



INDONESIA AUSTRALIA
RED MEAT & CATTLE
PARTNERSHIP

Unlocking Business and Investment Opportunities in Indonesia's Red Meat and Cattle Sector

Initial Site Investigations and Key Findings

Legian, 4th November 2019

Aim: identify regional potential for commercial investment in Indonesia's cattle sector, based on:



Infrastructure requirements

Ports, roads, quarantine facilities, abattoirs, etc



Socio-economic factors

Agri-commercial sector, markets, history of previous ventures, alternative land-use, skills & experience



Biophysical factors

Agro-ecosystems, herd nutrition, feed supplies, herd fertility, land availability & suitability



Governance issues

Regulations and government support

Phase 1: Desk Review and Stakeholder Consultations

- 15 experts from government, industry and research



1 Kalimantan
Timur

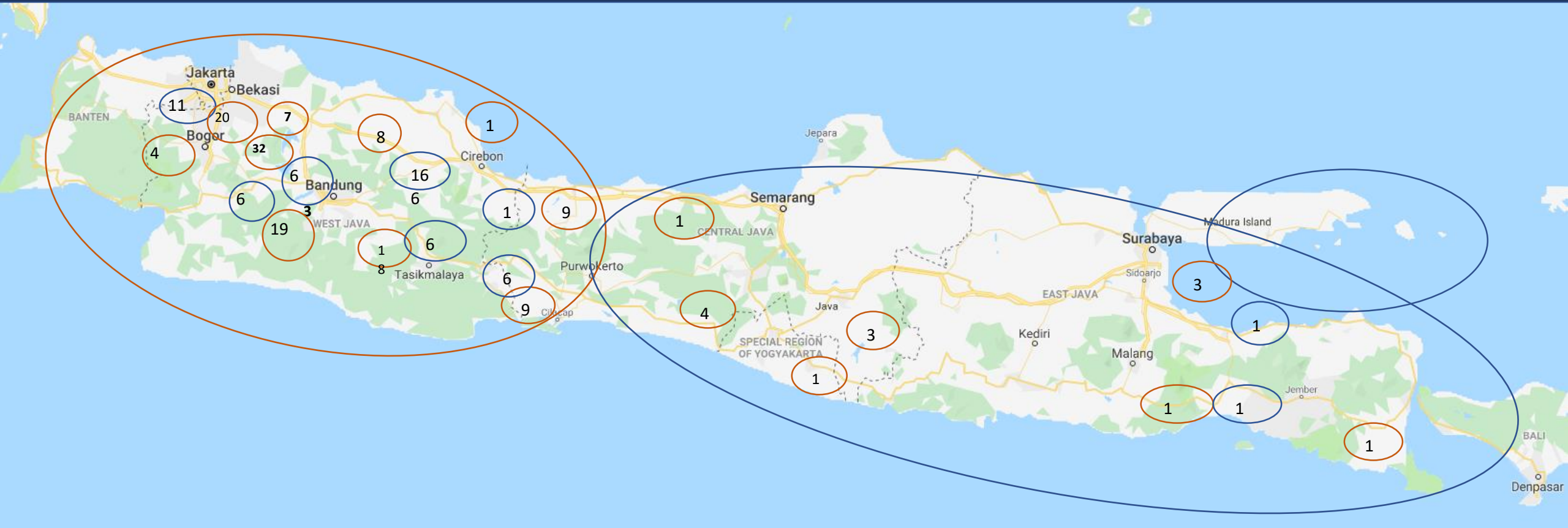
2 Sulawesi
Selatan

3 Sulawesi
Tenggara

4 Nusa Tenggara
Timur

5 Nusa Tenggara
Barat

What was not considered... Java, Sumatra, most of Kalimantan



General findings from Phase 2:

Production in 5 target provinces is dominated by smallholder systems



Bali and Ongole cattle



Short supply chains



Lightweight cattle
280 to 350kg

Existing infrastructure is suitable for local cattle – will need upgrade for large BX cattle

General findings from Phase 2: Commercial opportunities



Large land areas
not readily
available, BUT!



