	3.9	0	0	2.7	6.6
5	Lampung	0	1.4	0	0	0	2.7	4.1
6	Bali	0.4	0	0	0	0	0	0.4
7	South Sulawesi	0	0	0.2	0	0	4.2	4.4
8	Central Java	0	0	2.2	0	0.9	0	3.1
9	Banten	0	0	0	0	2.2	0	2.2
10	West Java	1.6	0	0.5	0	0	14.8	16.9
11	East Java	0	0	0	14.0	0.3	1.8	16.5
12	West Kalimantan	0	0	0	0	0	1.1	1.1
13	North Sulawesi	0	0	0	0	0	0.4	0.4
	<b>TOTAL</b>	<b>2.0</b>	<b>10.8</b>	<b>11.6</b>	<b>14.5</b>	<b>5.0</b>	<b>28.9</b>	<b>73.2</b>

Source: BKPM, “Data Perkembangan Penanaman Modal, Statistic of Direct Investment”, Dec 2009

**Table 6.3: PMA Investment in 2009, Number of Projects and Value of Investment**

Rank	Sector	No. Of Projects	Value In million USD	Contribution (percent)
1	Transport, Storage, & Communication	51	4,170.3	38.6
2	Chemical and Pharmaceutical Industry	41	1,183.1	10.9
3	Trade and Repair	47	706.1	6.5
4	Metal, Machinery & Electronic Industry	121	654.9	6.1
5	Motor Vehicles, & Other Transport Equip. Industry	52	583.4	5.4
6	Food Industry	49	552.1	5.1

Source: BKPM, “Data Perkembangan Penanaman Modal, Statistic of Direct Investment”, Dec 2009

**Table 6.4: PMA Regional Investment in Livestock, 2004 to 2009, USD Million**

No.	Province	2004	2005	2006	2007	2008	2009	Total
1	Riau	0	0	0	2.3	0	0	2.3
2	South Sumatra	0	0	2.9	0	0	0	2.9
3	East Kalimantan	0	0	0.9	0	0	0	0.9
4	Riau Islands	0	46.3	0	1.0	0	0	47.3
5	Lampung	0.1		0.9	4.3	1.5	0	6.8
6	West Kalimantan	0	0	0	1.2	0	0	1.2
7	South Kalimantan	0	0	1.1	0.6	0	0	1.7
8	South Sulawesi	0	0	0	4.6	0	0	4.6
9	West Java	3.0	4.3	7.9	8.3	3.0	0.2	26.7
10	Jakarta	0.1	0	0	0	0	0	0.1

11	Banten	3.7	0	0	8.0	0	0	<b>11.7</b>
12	North Sumatra	6.4	24.7	0.7	0.9	0	0	<b>32.7</b>
13	East Java	5.5	0	3.4	11.0	0	0	<b>19.9</b>
14	Central Java	0	0	0	1.0	0	0.02	<b>1.02</b>
15	DI Yogyakarta	0.9	0	0	0	0	0	<b>0.9</b>
16	North Sulawesi	0	0	1.0	0.4	0	0	<b>1.4</b>
17	Bali	0.6	0	0	1.0	0	0.01	<b>1.61</b>
18	Bangka Belitung	0	0	0	0	0	0.04	<b>0.04</b>
	<b>TOTAL</b>	<b>20.3</b>	<b>75.3</b>	<b>18.8</b>	<b>44.6</b>	<b>4.5</b>	<b>0.27</b>	<b>163.77</b>

Source: BKPM, "Data Perkembangan Penanaman Modal, Statistic of Direct Investment", Dec 2009

