agri benchmark

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Small holder economics – an *agri benchmark* study on Indonesian beef production

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Contents

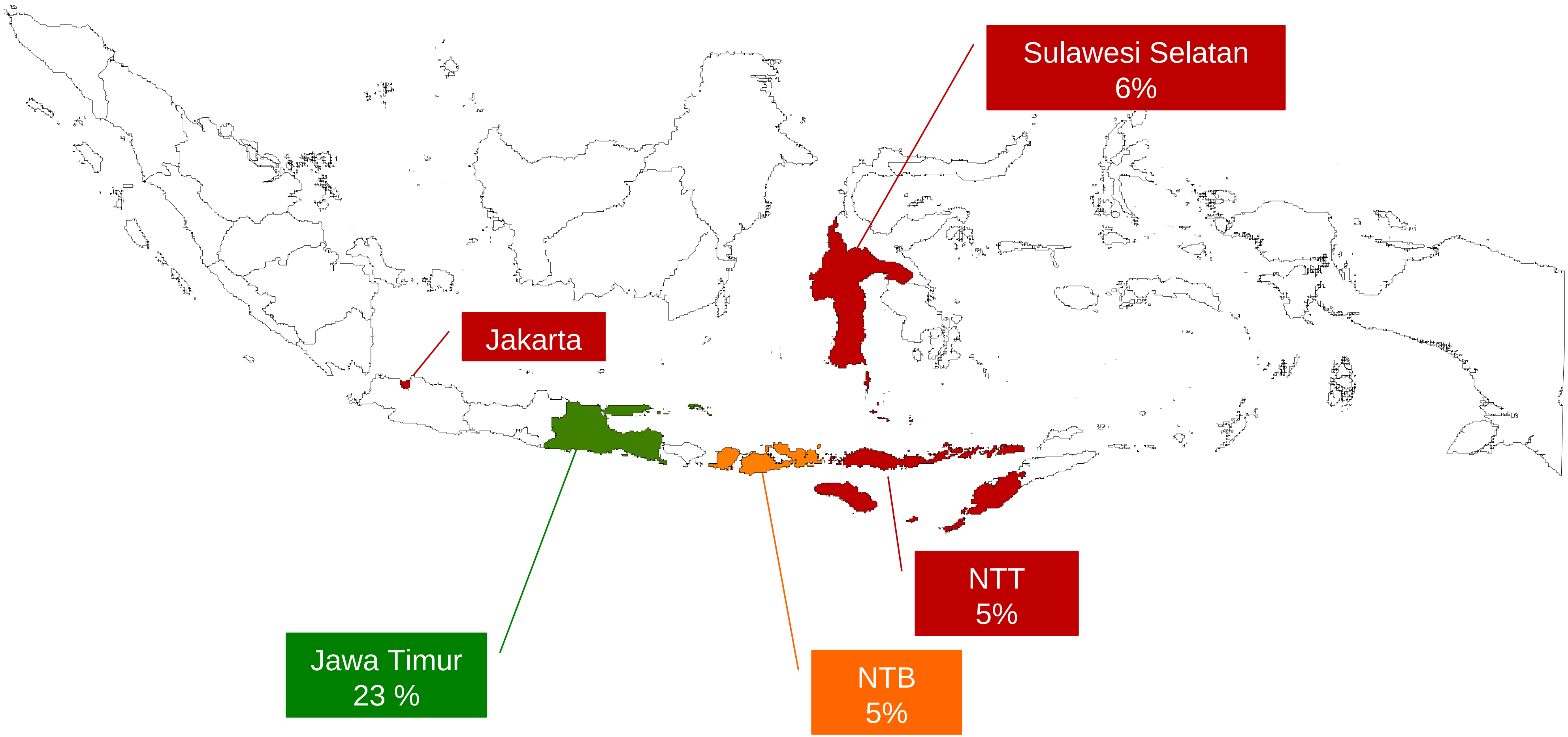
1. The project
2. The typical farm approach and results
3. The big picture and drivers
4. Benefits and recommendations

Benchmarking the Beef Supply Chain in Eastern Indonesia

http://aciar.gov.au/publication/FR2011-19

1. **Duration: May 2008-October 2010 (2.5 years)**
2. **Funding agency: Australian Centre for International Agricultural Research (ACIAR)**
3. **Project coordination:**
   - Charles Sturt University, Orange, NSW, Australia
   - in cooperation with *agri benchmark* Beef
4. **Indonesian partners:**
   - ICASEPS (Bogor),
   - 3 Assessment Institute for Agricultural Technology (AIAT, BPTP) in regions NTT (West Timor), NTB (Lombok, Sumbawa), South Sulawesi
5. **Funding: Approx. 500.000 USD**

