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## INDONESIA AUSTRALIA RED MEAT & CATTLE PARTNERSHIP

Increasing Productivity, Trade and Investment  
in the Red Meat and Cattle Sector



## Monthly Update

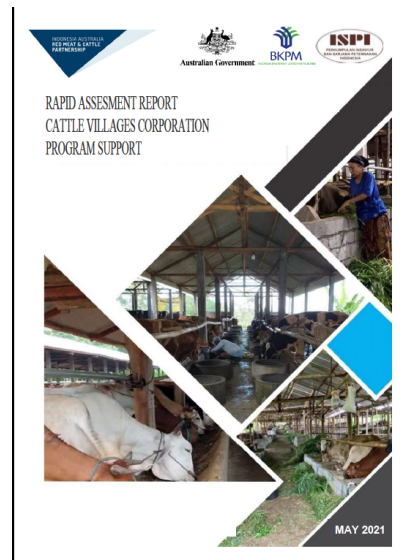
May 2021

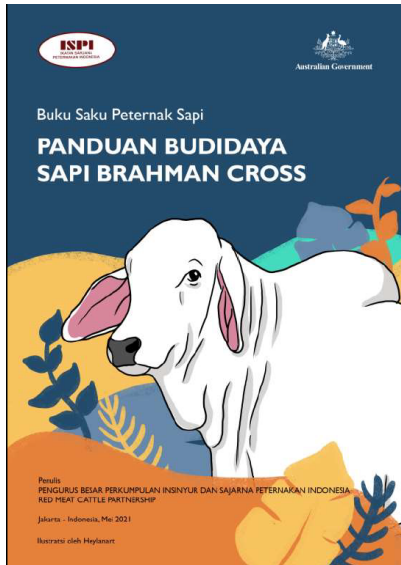
### Cattle Village Corporation Program Support

In May a research team from ISPI (Indonesian Society of Animal Science) and GAPUSPINDO (Indonesian Feedlot Association) completed an analysis of cattle breeder distribution programs in Indonesia. The study identified the challenges inherent in existing smallholder cattle production models and provided recommendations in moving to more financially viable models. Key constraints included infrastructure, farmer skills and knowledge, and challenges in using artificial insemination to produce quality progeny. [The report is available in this link.](#)

The ISPI-GASPUPINDO research team has recommended a production model that included feeder cattle. They also provided a wide range of recommendations to support preparations and planning for BX breeder distribution. They recommended that preparation include strengthening farmers capacities, and that detailed planning between the national and sub-national government and other supporting agencies was important to achieve success. This would include field assistance and budget allocations. Further recommendations included the provision of financial support by government for at least 4 months in the initial business stages to avoid farmer cooperative cash flow problems.

The findings of the study were shared at an online webinar that was attended by various stakeholders including the Ministry of Agriculture (MoA) national and sub national staff. A manual





The ISPI/GAPUSPINDO research team also supported the work of the MoA in conducting a rapid assessment of the national Cattle Corporation Villages (CCV) program in South Sulawesi, West Nusa Tenggara, Lampung, and East Java. The assessment examined beneficiary groups and farmer corporations, the condition of cows and feeders, and the availability and condition of supporting facilities. Issues and challenges identified included feed availability, health and waste management, and business management systems for farmer corporations.

The rapid assessment findings were presented to MoA who have agreed to support a follow on CCV support project that will be informed by ISPI-GAPUSPINDO findings. [The report is available in this link.](#)

## Industry Monitoring

In May, Partnership Advisers interviewed Indonesian industry stakeholders from peak bodies, abattoirs and feedlots, to gauge their opinions on the state of the industry. The period included Ramadan and the Idul Fitri celebrations – normally a time of significant demand for cattle and beef.

In summary, there is a high degree of pessimism in the industry, with all stakeholders believing that 2021 will be a far more difficult year than 2020. The profitability of Indonesian feedlots and processing works is still being significantly challenged by a combination of declining demand due to pandemic restrictions, competition from low-cost beef alternatives, price caps on retail beef in Indonesia and the current high cost of feeder cattle from Australia. Feedlots and most abattoirs have reduced production to only meet fixed contract requirements- between 25% and 50% of normal production for those surveyed. It is expected that a significant number of feedlots will close down in 2021 due to the very challenging business environment.