## APPENDIX SEVEN – INDUSTRY ASSOCIATIONS

**Table 7.1: List of Indonesian Meat Importers Association (ASPIDI)**

No	Company Profile	Contact Person	Address	Phone
1	Anzindo Gratia Intl, PT	Mr.Kuswandi Wangidjaja	Gedung Menara Jamsostek Tower A 4-03 Jl. Jend. Gatot Subroto Kav. 38 Jakarta Selatan	021-52962280
2	Bayu Lestari, PT	Mrs.Mareta Alandi	Jl Uluwatu I, No 37 Jimbaran- Kuta Bali	0361-701890
3	Berkat Mitra Abadi, PT	Mrs.Makinto Mrs.Novertasia	Taman sari X/50 No. 7 Karawaci Bojong Larang Tangerang	021-55793741
4	Bumi Maestroayu, PT	Mrs.Magdalena Mr.Dhany Saputra	Jl. Duren Tiga No. 11 Pasar Minggu Jakarta,12760	021-7981368
5	Bina Mentari Tunggal, PT	Mr.Budi S Adoe	Jababeka Industrial Estate II Jl. Industri Utama Raya Blok RR no 2F-2G Cikarang Bekasi 17550	021-89835618
6	Canning Indonesia, PT	Mr.Audi H.Natarwija Mr.Asner Hasibuan	Jl. Jatinegara Barat 124 Jakarta	021-8564437
7	Catur Carakas, PT	Mr.Yulianto Sumarli Mr.Bings Untomo	Jl. Surya Utama Blok V No.25 Sunrise Garden Kedoya Utara, Jakarta Barat	021-5359766
8	Gita Putra Abadi, Pt	Mr.Sjarip Aliwarga	Komp. Mangga dua Plaza Blok N No.18 Jl. Mangga dua Selatan Sawah Besar Jakarta Pusat	021-6120945
9	Havi Indonesia, PT	Mr.Fook Tiang Huat Wellington	Jl. Pulo Ayang Raya Blok JJ-9 Kawasn industri Pulo Gadung Jakarta	021-4612933
10	Indoguna Utama,PT	Mrs. Elizabeth Liman Mr. Arya Abdi Efendi	Jl. Taruna No. 8 Pondok bamboo Jakarta Timur 13430	021-8610550
11	IndoGizi Utama, PT	Mr.Bambang Wibisono	Jl. Rajawali Raya No.6D Cirendeu ciputat Tangerang	021-7440915
12	Indopangan sarana, PT	Mr.Sugitna Kosasih	Jl.Semut No.12 kapuk Cengkareng Jakarta Barat	021-6198335
13	Indoboga Jaya, PT	Mr. William Mrs.Marie	Jl. Cumi Raya No.3 Muara Baru Jakarta Utara	021-66696288
14	Jangkar Nusantara, PT	Mr.Moh Ali  Mr.Sutarna	Jl.Kelud No.15 Bambe Gresik Surabaya Jawa Timur Jl. Cempaka Putih Tengah XVII/9 Jakarta Pusat 10510	031-7663888 021-4258000
15	LotusTrad, PT	Mrs.Henny Santoso Mrs.Anty Leuviani	Jl. Pratama No.67 Nusa Dua Bali	0361-7423036
16	Libra Food Service,CV	Mr.Achmad Al-Amin	Jl. Bandengan Utara No.21 Pekajon Tambora Jakarta Barat	021-6919292
17	Madusari Nusa Perdana, PT	Mr.Sutono Nitisastro Mr.Kariman	Jl.Jababeka VII Blok J No.30 Cikarang Industri Estatae Bekasi 17530	021-8934539
18	Masuya Graha, PT	Mrs.Pinyawati Chandra	Jl.Agung Karya IV Blok B No.22 Sunter Agung Jakarta Utara	021-6509130
19	Melindo Pratama, PT	Mrs.Christiani R.D Mr.Hargianto Listoyo	Jl.Raya Perjuangan No.9 Jakarta Barat 11530	021-5331837
20	Mitra Sarana Purnama, PT	Mr.Ipung Kurnia Mr.Taufik Mampuk	Jl.Raya Jakarta Bogor Km 31 Cimanggis-Depok	021-87706252
21	Multi Sarana Sejahtera, PT	Mr.Bambang S	Jl.Gadang Terusan No.22 Tanjung Priok Jakarta Utara	021-43932049
22	Prima Jaya, CV	Mrs.Lieke Mr.Sugiyanto	Jl. Bungur Besar No.90A Jakarta Pusat	021-4219020
23	Sojitz Indonesia, PT	Mr.Takao Okabe Mrs.Poengky	Menara Standard Chartered 20 <sup>th</sup> Floor Jl.Prof Dr Satrio No.164	021-57946206

			Jakarta Selatan 12930	
24	Segara Banyu Perkasa, PT	Mr.Eko Riwarhono	Komp Ruko Sakura Regency Blok F1/8B Jatiasih Bekasi	021-8220625
25	Sukanda Djaja,PT	Mr.Norman Chen Mrs.Maya Djohari	Jl. Pasir Putih Raya Kav I Ancol Timur Jakarta Utara	021-6405678
26	Sumber Pangan Utama, PT	Mr.Sony K Mr.Bambang Sutrisno	Jl.Kramat Jaya No.26 tanjung Priok Jakarta Utara 14270	021-4374560

Source: ASPIDI

**Table 7.2: List of Indonesian Meat and Cattle Associations**

No	Name of Association	Address	Phone/Fax	Contact Person
1	Indonesian Meat Importers Association (ASPIDI)	Wisma BNI 46, 9 <sup>th</sup> Fl, Suite 9.05, Jl. Jendral Sudirman Kav. 1, Jakarta 10220  Email. <a href="mailto:Asp_1984@cbn.net.id">Asp_1984@cbn.net.id</a>	Ph. 021 – 5742103 / 70330972 Fax: 021 - 5742104	Executive Chairman: Ir. Thomas Sembiring
2	National Meat Processor Association (NAMPA)	Perkantoran Grand Wijaya Center , Jln Wijaya 2 Blok F No 83 B, Jakarta 12160  Email. <a href="mailto:nampa-ind@centrin.net.id">nampa-ind@centrin.net.id</a>  Web. : <a href="http://www.nampa-ind.com">www.nampa-ind.com</a>	Ph: 021 - 724 8455 / 9290 7948 Fax: 021 - 726 2087	Chairman: Donatus Hartono  Sec. Ishana Mahisa
3	Indonesian Beef Producer & Lot Feeder Association (APFINDO)	Jl. Harsono RM No.3, Departemen Pertanian, Gedung C Lantai 7 R.706, Jakarta Selatan 12011	Ph. 78833001 F. 78833004	Chairman: Dayan Antoni
4	Indonesian Cattle Breeders Association (PPSKI)	Jl. Raya Rawa Bambu No. 17, Pasar Minggu, Jakarta Selatan	Ph. 021-78843276 F. 7823960	Chairman: Teguh Budiana (Mob. 0811182281)

**Table 7.3 : List of National Meat Processors Association (NAMPA)**

No	Company Profile	Address	Factory	Phone	Fax
1	Aroma Rasa Prima, PT(Harsa Duta Mandiri)	Jl. Kelapa Dua no.6 Rt.002/06 Pos Pengumben Jakarta Barat 11470	Jl. By Pass Ngurah Rai 555 X Denpasar Bali	021-536 76490, 0361-729 494	021-53676491, 0361-723359/434
2	Bina Mentari Tunggal	Gd Kresna Graha Lt 2 Jl. Arjuna no 28,Tomang Tol Jakarta 11470	Ds Kaliangsana, Kec.Kalijati Kab.Subang-Jabar	021-568 6716, 0260-460 141	021-568 6715, 0260-461 579
3	Canning Indonesian Product	Jln.Diponegoro 101 Denpasar 80113		021-856 4437, 0381-228 816	021-856 4438, 0361-235 316
4	Charoen Phokpand ( PRIMA FOOD)	Gedung Maspion Plaza Lt 5 Gunung Sahari raya Kav 18 Jakarta 14420	Jakarta 14420 Kawasan Industri Modern Cikarang Serang 42186	021-64701 0254-400 932 115,	021-6470 1089
5	Dunia Daging	Jl.Raya Poncol No.6 Ciracas Jakarta 13740		021-877 10 117, 021-877 09 977/8	021-877 09 979
6	Fiva Food Meat	Jl.Pembangunan II no		021-848 4308	021- 847 17 57

