

Animal Products

EDIBLE PRODUCTS OF ANIMAL ORIGIN, NESOI



What Inside

Children need proper nutrition for their bodies to grow and develop well. However, currently there are various examples of unhealthy food with low nutrition available in the market but are being craved and loved by the children. Parents should be able to provide nutritious foods and low in sugar, such as cereals made from wheat and corn, for their children.



trade with
remarkable
Indonesia

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Dear Valued Readers,

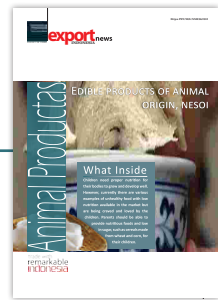
Welcome to the June issue of Export News. As promised, we will continue to update you with the latest information on the best products of Indonesia. In this edition, we feature one of Indonesia's best natural product, the bird's nest.

The Directorate General of National Export Development, Ministry of Trade, always makes every effort to promote quality export products of Indonesia, through domestic and overseas promotions. We have numerous promotional media to introduce Indonesian products. One of such publications is Export News, an English-language bulletin. In this June 2012 edition, Export News brings you to the information on bird's nest which is believed to have numerous health benefits to humans. This bulletin will be distributed to all Indonesian representatives abroad.

With rich natural resources and good climate for tropical animals and plants to live and grow, Indonesia is currently the world's largest producers of bird's nest. We believe there are still possibilities to produce even larger amount of bird's nest once we managed to expand the production locations.

Thank You

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LIST PRODUCTS

Nest after harvest

Nest after clean / cleaned

BIRD NEST PRODUCT



hot issue



Indonesia is an agricultural country making agriculture products (forestry, food crops, and livestock, fishery) still an important part of Indonesia economy. In 2011, agricultural sector contributed about 14,72% of the Gross Domestic Product (GDP) with an annual growth rate of 3,9%. Livestock sub-sector contributed about 1,75% of GDP and 11.85% of agriculture's contribution to GDP.

The import and export of live animals, animal products and produce of animal origin kept increasing year after year. During the 2007-2011 period, Indonesian export of animal product has grown significantly. It is driven by export of Edible products of animal origin, not elsewhere specified or indicated (nesoi) categorized under HS 0410 to the world. Under this section, there are two major products that exported by Indonesia which are bird's nest (HS 0410001000) and other edible products of animal origin, nesoi – including royal jelly – (HS 0410009000).

Bird's nest and royal jelly are animal products that are usually used as supplements for health and beauty. Under HS 0410 category, the export value was dominated by bird's nest at almost 99,5%.



A bird's nest is a spot in which a bird lays and incubates its eggs and raises its chicks. Bird's nest soup is a delicacy in Chinese cuisine and it has been consumed for over 1,000 years. The market generated by bird's nest is increasing because it exhibits a lot of beneficial effects for humans. Bird's nest is believed to have health enhancing effects such as anti-aging, growth promoting, and immunity. Bird's nest is unique because not only it can make people healthy but also a delicious food to consume and enjoy.

During breeding season, a swiftlet's salivary glands enlarge enormously, enabling the bird to produce the saliva that binds the nest, which takes about 2 months to construct and usually holds one to two eggs. The nests are built solely by the male swiftlet.

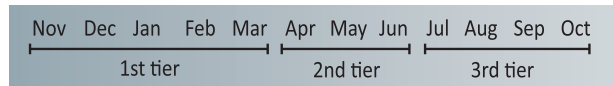
Although bird's nest is made from swiftlet's saliva, it contains high nutrition value. The main compositions of bird's nest are protein, amino acid, minerals and anti-oxidant. Based on a research, it is believed that the energy value per 100 gram of edible bird's nest is 345 kilocalories. The total protein content is about 85 percent with 0.3 percent of fat. Other minerals that are present in bird's nest are calcium and iron. Amino acids isolated from bird's nest consist of amide, humin, arginine, cystine, histidine and lysine.

Usually, the harvesting period of bird's nest is separated with several months. Nests that are built from November to March are categorized as first-tier nests. The second and third periods are following in the next months.