The project regions and their proportion in total cattle numbers



Particularities of the project

- It covered the **whole** beef supply chain from farm to consumer
- It generated the majority of the data itself via **focus group** meetings and **interviews**.
- It covered five regions **throughout** Indonesia and brought five institutions and 14 people to work together.
- It tried to **change** the view from farm-level only to supply-chain level.
- It provided **capacity** building in production systems and farm / supply chain economics

Bipolar production and production systems

Cut and carry

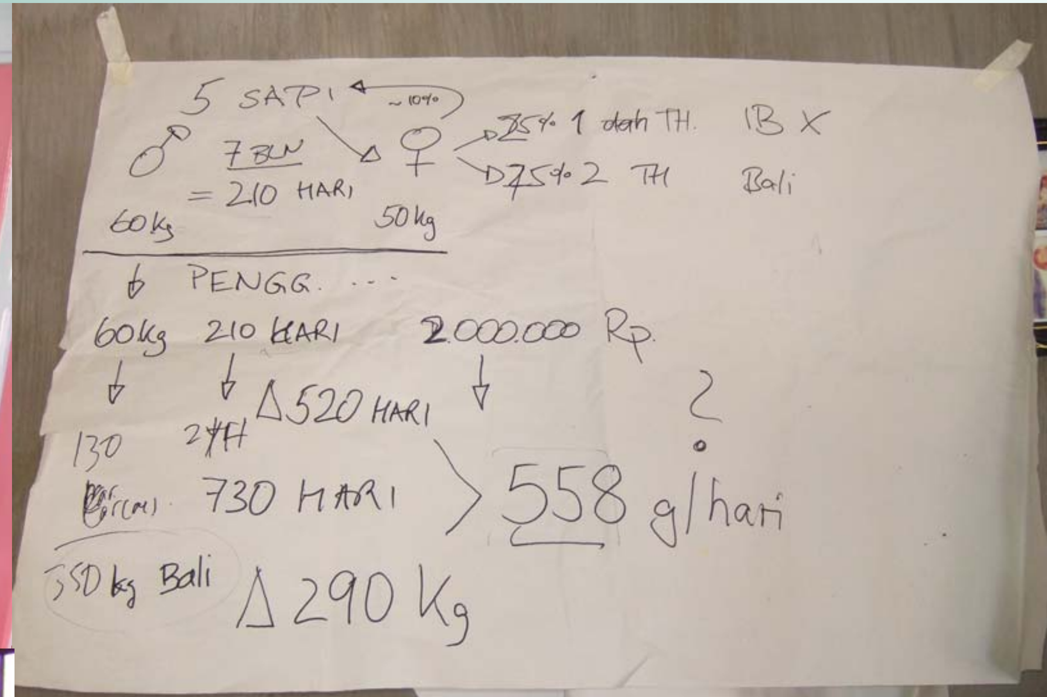
Feedlot

- **Smallholders**
- Domestic cattle
- Local breeds (e.g. Bali Cattle, Madura, Ongole)
- Intensive, semi-intensive, extensive)
- East Java, other project regions
- Local market + Jakarta
- Public, basic abattoirs
- Mainly wet markets

Grazing

- Few hundred to thousands head
- Mainly imported cattle from Australia
- West Java and South Sumatra
- Partially integrated abattoirs
- Mainly supermarkets / restaurants


ANGGOTA


5 SAPI ~10%
7 BLN
= 210 HARI
60 kg
50 kg
35% 1 dan TH.
75% 2 TH
IB X
Bali
PENGG. ...
60 kg 210 HARI 2.000.000 Rp.
Δ 520 HARI
130 2 TH
730 HARI
558 g/hari
350 kg Bali
Δ 290 Kg

Experiences with the typical farms / focus groups

- There is no issue with the typical farm approach, but:
  There is a data issue with smallholders, especially productivity figures. **Solution**: ask data for the whole village