	Supply	57, Perumahan Jatibening I Pondok Gede Bekasi 17412			
7	PT Japfa Santori Indonesia	Ged.Milenia lt 5, Jl MT Haryono Kav.16, Jakarta 12810	Jl.Raya Serang KM 20,2, Tangerang 15710	021-831 0255, 021-5961284	021-831 0309, 021 596 0953
8	Kemang Food Industries	Jl. Pulo Kambing No 11, Jakarta Industrail Estate, Pulogadung 13930		021-460 3512	021-461 0341
9	Macroprima Pangan Utama	Rukan Taman meruya Blok N 27 - 28 Jakarta 11620		021-587 4630	021-587 4629
10	Madusari Nusaperdana (Pangan Sehat Sejahtera)	Jln.Mangga Dua Raya , Ruko Plaza mangga Dua, Blok E 6-7	Jl. Jababeka VII Blok J No 5 N Cikarang, Industrial Estate Bekasi 1530	021-893 4539, 021-625 7761	021-893 4540, 021-6 626 1833 12 1907,
11	SanMiguel Purefoods Ind.	Jl.Raya Bogor Km 37, Depok Cimanggis 16415		021-875 2431	021-875 3593
12	Sari Murni	Jl. Fajar baru Utara No 1 Jakarta 11730		021-913 6487 021 639 7573	021-567 93042, 021- 639 7573
13	Soejasch Bali	Jl.Nangka 33 Lebak Bulus Jakarta Selatan 12440	Jl.Gunung Patas 1, Padang Sambian Klod Denpasar 80117 Bali PO Box 3235 Denpasar	021 759 10 77021-769 22871, 0361- 420 811, 0361- 420 811	021-765 1282, 0361-420 810
14	Sumber Prima Anugrah Abadi	Kp.Kebon Kelapa No.99 A/B Rt.01/06 Kel.Des Panunggungan Barat, Kec.Jati Uwung Karawaci Tangerang 15139		021-557 96135/6, 021- 551 8092/93021- 557 638 30,	021-558 97 52
15	Anugrah Citra Boga	Jl.Karawaci Ds Bojong Larang Tangerang 15115		021-552 4169, 021-552 0452	021-5534072
16	PT Suryajaya Abadiperkasa	Jl. Raya Surabaya - Probolinggo Km 90- Probolinggo- Jawa Timur	Gd Perkantoran Menara Era lt 5.01-05 Senen Raya 135 – 137 Jakarta 10410	0335-421 172, 0335-424133 0213863466,	0335021-386 34 67-424 144,
17	IRENE	Jl.Petojo VIY II No.15		021-6329242/3	021-632 92 48
18	Eloda Mitra	Jl Jenggolo no 11 Sidoarjo, Sidoarjo 61212	Kawasan Pergudangan Sinar Budyran Blok B1 - 4	031-8921995	031-8921996
19	Belfoods Indonesia	Gd Plaza City View lt 2 Jln Kemang Timur No22 Jakarta Selatan 12510	Perum.Citra Indah Kav. PA 1&2 Jl.Raya Jonggol KM23,3 Jonggol,Bogor 16830	0217197277	0217196443
20	PT Dagsap Endura Eatore	Grand Wijaya Center F 83 B .Wjaya II ,Jakarta 12440	Komp.Industri Sentul Kav. Desa Leuwinutug, Kecamatan H/3 Citeureup Bogor	021 7262087	
21	PT Frozen Food Pahala	Ruko KebunJeruk Mediterrania L t2 Jl Meruya Ilir No 10 Kembangan, Jkt Barat	Jl Raya Mayor Oking Jayaat maja KM 2,3 Kel. Cirimekar Kec.Cibinong , Bogor, Jabar	021-58902613	021-5864584
22	PT Adil Mart	Jln KH Ahmad Dahlan 56 B Pontianak	Jl.Khatulistiwa no 262 Pontianak	0561-768827	0561- 769679
23	Inbraco	Jl KS Tubun no 54 Pasar Baru ,Pengairan, Tangerang	Jl KS Tubun no 54 Pasar Baru , Pengairan, Tangerang	021- 5520760	021 5524806

