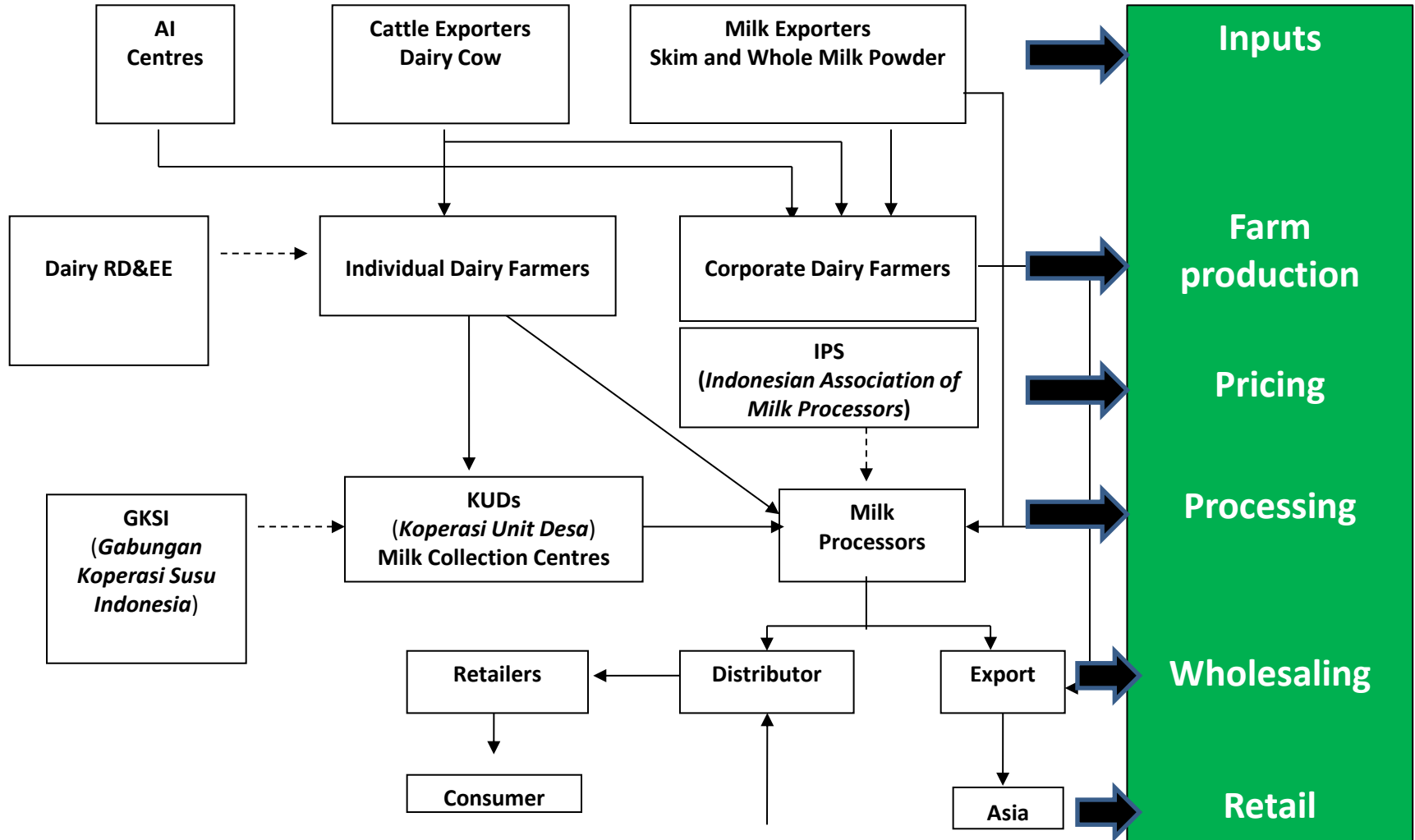


THE INDONESIAN DAIRY SUPPLY CHAIN

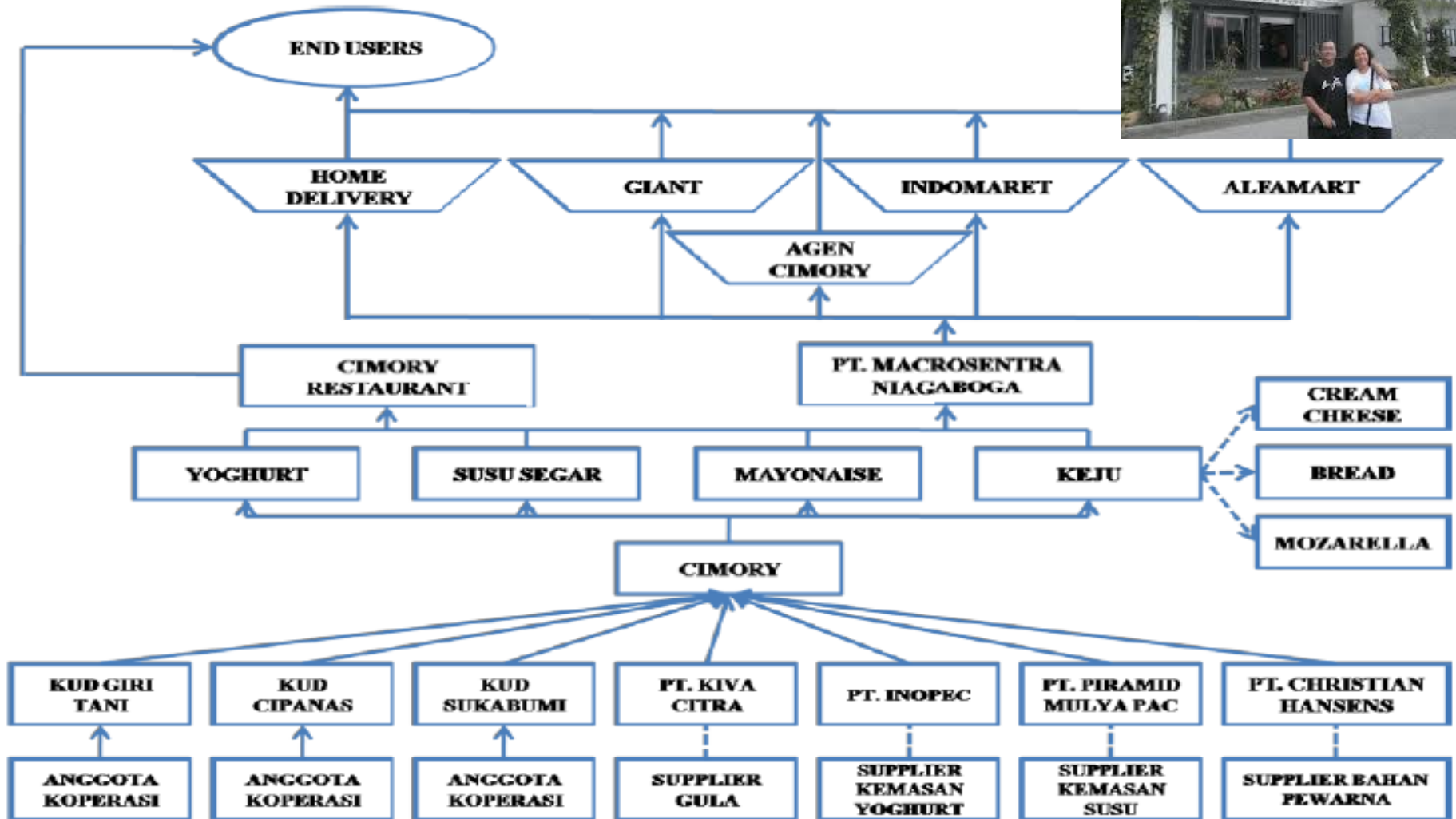


