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Beef Demand Trends in Indonesia and the Implications for Australian Live Cattle and Beef Exports¹

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Abstract

Beef supply shortages are a major concern for the Indonesian government. A range of policy measures has been put in place to increase local beef production and to reduce imports especially from Australia. The objectives of this study were to understand the demand for, and supply of, beef in Indonesia and to draw implications for Australia. The main finding is that per capita consumption of beef in Indonesia as a whole is unlikely to increase significantly in the near future due to disparities in socio-economic development and geographical diversity in dietary preferences across Indonesia, despite the rise of the middle class and Westernisation and urbanisation in some major cities. The implications for Australia are three-fold. Firstly, despite whether and how the Indonesian beef market is likely to grow, to maintain a strong market position, Australia needs to be price competitive in whatever market segments it aims to compete. Secondly, for developing effective marketing strategies, more market research is needed to better understand the demand for beef in different market segments (households vs the food service sector, and high end vs low end segments), at different times (normal vs seasonal peaks) and in different regions (Jakarta vs other). Thirdly, the beef trade is important and beneficial to the Indonesian and Australian beef sectors, and both countries can gain from a more open and stable trading environment, which may be improved with the Indonesia Australia Comprehensive Economic Partnership Agreement (IA-CEPA) effective in July 2020.

Key words: export ban, food law, import restrictions, demand seasonality, beef self-sufficiency.

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