Source: <http://www.nampa-ind.com>



**Table 7.4 : List of Indonesian Beef Producer & Lot Feeder Association (APFINDO)**

No.	Breeder	Address	Phone/Fax
1.	PT. Agro Giri Perkasa	Jl. Terusan H. Juanda No. 6A Pahoman – Bandar Lampung Feedlot: Ds. Sukabanjar, Sidomulyo Lampung Selatan	P. (0721) 255933, 7659079 F. (0721) 251190, 7659079
2.	PT. Agrisatwa Jaya Kencana	Kampung Cirarab, Ds. Bojong Kamal Rt 03/02, Legok Tangerang – Banten Feedlot: Kampung Cirarab	P. (021) 54260856 – 7 F. (021) 54260753
3.	PT Bina Mentari Tunggal	Jl. Arjuna No. 28, Tomang Tol, Jakarta Barat Feedlot: Ds. Kaliangsana, Kalijati, Ds. Subang, Jawa Barat	P. (021) 5686716, 89835618 F. (021) 5686715
4.	PT. Citra Agro Buana Semesta	Jl. Belitung No. 2B, Bandung 40113, Jawa Barat Feedlot: Jl. Raya Malangbong-Wado Km 5, Ds. Mekarasih, Jawa Barat	P. (022) 4201500 F. (022) 4201553
5.	PT. Elders Indonesia	Wisma Raharja Building Lt. 8, Jl. TB Simatupang, Jakarta Selatan Feedlot: Kerjasama operasional dengan PT Odojaya Ds Terbanggi, Sumbing, Lampung Tengah	P. (021) 78840708 F. (021) 78840709
6.	PT. Fortuna Megah Perkasa	Jl. I Gusti Ngurah Rai No. 8D, Jakarta Timur Feedlot: Ds. Pardasuka, Lampung Selatan	P. (021) 8614938 F. (021) 86609385
7.	PT. Great Giant Livestock Co.	Jl. Terbanggi Besar Km 77, Lampung Tengah Feedlot: Ds. Terbanggi, Lampung Tengah	P. (0725) 25092 F (0725) 27194
8.	PT. Kariyana Gita Utama	Kota Wisata Cibubur Pesona Amerika blok A12 No. 5 Feedlot: Ds. Cicurug, Parungkuda, Sukabumi, Jawa Barat	P. (021) 8493652 F. (021) 84932684
9.	PT. Kadila Lestari Jaya	Jl. Maskumbang No. 35, Bandung Feedlot: Ds Cigerelang, Cikancung, Bandung, Jawa Barat	P. (022) 7301001 F. (022) 7311940
10.	PT. Widodo Makmur Perkasa	Kompleks Cibubur Indah, Jl. Lapangan Tembak Blok F No.16, Jakarta Timur Feedlot: Gandoang, Mampir, Cileungsi Bogor, Jawa Barat	P. (021) 82497335 F. (021) 82497335
11.	PT. Lembu Jantan Perkasa	Jl. Tarum Barat E-11-12 No. 8 Kalimalang, Jakarta Timur Feedlot: Ds. Karang Mekar, Cikarang, Bekasi, Jakarta Timur	P. (021) 8611990 F. (021) 8631783
12.	PT. Pangansari Mitra Inds.T	Jl. Menteng Raya No. 72, Jakarta Pusat Feedlot: Ds. Mimika, Fak-Fak, Papua	P. (021) 3909090 F. (021) 3909191
13.	PT. Santosa Agrindo	Wisma Milenia Lt. 5, Jl. MT Haryono Kav. 16, Jakarta Feedlot: Ds. Bumiaji, Kec. Anak Tuha, Lampung Tengah dan Ds. Wringin Anom, Tongas, Probolinggo, Jatim	P. (021) 8310255 F. (021) 8319019
14.	PT. Tanjung Unggul Mandiri	Jl. Tanjung Burung No. 33, Ds. Kandang Genteng, Teluk Naga, Tangerang Feedlot: Jl. Tanjung Burung, Teluk Naga, Tangerang	P. (021) 9253020 F. (021) 55931356
15.	PT. Andini Persada Sejahtera	Ruko Masison blok B4 No. 23, Cibubur Times Square, Jl. Trans Yogi Km. 3, Jakarta	P. (021) 84305455 F. (021) 84305456
16.	PT.Sadajiwa Niaga Indonesia	Ruko Kalimalang Square Blok Q,R,S Jl. KH Nur Ali No 17 Bekasi Selatan	P. (021) 88850790 F. (021) 8857991
17.	PT. Oceanic Indo Group	Jl.KH Zainul Arifin, Komplek Ketapang Indah Blok B2 No. 17, Jakarta Barat	P. (021) 6338557 – 58 F. (021) 6346546

Source: Livestock Statistics 2009, DGLS – Ministry of Agriculture &amp; APFINDO

## **APPENDIX EIGHT – GOVERNMENT REGULATIONS / DOCUMENTS**

### **8.1 Australian Government AQIS Market Access Advice – Indonesia Revised Halal Certification Requirements, 30<sup>th</sup> June 2009**

The Indonesian Council of the Ulama Assessment Institute for Food, Drugs and Cosmetics (LPPOM-MUI) conducted an audit of Indonesian approved Australian Islamic Organisations (IO) in October 2008. After consideration of the audit findings LPPOM-MUI have advised of several changes to be implemented for halal certification for Australian product arriving in Indonesia from 1 October 2009.

There are 4 categories of IO approved by MUI which is the body responsible for issuing halal certification and have delegated that responsibility to a number of IO in Australia. Below is a list of Islamic Organisations (IO) currently approved for issuing halal certification for product produced in Australia for the categories of:

- Slaughter
- Meat processing

MUI has advised that Indonesian approval for halal supervisors for slaughter will be restricted to the State where the IO is based. They also emphasised the need for establishments to have halal assurance systems in place.

MUI also provided clarification that all of the Indonesian approved certifiers must recognise the certification provided by other Indonesian approved IOs without the need to audit other certifiers.