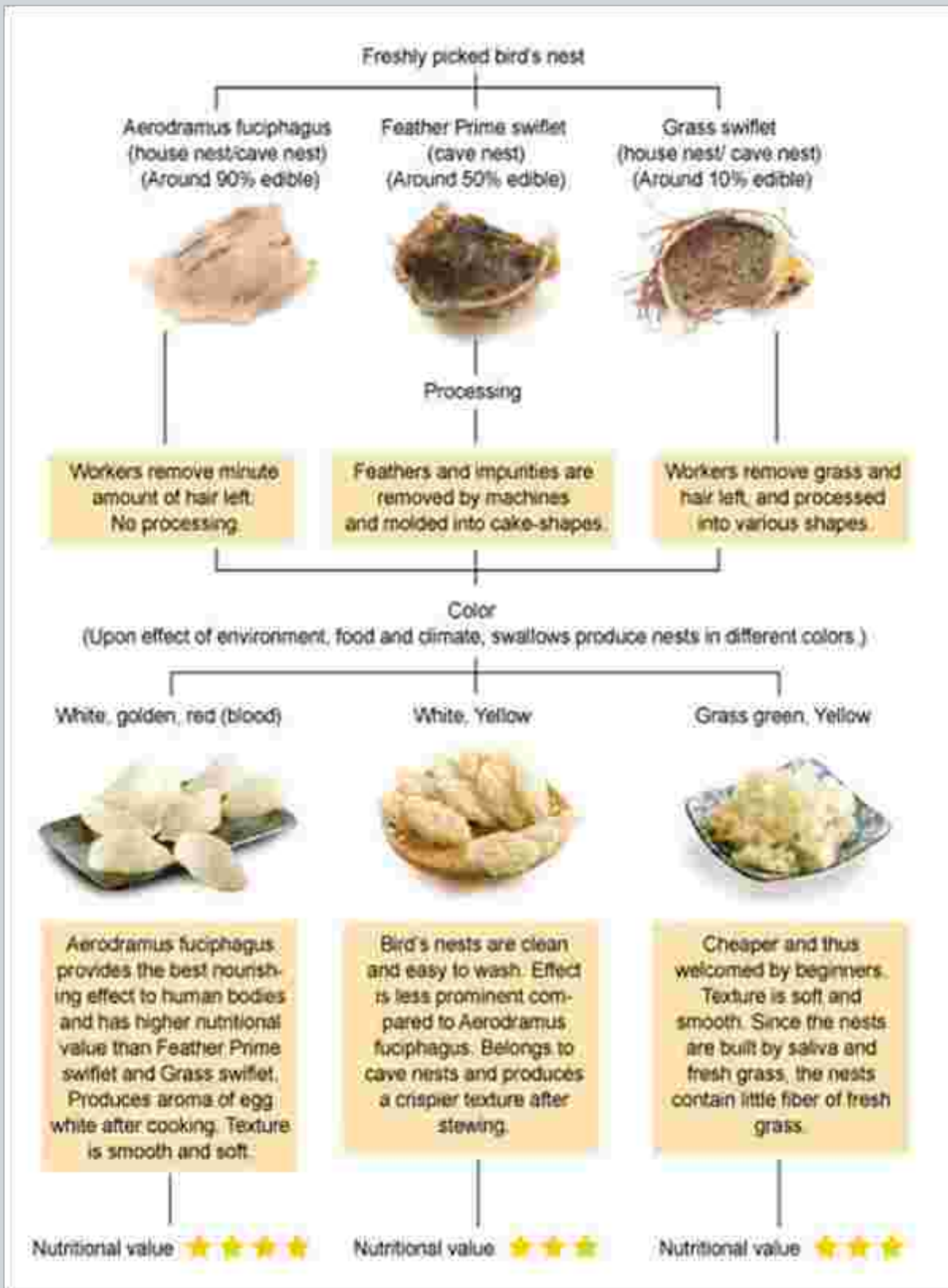
- **1st tier:** With surplus rainfall, swiftlets get sufficient food supply, strengthening their bodies, thus leads to increased saliva secretion. The nests are big and thick and the volume is the largest when they are being soaked. The 1st tier nests are the most precious.
- **2nd tier:** The second period nests are built between April and June during dry season when food sources are reduced. Nests built during period are looser and the threads are

less closely grouped and less dense. The shape and volume after being soaked is not as good as the 1st tier.

- **3rd tier:** During extreme dry season, usually from July to October, the swiftlets are in their worst body condition. Saliva secretion is slow and feathers fall off quickly, and impurities (such as feathers) increase. Nests produced during this period have the smallest volume when soaked.



Bird's nests sold on the market include natural bird's nest cups, strips, threads, crumbles and scattered pieces processed into cakes of different shapes. There are three major types:



<http://organicswallownest.com/e/product.html>



The majority of bird's nest that are produced in Indonesia is mostly swallow's nest. It is mostly exported to Southeast Asian countries. Indonesia has currently the potential to produce 400,000 tons of bird's nest annually. As the largest bird's nest producing country in the world, Indonesia wishes to export directly to China as the largest importer of this product. It is important to reduce the dependency to third country such as Malaysia and Singapore. This move will increase the export value of Indonesian bird's nest.

During this period, Indonesia can't export bird's nest directly to China because of H5N1 avian influenza pandemic issue. The bird's nest was sold via Malaysia at a very low price. The bird's nest sold to Malaysia cost only Rp 5 million per kilogram (kg) while the price in China was much higher at Rp37 million per kg. This condition has caused an economic loss for Indonesia.