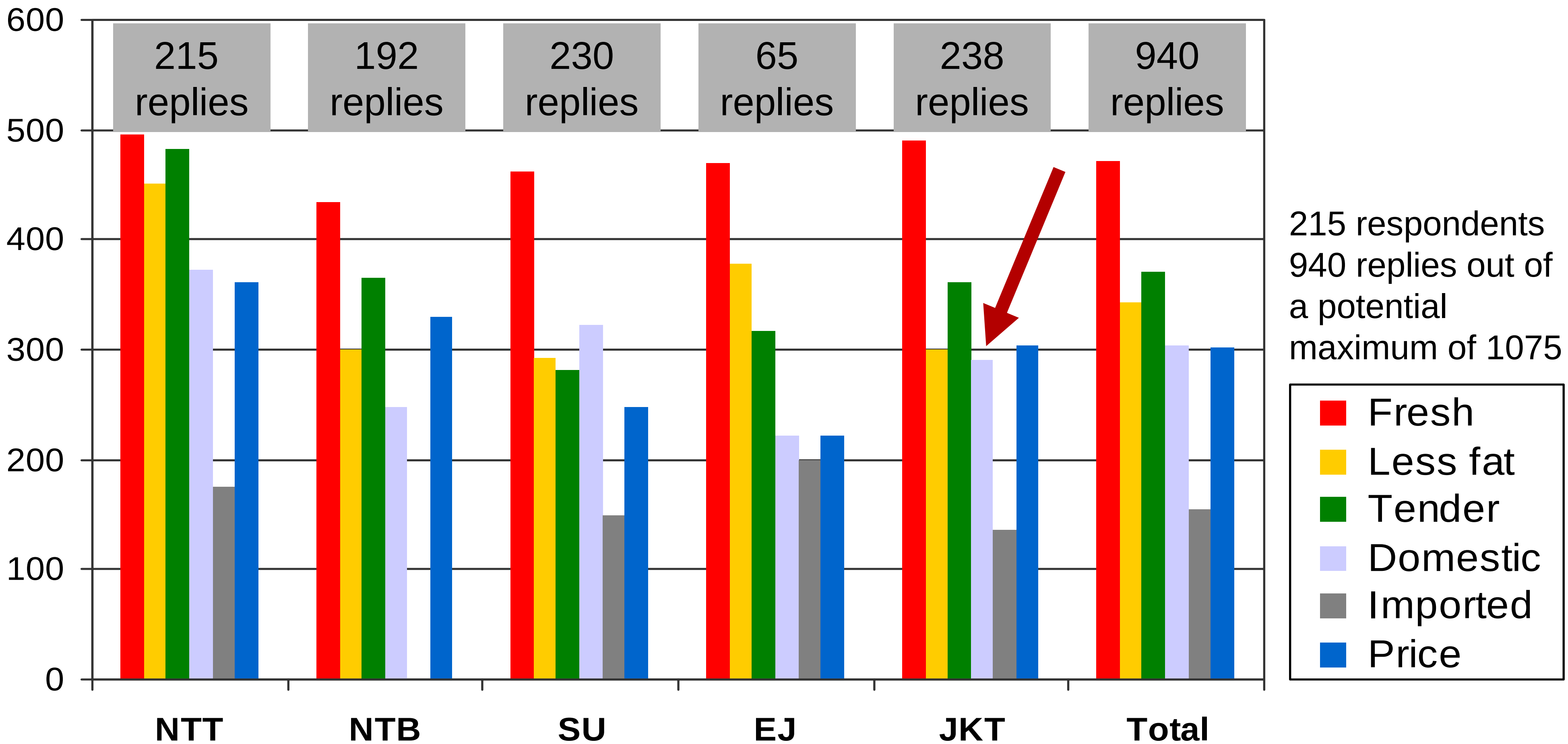
- Basic data and information for use as a monitoring system were obtained but for a complete picture the following needs more detail:
  - household information, social interactions
  - off-farm income
  - technology access, use and assessment
  - subsistence consumption and its valuation / pricing