Islamic Organisations Approved by Majelis Ulama Indonesia to Provide Halal Certification for Product Exported to Indonesia

1. Slaughter

- Victoria/Tasmania - The Islamic Coordinating Council of Victoria (ICCV)
- New South Wales -Supreme Islamic Council of Halal Meat in Australia Inc. (SICHMA)
- South Australia - The Adelaide Mosque Islamic Society of South Australia Inc
- Western Australia - Halal Sadiq Bux; Perth Mosque Inc; Islamic Council of Western Australia; Islamic Society of Katanning
- Queensland - Australian Halal Food Services

2. Meat Processing

- The Islamic Coordinating Council of Victoria (ICCV)
- Supreme Islamic Council of Halal Meat in Australia Inc. (SICHMA)
- Australian Halal Food Services

## 8.2 Agriculture Minister Regulation - Regulation No. 64/PERMENTAN/OT.140, Regarding Importing & Controlling of Carcass, Meat and Offal from Overseas

**Table: Carcass, Meat and Offal from Overseas which was agreed to import to Indonesia**

<b>Prime Cuts (Boneless Meat)</b>	<b>Secondary Cuts (Boneless Cuts)</b>		
1. Topside/Topside Cap off	10. Rostbiff	1. Forequarter Meat	15. Chuck Meat Square
2. Inside/Inside cap off	11. Striploin	2. Hindquarter Meat	16. Blade/Clod
3. Redmeat	12. Tenderloin/butt Tenderloin	3. Thick Flank	17. Chuck Tender
4. Silverside	13. Cube Roll	4. Thick Skirt	18. Full Brisket
5. Outside/outside meat/outside flat	14. Rump and Loin (without Rib)	5. Thin Skirt	19. Shin-Shank
6. Eye round	15. Shortloin (without Rib)	6. Thin flank/Thin Flank Meat	20. Shin Special Trim
7. Knuckle	16. Striploin (without Rib)	7. Flank Steak/Internal or External Flank Plate	21. Intercostal meat
8. Rump/Full Rump/D-Rump	17. Rib Set (Without Rib)	8. Inside Skirt	22. Butt One Piece
9. Sirloin Butt/top Sirloin/Bottom Sirloin/Trip	18. Spencer Roll (Without Rib)	9. Plap Meat	23. Head Meat
<b>And name or other type from back and chest</b>	10. Flank Plate Steak Tip	24. Cheeck Meat	
		11. Neck Meat	25. Dincd Meat
		12. Neck Chain	26. Minced Beef (Ground Beef)
		13. Short Ribmeat	27. Trimmings
		14. Chuck Rib Meat	
		<b>And name or other types from front or back of thigh</b>	
<b>Bone In Meat</b>	<b>Bone in Meat</b>		
1. Rump and Loin (3 Ribs)	1. Hindquarter (3 Ribs)		
2. Short Loin (3 Ribs)	2. Pistola Hindquarter (8 Ribs)		
3. Strip Loin (3 Ribs)	3. Forequarter (10 Ribs)		
4. Rib Set (5 Ribs)	4. Butt		

5. Ribs Prepared (5 Ribs)	5. Brisket (10 Ribs)		
6. Spencer Roll (5 Ribs)	6. Brisket Point End (5 Ribs)		
7. Rib Ends (5 Ribs)	7. Brisket Navel End (5 Ribs)		
8. Trip Loin (3 Ribs)	8. Brisket Point End-Dekle Off (5 Ribs)		
9. Carcass, Half carcass, ¼ carcass	9. Short Ribs (5 ribs)		
<i>And name or other types from back and chest</i>	10. Spare Ribs		
	11. Chuck and Blade (5 Ribs)		
	12. Chuck (5 Ribs)		
	13. Chuck Square Cut (5 Ribs)		
	14. Chuck Roll (5 Ribs)		
	<i>And name or other types from front and back of thigh</i>		
<b>Fancy Meat</b>	<b>Offal</b>		
1. Oxtail	3. Lips	1. Heart	
2. Tongue	4. Feet	2. Liver	

Source: Directorate General of Livestock, Ministry of Agriculture

### 8.3 Revision on the Indonesian Minister of Agriculture's Decree No. 20/2009 on Meat

REVISION	MIN DECREE NO.20/2009
<b>Chapter 5</b>  (1) Types of carcass <b>and/or meat from large ruminants</b> from foreign countries which may enter the Territory of the Republic of Indonesia are those which have undergone aging, as stated in Attachment 1 as an inseparable part of this Regulation.	<b>Chapter 5</b>  (1) Types of <b>carcass, meat, fancy meat from large ruminants and/or beef offal</b> from foreign countries which may enter the Territory of the Republic of Indonesia, are as stated in Attachment 1 as an inseparable part of this Regulation.
4) The types of carcass and/or meat from large ruminants, the meat of small ruminants and pork which may enter the Territory of the Republic of Indonesia are only those which originate from carcass which have undergone aging at a temperature between 20°C and up to 70°C at least 24 hours after slaughter for a Ph level of less than 6,0.	None