In 2011, Indonesia produced almost 80% of world's bird's nest production. Meanwhile, China absorbs more than 60% of world's bird's nest production. Based on the data, it is very important for Indonesia to export bird's nest directly to China.

On 24 April 2012, China and Indonesia have signed the Protocol of Inspection, Quarantine and Hygiene Requirements for the Importation of Bird's nest Products from Indonesia to China Between the Ministry of Agriculture of the Republic of Indonesia and The General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China.

Indonesia can its export bird's nest directly to China without having to go through a third party, following the signing of the protocol. Exports of bird's nest to China may increase by between 50% to 100%.

With the signed protocols, bird's nest has a chance to be the one of the Top 10 main product of Indonesian non-oil-and-gas exports. On the other hand, China will get the benefit of lower prices in its domestic market because there are no third-party costs and it will increase the market demand.

Apart from these problems, China stopped to import bird's nest from Indonesia for a while because China has discovered an excessive level of nitrite in bird's nest from Indonesia. The export opportunities are opened again after an agreement on the allowed nitrite level was reached by both countries.

The temporary suspension of bird's nest imports by China's had a major impact on Indonesia's trade balance. The bird's nest export may potentially reach US\$2 billion to US\$3 billion. The suspension clearly reduced Indonesian trade volume with China.

To maintain continuous Indonesian export of bird's nest to China, it will require more effective quality monitoring of Indonesian bird's nest. The bird's nest that will be exported must meet the following requirements:

1. Have met the selection process, washing, cleaning from dirt, heating at minimum temperature of 70o C at least for 3.5 seconds
2. Wrapped in packaging and labeled in the Indonesian, English, and Chinese languages containing at least information such as:
 - a. Name and weight of the product
 - b. Registration number and name of the manufacturer or swiftlet breeders
 - c. Name, address, registration number of the manufacturer
 - d. Storage requirements
 - e. Date of production
 - f. Veterinary Control Number (NKV)
 - g. Other relevant information.

Only a company that has gained recognition as an ET-SBW from the Trade Ministry can export bird's nest to China. Currently, only seven companies that have gained recognition as ET-SBW's, which stands for Eksportir Terdaftar – Sarang Burung Walet or Registered Exporters for Bird's Nest.



Indonesia Bird Nest Product in the World

China, Singapore Hong Kong and Taiwan are the largest importers of bird's nest. In Hong Kong, a bowl of bird's nest soup would cost between US\$30 and US\$ 100. A kg of white nest can cost up to US\$2,000. The importance of this trade has become largely recognized with bird's nest production is estimated to account for 0.5% of the Indonesian GDP, equivalent to about a quarter of the country's fishing industry.

For many years, Indonesia has successfully set up its position as one of the top exporters for bird's nest. According to the Central Statistics Agency (BPS)'s data, the value of Indonesian bird's nest export in 2011 reached US\$185,11 million, an increase of 22,67% from the previous year. With an increasing value year after year, the five-year trend in the

2007-2011 period showed a significant increase of 29.27% per year.

Supplying 38.57% of the world's export of bird's nest, the performance placed Indonesia at the first place of the world's top exporter of bird's nest, followed by Singapore with 28%, China (9.15%), Hong Kong (4.69%) and Malaysia (4.64%). Other than being competitors, Singapore, China, Hong Kong and Malaysia are also major markets for Indonesian export of bird's nest for a combined 92% of total export.

Having numerous advantages, Indonesian export of bird's nest have actually increased more than other countries. While annual growth of export value in the world reached 25.68% for the 2007-2011 period, Indonesia surpassed it with 28.91% and



In 2011, Indonesia exported bird's nest from 8 provinces with most producers are located in Jakarta, East Java and North Sumatera. The province with the largest export of bird's nest was Jakarta with US\$115.17 million or 62,22% of Indonesia's total export. In the second place was East Jawa with US\$42.36 million (22,88%) and North Sumatera US\$ 22.05 million(11,91%).



showed more positive sign, whereas China only reached 4.27% and Hong Kong reached 26.55%. But Indonesia should be aware that the increase in birds' nest exports from Singapore. In 2011, the country's export trend also showed more positive sign, almost 32% growth per year during the 2006-2010 period.

Most of Indonesian bird's nest were exported. In 2011, Indonesia exported bird's nest to 11 countries in the world. Singapore was at the top of the list with 57.12%, followed by Hong Kong (28.97%) and China (6.59%). Singapore received more than 50% of Indonesian export.

Although the export value of bird's nest to China was still small in the 2007- 2011 period, the value peaked in 2011 with US\$12,2 million resulting in a growth of 331.6% per year thanks to a 2,826% growth from 2007 and a 541,1% growth from 2009. It is predicted that the figure will increase even higher in the coming years.

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