Feedlot industry stakeholders did however note that the MoA regulation No 11 Omnibus Reg 15, 2021 obligates feedlots to have 3% of total capacity as breeders and MoA Regulation 19, 2020 has no requirements to import breeders during the pandemic. Both regulations were considered to be positive outcomes for the industry.

Demand for cattle was down during Ramadan from around 100,000 head last year to approximately 60,000 head in 2021. Very few 'bakso' carts are currently operating due to a drop in demand from office workers and other lower-end consumers. Many restaurants have also closed due to the high cost of beef and declining purchasing power among consumers. One stakeholder noted that the retail price of short blade was 60,000/kg one year ago, whereas it is now as high as IDR150,000/kg.

Current estimates are that approximately 400,000 feeder cattle will be imported in 2021, down from the 470,000 head imported in 2020. Industry members predict that the price of imported cattle will need to drop by at least 15% for imports to improve beyond this estimate. Alternatives to cattle from Australia continue to be explored, with a focus on Brazil and Mexico. Feedlots have

## Skills Development Programs Evaluation

A review of the Partnership's skills development program, conducted in May, found that on-line courses delivered during the COVID 19 pandemic were highly successful. They allowed greater numbers of participants from across the Indonesian archipelago, much greater female participation, were delivered at a much lower cost per participant in comparison with traditional courses, and delivered strong participant satisfaction levels. Three of these courses will be re-delivered in 2021 - Feed Management, Livestock Business Management for Smallholders and Cattle Reproduction for Vets.

The review also found that training delivered by Indonesian service providers was highly relevant to industry needs and built strong industry training delivery capacities. The Partnership will continue to build local delivery capacity, with a goal of achieving, for selected providers enhanced reach and scale by June 2024.

## Ongoing Partnership Projects

### ***Decision Support Toolkit***

The Investment Decision Support Toolkit Project was completed in June 2021. Potential investors are now able to drill down, via an on-line portal, into Indonesian provinces, to obtain information on cattle breeding potential. In May the project steering committee identified follow on work to enhance the Toolkit, including a workshop to seek input and feedback from national and sub national stakeholders; and further in-depth analysis of select provinces to better inform investment feasibility. ASG will now facilitate the implementation of these recommendations and will also develop measures to promote the Toolkit to encourage its use, and to address the on-going needs of intended users, such as potential local, national, and foreign investors, local governments, media, and academics. The website will be publicly available by the end of this month. [The temporary website can be accessed here.](#)

### ***Cold Chain Management Project***

In May, ASG met with the chairman of ARPI (Indonesian Cold Chain Association) to obtain a general overview of the cold chain sector. The Innovation and Export Reference Group Members subsequently recommended a study on cold chain management for Indonesia's beef sector, with a focus on the last mile (to the customer) and business to business (B2B) commerce. The last mile cold storage consumes 30% of overall logistics costs and innovation is required to improve efficiencies. The study would aim to reduce the cost of last mile product delivery and food spoilage and enhance B2C commerce through alignment with digital platforms such as Gojek. ASG will continue discussions with ARPI, FLPI (Indonesian Livestock Logistic Forum) and university academics who have recently undertaken related reviews.

## Upcoming Events

- Consultation with provincial governments on the Decision Support Toolkit
- Consultation with relevant stakeholders on the cold chain sector in Indonesia
- Commencement of the ISPI/Gapuspindo Breeder Support Program

To stay up on the latest news and activities please visit the Partnership website (<http://redmeatcattlepartnership.org>) and follow us on [LinkedIn](#), [Facebook](#), [Twitter](#) (@IAredmeatcattle) and [Instagram](#) (@IA.redmeatcattle).

## Contact

The Indonesia Australia Partnership on Food Security in the Red Meat and Cattle Sector is a Heads of Government initiative funded by the Australian Government. The secretariat and policy lead is the Department of Agriculture, Water and Environment in Australia and the Indonesia Investment Coordinating Board (BKPM) in Indonesia.

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