<p>(5) The only types of fowl meat which may enter the Territory of the Republic of Indonesia are duck (<i>bebek</i>) carcass and/or turkey carcass.</p>	
<p>4) Products other than types of carcass <b>and/or meat from large ruminants, the meat from small ruminants, pork, fowl meat and processed meat</b> as intended by clauses (1), (2), (3), (4), and (5), may enter the Territory of the Republic of Indonesia after being stipulated by the Minister.</p>	<p>4) Products other than types of carcass, <b>meat, fancy meat from large ruminants and/or beef offal</b>, the meat from small ruminants, pork, fowl meat and processed meat as intended by clauses (1), (2), and (3), may enter the Territory of the Republic of Indonesia after being stipulated by the Minister.</p>
<p><b>Chapter 10</b></p> <p>(1) The country of origin of the carcass and/or ruminant meat must meet the conditions of the PHMU status which includes the following:</p> <ol style="list-style-type: none"> <li>Foot and Mouth Disease (FMD) free country;</li> <li>Rinderpest disease free country;</li> <li>Rift Valley Fever disease free country;</li> <li>Contagious Bovine Pleuro-pneumonia (CBPP) disease free country; and</li> <li>Bovine Spongiform Encephalopathy (BSE) disease free country (negligible-BSE risk).</li> </ol> <p>(2) Deboned meat of large ruminants as well as mechanically separated/deboned meat (MSM/MDM) may be considered for importation from countries where the risk of BSE may be controlled in so far as the following requirements are fulfilled:</p> <ol style="list-style-type: none"> <li>comes from livestock born and raised in the country of origin and has never been fed using ingredients derived from ruminants;</li> <li>comes from livestock which has not been stunned by injecting pressured air into the head cavity and has passed the ante-mortem and post mortem examination;</li> <li>measures to prevent the contamination of the meat by specified risk material (SRM) have been undertaken.</li> </ol> <p>(3) Processed large ruminants meat originating from countries with controlled –</p>	<p><b>Chapter 10</b></p> <p>(1) The country of origin of the carcass and/or ruminant meat must meet the conditions of the PHMU status which includes the following:</p> <ol style="list-style-type: none"> <li>Foot and Mouth Disease (FMD) free country;</li> <li>Rinderpest disease free country;</li> <li>Rift Valley Fever disease free country;</li> <li>Contagious Bovine Pleuro-pneumonia (CBPP) disease free country; and</li> <li>Bovine Spongiform Encephalopathy (BSE) disease free country (negligible-BSE risk).</li> </ol> <p>(2) Deboned meat of large ruminants as well as mechanically separated/deboned meat (MSM/MDM) and processed large ruminant meat may be considered for importation from FMD free zones after the veterinary service systems and risk analyses have been assessed by the team.</p> <p>(3) Deboned meat of large ruminants as well as mechanically separated/deboned meat (MSM/MDM) as intended by clause (2), may be considered for importation from FMD free zones so far as the following requirements are fulfilled :</p> <ol style="list-style-type: none"> <li>comes from large ruminants born and raised within the free zone which is clearly limited by the natural barrier which prevent the entry of animals into the free zone;</li> <li>comes from large ruminants born and</li> </ol>

BSE risk may be considered for entry if derived from deboned beef as well as mechanically separated/deboned meat (MSM/MDM) as intended by clause (2).

(4) Only mechanically separated/deboned large ruminant meat originating from negligible BSE risk countries may be brought in.

(5) In addition to meat from large ruminants as intended in clauses (2) and (3), on-the bone meat originating from countries with controlled BSE risk may be considered with certain requirements based on the veterinary services system assessment results and risk analysis regarding BSE disease by the Risk Analysis Team.

(6) The requirements as intended in clauses (2), (3), (4), and clause (5) may be modified according to the risk analysis findings with regards to FMD and/or BSE disease.

(7) The entry of carcasses and/or large ruminant meat must meet requirements as intended in clause (1), and must also originate from farms which are registered and under the supervision of authorized veterinarians as well as being free of Anthrax, Tuberculosis, Paratuberculosis, Brucellosis, Bluetongue, and Blackleg at the time of the ante-mortem and post-mortem examinations by the authorized animal health officials at the Slaughterhouses in the country of origin.

raised within the FMD free zone, slaughtered in approved RPH and has been subjected to ante mortem and post mortem inspections, especially the FMD inspection;

c. Major lymphatic nodes have been removed; and

d. Have been submitted to maturation at a temperature above 2°C for a minimum 24hours after slaughter so the pH value was below 6.0

(4) Processed large ruminants meat as intended by clause (2) may be considered for importation from FMD free zones after subjected to heating process as to reach internal temperature of at least 70°C for 30 minutes.

(5) Deboned meat of large ruminants excluding the mechanically separated/deboned meat (MSM/MDM) may be considered for importation from countries having a controlled-BSE risk so far as the following requirements are fulfilled:

a. comes from livestock born and raised in the country of origin and has never been fed using ingredients derived from ruminants;

b. comes from livestock which has not been stunned by injecting pressured air into the head cavity and has passed the ante-mortem and post mortem examination;

c. measures to prevent the contamination of the meat by specified risk material (SRM) has been undertaken.

(6) Processed large ruminants meat originating from countries with controlled – BSE risk may be considered for entry if derived from deboned beef as well as mechanically separated/deboned meat (MSM/MDM) as intended by clause (5).

(7) Only mechanically separated/deboned large ruminant meat originating from negligible BSE risk countries may be brought in

(8) In addition to meat from large ruminants

	<p>as intended in clauses (5) , clause (6) and clause (7), beef offal under specific requirements may be considered for importation from controlled –BSE risk country based on an assessment by Risk Analysis Team concerning veterinary service systems and risk analysis for BSE.</p> <p>(9) The requirements as intended in clauses (2), clause (3), clause (4), clause (5), clause (6), clause (7), and clause (8) may be modified according to the risk analysis findings with regards to FMD and/or BSE disease.</p> <p>(10) The entry of carcass, large ruminant meat and/or beef offal must meet requirements as intended in clause (1), and must also originate from farms which are registered and under the supervision of authorized veterinarians as well as being free of Anthrax, Tuberculosis, Paratuberculosis, Brucellosis, Bluetongue, and Blackleg at the time of the ante-mortem and post-mortem examinations by the authorized animal health officials at the Slaughterhouses in the country of origin.</p>
<p><b>Chapter 15</b></p> <p>(11) Every consignment of carcass, meat, and/or offal from country of origin into the territory of Republic of Indonesian must be accompanied with halal certificate which is issued by an authorised Halal Certifying Body, as mentioned on article (1) e, which stated the following information:</p> <ul style="list-style-type: none"> <li>a. name and address of the authorised halal certifying body, which is accredited in originating country by MUI</li> <li>b. name, address and number of registration (NKV) from slaughterhouse of industry or meat producers approved for export</li> <li>c. number of registration of halal slaughtermen</li> <li>d. type and packaging of carcass, meat and/or offal</li> <li>e. packaging and nett weight of each package</li> <li>f. slaughtering, processing and packaging</li> </ul>	<p><b>Chapter 15</b></p> <p>(11) Every consignment of carcass, meat, and/or offal from originating country into the territory of Republic of Indonesian must be accompanied with halal certificate which is issued by an authorised Halal Certifying Body, as mentioned on article (1) e, which stated the following information:</p> <ul style="list-style-type: none"> <li>a. name and address of the authorised halal certifying body, which is accredited in originating country by MUI</li> <li>b. name, address and number of registration (NKV) from slaughterhouse of industry or meat producers approved for export</li> <li>c. number of registration of halal slaughtermen</li> <li>d. type and packaging of carcass, meat and/or offal</li> <li>e. packaging and nett weight of each package</li> </ul>