Target integrated
production options
– oil palm, forestry,
sugarcane, etc



Few examples of
successful commercial
cattle operations



Repurpose existing
leases - expired or
undeveloped



Land-use regulations
require amendment –
supportive gov'ts



New national capital in
EK will offer significant
opportunities

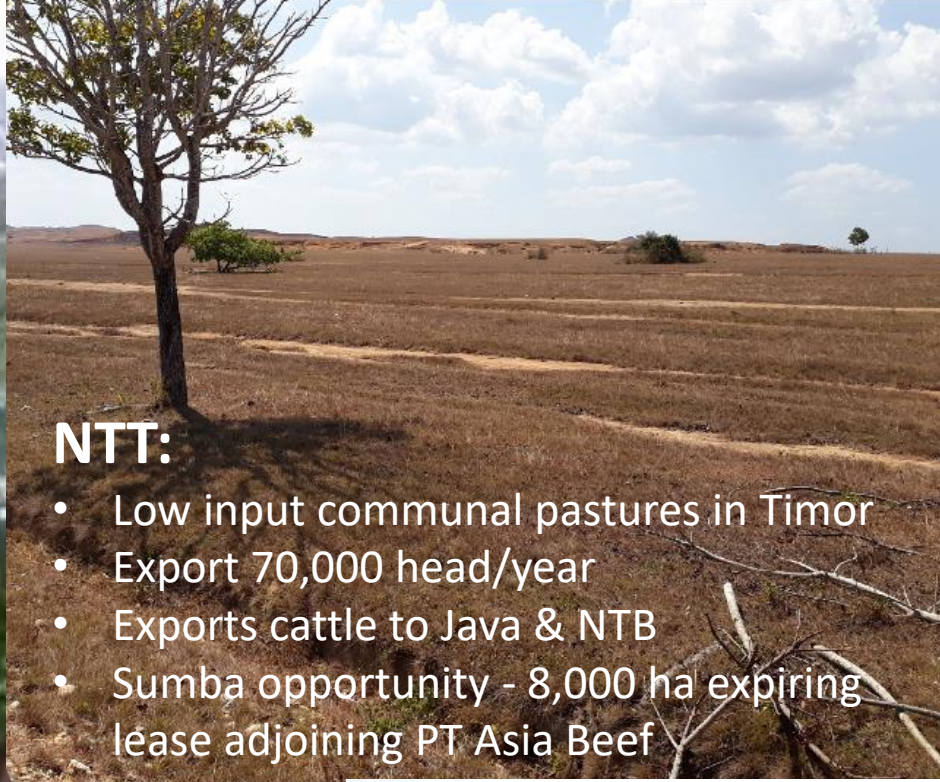
NTT, NTB, Sulsel & Sultra

- Limited land areas of commercial scale
- Markets are in Java and Kalimantan
- Reliable water supply is commonly a binding constraint
- Communal grazing of land predominates – social licence needed
- Commercial production may displace smallholders
- Few commercial breeding companies operating
- Integrate production with existing leases
- Numerous old PTPN leases could have potential



NTB:

- Lombok buys 33,000 head & exports 11,000 head of cattle to Java & EK
- Sumbawa agroforestry opportunity - 12,600 ha AWB lease



NTT:

- Low input communal pastures in Timor
- Export 70,000 head/year
- Exports cattle to Java & NTB
- Sumba opportunity - 8,000 ha expiring lease adjoining PT Asia Beef



Southeast Sulawesi:

- Consumes 25,000 head/year
- Exports cattle to SulSel & KalTim
- PT Jhonlin Sugarcane - 8,000 ha lease
- First attempts with cattle failed



South Sulawesi:

- Consume 130,000 head/year
- Exports 26,000 head/year
- Commercial SH potential
- PT BULS - 11,000 ha plus infrastructure



East Kalimantan:

- EK consumes 100,000 head/yr
- Imports 70% of cattle consumed
- Expanding market – new capital
- 140,000 ha ex-mining
- 320,000 ha unproductive
- 1.9 million ha sawit, >20% expired

Possible next steps to be confirmed by Investment RG:

- Map commercial leases in target provinces
- Discuss opportunities with lease-holders, including “reality checks”
- Provide technical information through IACCB, etc
- Identify SSKA opportunities & ex-mining opportunities in Sumatra and Kalimantan
 - BPPT suggests that 4.4 million ha is potentially suitable

Map leases – NTB example

District	Company	Area (ha)	Permit
West Lombok	-	-	-
North Lombok	PT. Sadana Arif Nusa	1,246	256/Menhut-II/2011
Central Lombok	PT. Sadana Arif Nusa	683	256/Menhut-II/2011
East Lombok	PT. Sadana Arif Nusa	1,881	256/Menhut-II/2011
Dompu	PT. Usaha Tani Lestari	1,450	660/Menhut-II/2009
	PT. Argo Wahana Bumi	12,603	102/Menhut-II/2013
Bima	PT. Usaha Tani Lestari	6,889	660/Menhut-II/2009
	PT. Konesia	43,080	S.586/Menhut-VI/2009
	PT. Argo Wahana Bumi	16,040	102/Menhut-II/2013
TOTAL		99,873	ha