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Update on Importation of Meat

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Agricultural Situation

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Report Highlights:

In December 2012, the Government of Indonesia (GOI) established its 2013 beef import quota 32,000 metric tons (MT). Also in December, the Ministry of Agriculture (MOA) assigned beef importers with import allocations for 2013. However, volumes were broken into two semiannual terms (January – June and July – December). In recent media reports, GOI representatives indicate that prime cuts of beef for the food service and hospitality sectors may be excluded from the overall 2013 beef quota. Reports also indicate that these products may be subjected to higher import duties and method of shipment may be limited to airfreight only.

Allocations for other types of meat, to include lamb, pork, duck, turkey and processed meat products are not subject to any quantitative restrictions and the allocation is issued per semester.

General Information:

In December 2012, the Ministry of Agriculture (MOA) determined that Indonesia's total 2013 quota for imported boxed beef would be set at 32,000 metric tons (MT). Concurrently, the MOA divided the 32,000 MT limit into specific allocations to be shared among local importers. Importers received their respective shares through the issuance of import recommendations (RPP) for 2013. However, the MOA maintained authority over volumes of imports by specifying quantities of beef imports and establishing that importers would only be able to bring in certain amounts during two semi-annual terms or "semesters". The MOA's semesters covered January – June & July – December, respectively.

Note the following hypothetical example: In December 2012, MOA provide 'Import A' with an allocation for 5,000 MT for all of 2013. However, the MOA requires that Importer A import only 3,000 MT during the first half of 2013 (60 percent of the allocation), and 2,000 during the latter half (40% of the allocation).

Allocations for other types of meat, such as lamb, pork, duck, turkey and processed meat (non quota meat) will be issued twice a year, which more closely follows the provisions outlined in MOA Regulation No. 50/2011. The aforementioned meat products are not subjected to any quotas or quantitative restrictions.

As reported in ID1309 on "Recent Trends in Indonesian Food Prices", beef prices have increased steadily since July 2012. Local media and other stakeholders point out that high retail beef prices are because of limited supplies due to the dramatic reduction of imported frozen beef and feeder steer over 2012. During the Muslim holiday period of Ramadan and Eid-al Fitr, food consumption – to include beef – tends to spike. In the Media, Suswono - Minister of Agriculture said that the MOA and the MOT are ready to work together to increase beef supplies and manage prices. The National Statistics Agency (BPS) is also conducting an agriculture census in May 2013. The MOA is eager for the results, as they intend on using the data to establish future quota levels for imported beef. BPS data is often highly politicized and not consistently accurate.

Other consistent media reports indicate that the GOI will exclude certain prime cuts of beef from the quota. Prime cuts that are excluded will be exclusively for the restaurant and hospitality sectors. If the GOI pursues this kind of exemption for prime cuts, higher import duties may be levied against these products. At the time of publication, the GOI had not released any specific HS codes for products that would become exempt. Hatta Rajasa, Indonesia's Coordinating Minister of Economic affairs, has stated publically that by liberalizing prime cut imports, he expects that beef price will decrease to around Rp. 76,000/kg (\$7.80). The Indonesian Meat Importer's Association (ASPIDI) has gone on record saying that prime cut demand is 40,000 MT/year and the policy will not reduce the beef price. As of today there is no clear information on when and how the policy will be implemented. Bachrul

Chairi, MOT's Director General of Foreign, noted to the media that the GOI will exclude prime cuts beef from the quota. However, he further noted that the port of entry for the prime cuts will only be Soekarno-Hatta International Airport in Jakarta. He said that the regulation on importation of prime cut beef will be signed before end of May 2013.