<p>g. name and address of exporters in country of origin, as well as importers in Indonesia</p> <p><b>h. number of Surat Persetujuan Pemasukan (SPP), issued by DGLS</b></p>	<p>f. slaughtering, processing and packaging</p> <p>g. name and address of exporters in originating country, as well as importers in Indonesia</p>
<p><b>Chapter 20</b></p> <p>The importation of carcass, meat, and/or offal must be accompanied with Veterinary Health Certificate/Sanitary Certificate from authorised official in originating country, which stated as follows:</p> <ol style="list-style-type: none"> <li>The status of disease in the country of origin free from FMD as mentioned in Chapter 10,11,12 and 13;</li> <li>Carcass, meat and/or offal ruminants and pork come from</li> <li>animal which are born and kept in a country or zone of origin for at least 4 (four) months, and poultry carcass come from animal which are born and kept in the country of origin for at least 1 (one) month;</li> <li>Carcass, meat, and/or offal come from animal which are slaughtered in an establishment as mentioned in Chapter 15, and have passed the ante-mortem and post-mortem, and processed according to hygiene-sanitation requirements therefore safe for human consumption</li> <li>The storage period for carcass, meat, and/or offal from the slaughtering time until arrival in Indonesia is no more than 6 (six) months at temp -18C until -22C for frozen products, and 0 – 4C for fresh chilled, whilst the storage period for MDM is no more than (three) months at temp -18C from slaughter until arrival in Indonesia</li> <li><b>Stating the number of Surat Persetujuan Pemasukan (SPP) on Veterinary Health Certificate/Sanitary Certificate</b></li> </ol>	<p><b>Chapter 20</b></p> <p>The importation of carcass, meat, and/or offal must be accompanied with Veterinary Health Certificate/Sanitary Certificate from authorised official in originating country, which stated as follows:</p> <ol style="list-style-type: none"> <li>The status of disease in the country of origin free from FMD as mentioned in Chapter 10,11,12 and 13;</li> <li></li> <li></li> <li></li> <li></li> <li></li> <li>Carcass, meat and/or offal ruminants and pork come from animal which are born and kept in a country or zone of origin for at least 4 (four) months, and poultry carcass come from animal which are born and kept in the country of origin for at least 1 (one) month;</li> <li>Carcass, meat, and/or offal come from animal which are slaughtered in an establishment as mentioned in Chapter 15, and have passed the ante-mortem and post-mortem, and processed according to hygiene-sanitation requirements therefore safe for human consumption</li> <li>The storage period for carcass, meat, and/or offal from the slaughtering time until arrival in Indonesia is no more than 6 (six) months at temp -18C until -22C for frozen products, and 0 – 4C for fresh chilled, whilst the storage period for MDM is no more than (three) months at temp -18C from slaughter until arrival in Indonesia</li> </ol>

**Chapter 26**

(1) Any Individual or legal institution planning to undertake import of **carcass, and/or fresh meat** into the territory of Republic Indonesia shall submit the written application to the Director General of Livestock through the Center of Permit and Investment and copies to the Director of Indonesian Agriculture Quarantine Agency

**Chapter 26**

(1) Any Individual or legal institution planning to undertake import of **carcass, meat and/or edible offal** into the territory of Republic Indonesia shall submit the written application to the Director General of Livestock through the Center of Permit and Investment and copies to the Director of Indonesian Agriculture Quarantine Agency

PERUBAHAN LAMPIRAN I SECARA KESELURUHAN

DAGING KUALITAS UTAMA (PRIME CUTS)		DAGING INDUSTRI (SECONDARY CUTS)
DAGING TANPA TULANG (BONELESS MEAT)		DAGING TANPA TULANG (BONELESS MEAT)
<ol style="list-style-type: none"> <li>1. Topside/topside cap off</li> <li>2. Inside/inside cap off</li> <li>3. Silverside</li> <li>4. Outside/outside meat /outside flat</li> <li>5. Eye round</li> <li>6. Knuckle</li> <li>7. Rump/full rump/ d-rump</li> <li>8. Sirloin butt/ top sirloin/ bottom sirloin/tritip</li> <li>9. Striploin</li> <li>10. Tenderloin/butt tenderloin</li> </ol>	<ol style="list-style-type: none"> <li>11. Cube roll</li> <li>12. Rump and loin (tanpa rib)</li> <li>13. Shortloin (tanpa rib)</li> <li>14. Spencer roll (tanpa rib)</li> </ol>	<ol style="list-style-type: none"> <li>1. Forequarter meat</li> <li>2. Hindquarter meat</li> <li>3. Chuck</li> <li>4. Shin-shank</li> <li>5. Chuck tender</li> <li>6. Trimmings 80 CL ke atas</li> </ol>
DAGING DENGAN TULANG (BONE IN MEAT)		DAGING DENGAN TULANG (BONE IN MEAT)
<ol style="list-style-type: none"> <li>1. Rump and loin (3 ribs)</li> <li>2. Rib set (5 ribs)</li> <li>3. Ribs prepared (5 ribs)</li> <li>4. Spencer roll (5 ribs)</li> <li>5. Rib ends (5 ribs)</li> </ol>		<ol style="list-style-type: none"> <li>1. Short ribs (5 ribs)</li> <li>2. Spare ribs</li> <li>3. Konro rib</li> <li>4. Back ribs</li> </ol>
DAGING VARIASI		
<ol style="list-style-type: none"> <li>1. Tail (buntut)</li> <li>2. Tongue (lidah)</li> </ol>		

## 8.4 The Beef Self Sufficiency Program 2014 (PSDS-2014)

The Beef Self Sufficiency Program 2014 (PSDS-2014) is one of the 21 main programs of the Ministry of Agriculture pertaining to efforts to create cattle-source food security based on domestic resources.