Selected results

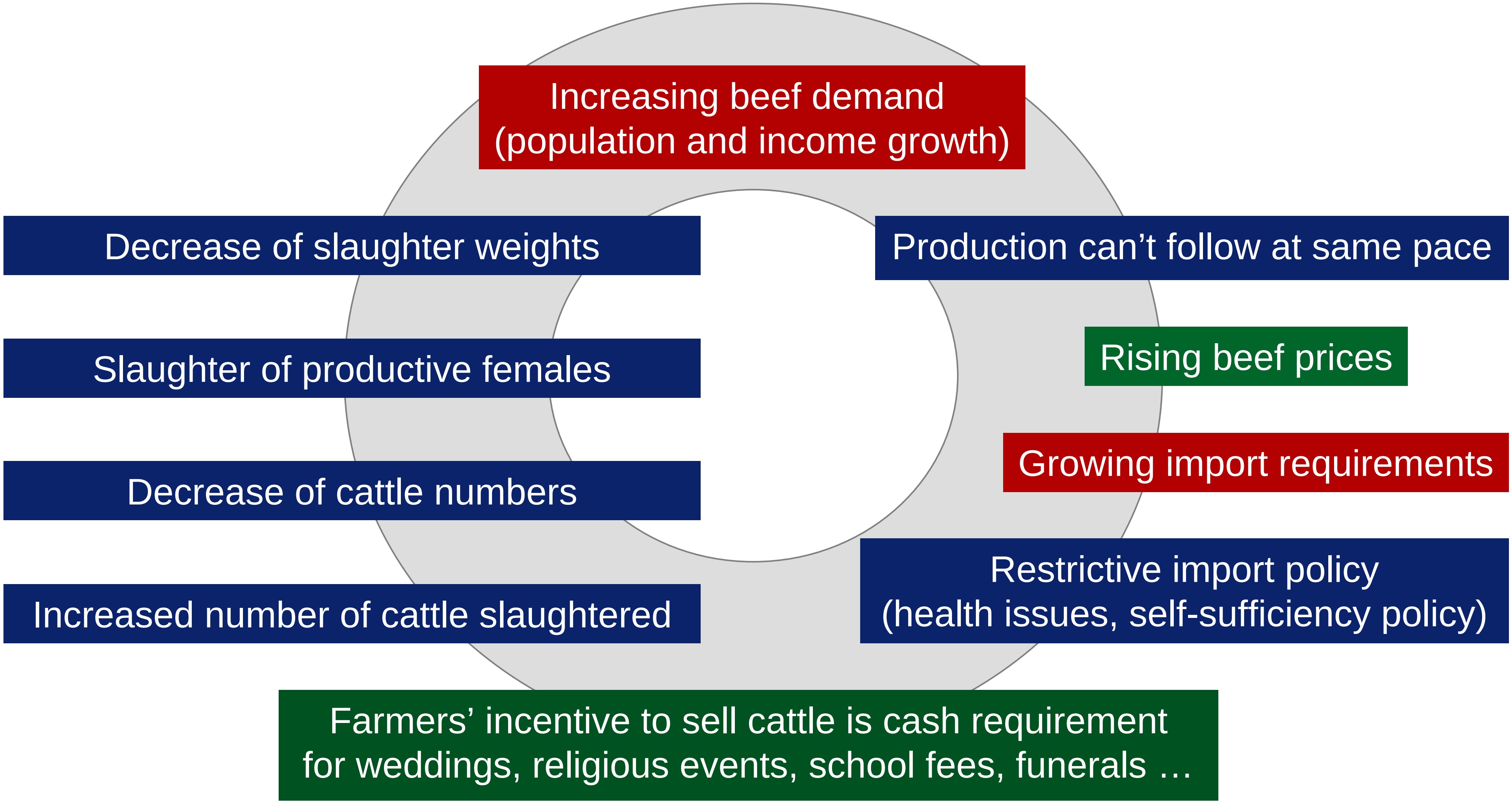
- Small farms around and less than five cattle dominate
- Farm level productivity is below potential and low when compared internationally
- Beef prices, sometimes costs and in most cases profitability are high throughout the supply chain
- Long-haul transport from West Timor to Jakarta surrounded by a lot of problems
- Future improvement of hygienic conditions appears crucial to consumers as well as for beef sellers and traders

Preference for domestic origin is fading

Consumer preference index for beef characteristics (weighted number of ranks 1-5 relative to total replies)



The beef market cycle and its drivers



What policy does

Increasing beef demand
(mainly population growth)

Production can't follow at same pace

Rising beef prices

Decrease of slaughter weights

Slaughter of productive females

Decrease of cattle numbers

Increased number of cattle slaughtered

Farmers' incentive to sell cattle is cash requirement
for weddings, religious events, school fees, funerals …

Adressing symptoms with
- Breeding programmes
- Regulatory policy

Long-term required but no short- and mid impact

What might be another way

Addressing drivers and truths with

- Micro-credits to create cash
- Flexible imports

Would help short-to medium term and is necessary long-term

Production can't follow at same pace

Rising beef prices

Growing import requirements

Decrease of cattle numbers

Increased number of cattle slaughtered

Restrictive import policy
(health issues, self-sufficiency policy)

Farmers' incentive to sell cattle is cash requirement
for weddings, religious events, school fees, funerals …

Benefits of the project

- Project **partners** and actors through the supply chain: improved understanding of the big picture, driving forces and functionalities of the beef supply chain as well as its international context
- **Policy** makers: initiation of ideas of how to better target beef policies in Indonesia
- **Farmers**: ideas about their farm performance (compared to others) and market implications of their activities
- Domestic **traders** of beef and live cattle, **importers**, **processors** and **supermarkets**: market drivers, directions and options
- A **basis** for a monitoring system was established

agri benchmark
- passionate about facts

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