### Rationale for Self Sufficiency:

1. There is a tendency that import volume will continue to rise and will use up a huge amount of reserves.
2. In some areas, the imported beef and feeder cattle is likely to potentially disrupt local beef cattle agribusiness enterprise.
3. The price of the imported beef, viscera, and feeder cattle is relatively very cheap, because they are mostly products of a lesser quality.

### Technical Aspect of the Program

The aims are to:

1. decrease calf death from 20-40% to 5-10%, and cow death from 10-20% to 2-5% due to lack of cattle feed and water during the dry season, particularly in a number of breed-producing areas;
2. prevent the practice of slaughtering productive female cows, in which the national figure remains to be high and estimated to have reached 150-200 thousand cows/year, taking place mainly in NTT, NTB, Bali and Java;
3. postpone the slaughtering of local cattle or cattle born of AI before they reach maximum slaughter weight in proportion to their genetic and economical potentials, which is expected to result in 20-30% increase of beef production;
4. improve the productivity of local cattle and cattle born of AI
5. increase the number of productive female cows, reduce the number of service per conception (S/C), shorten calving interval, reduce the age of first calving of the heifer, and prolong productive age (longevity), which overall can result in 30-40% increase of calf crop; improve the genetic quality;
6. increase Average Daily Gain (ADG), shorten the fattening period, improve cattle feed efficiency, and increase the percentage of carcasses as well as enhance beef quality.

### Activities of the Program

There are five main activities as follows:

1. the provision of feeder cattle/ local beef
  - a. Development of breeding and fattening of local cattle
  - b. Development of organic fertilizer and bio-gas
  - c. Development of integration of cattle and crops
  - d. Empowerment and improvement of Slaughter house quality
2. increase of productivity and rate of reproduction of local cattle
  - a. Optimization of Artificial Insemination (IB, *Inseminasi Buatan*) and Natural mating Intensification (InKA)
  - b. Provision and development of feed and water
  - c. Management of reproduction disorders and improvement of animal health services.
3. the prevention of slaughter of productive heifers
  - a. Rescue of productive heifers
4. provision of local cattle breeding
  - a. Strengthening the region of breeding source and business institutional
  - b. Development of cattle livestock breeding through the Village Breeding Centre (VBC)

- c. The provision of breeds through subsidies of interest (Cattle Breeding loans program/KUPS, *Kredit Usaha Pembibitan Sapi*)
- 5. the setting of domestic beef stock
  - a. settings of feeder cattle and beef stock
  - b. Distribution management and marketing of cattle and beef.

### **Strategy to strengthen domestic beef production**

1. Increase the population of productive cows
  - a. Optimise the potential of local cows through efforts to increase its production and productivity. This can be done by implementing Good Farming Practices (GFP) and optimisation of animal health and husbandry technical services. This strategy aimed to reduce calving interval from >18 months to 13-15 months. By optimising Artificial Insemination (AI) or Natural Insemination Intensification (NII), the birth rate of productive adult cows is expected to increase from 55-57% to 75-80%.
  - b. Apply innovative technology on animal feed and reproduction in order to increase the new born heifer calves of more than 50%.
  - c. Increase the population of breeder cattle by using ex-import cattle or through special importation of breeder cattle from countries that situation and status are free from Major Infectious Animal Diseases. Efforts to increase the population of productive breeder cattle through importation would be using government or private funds.
2. Maintain the population of productive cows
  - a. Optimisation of prevention of productive cows slaughtering in abattoirs (RPH)
  - b. Optimisation of prevention and eradication of strategic infectious animal diseases (Brucellosis and IBR)
  - c. Optimisation of treatment on reproductive problem to avoid culling
3. Maintain low rate of mortality (*weaners* and calves)
  - a. Optimum technical service and implementation of Good Farming Practices (GFP) are needed to maintain low rate of mortality, as well as sufficient feed and water, so that mortality rate of *weaners* and calves can be to 3-5%, which eventually could increase the population up to 10-15%
4. Increase the weight of living beef cattle
  - a. Improve the genetic performance/potential and prevention of in-breeding
  - b. Optimise the implementation of Good Farming Practices (GFP) by optimising the potential of high quality feed and application of good animal health management to achieve optimum Average Daily Gain (ADG)
  - c. Optimisation and facilitation of fattening effort, such as to postpone slaughtering so the beef cattle would reach its maximum weight. Postponement of slaughtering is expected to increase the beef weight or beef production around 20-40%
5. Improve the service quality of abattoirs (RPH)
  - a. To improve the service quality of abattoirs to be able to produce meat equivalent with the quality of ex-imported meat are conducted. Therefore, domestic meat production can compete with ex-imported meat and can even be exported to Middle East and Asian countries because of the following reasons
    - i. Indonesia is free from FMD
    - ii. *Halal* guarantee
    - iii. sanitation hygiene-based food security guarantee indicated with Veterinary Control Number (VCN) and implementation of Hazard

Analysis Critical Control Point (HACCP) as a food security guarantee system.

- b. Gradual implementation of this strategy is conducted by facilitating the technical requirements of abattoirs including sanitation hygiene, animal welfare, aging, cutting system and cold chain.