Dr Brad Granzin

Dairy Supply Market Chain

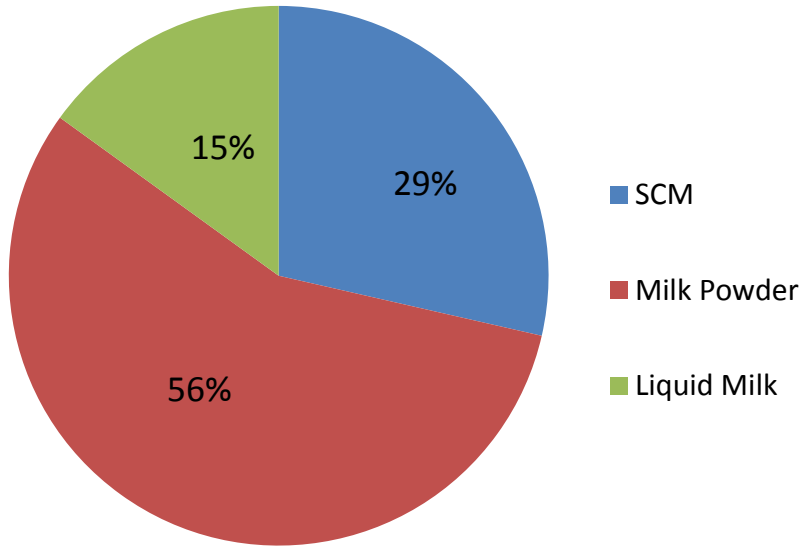


An example – CIMORY



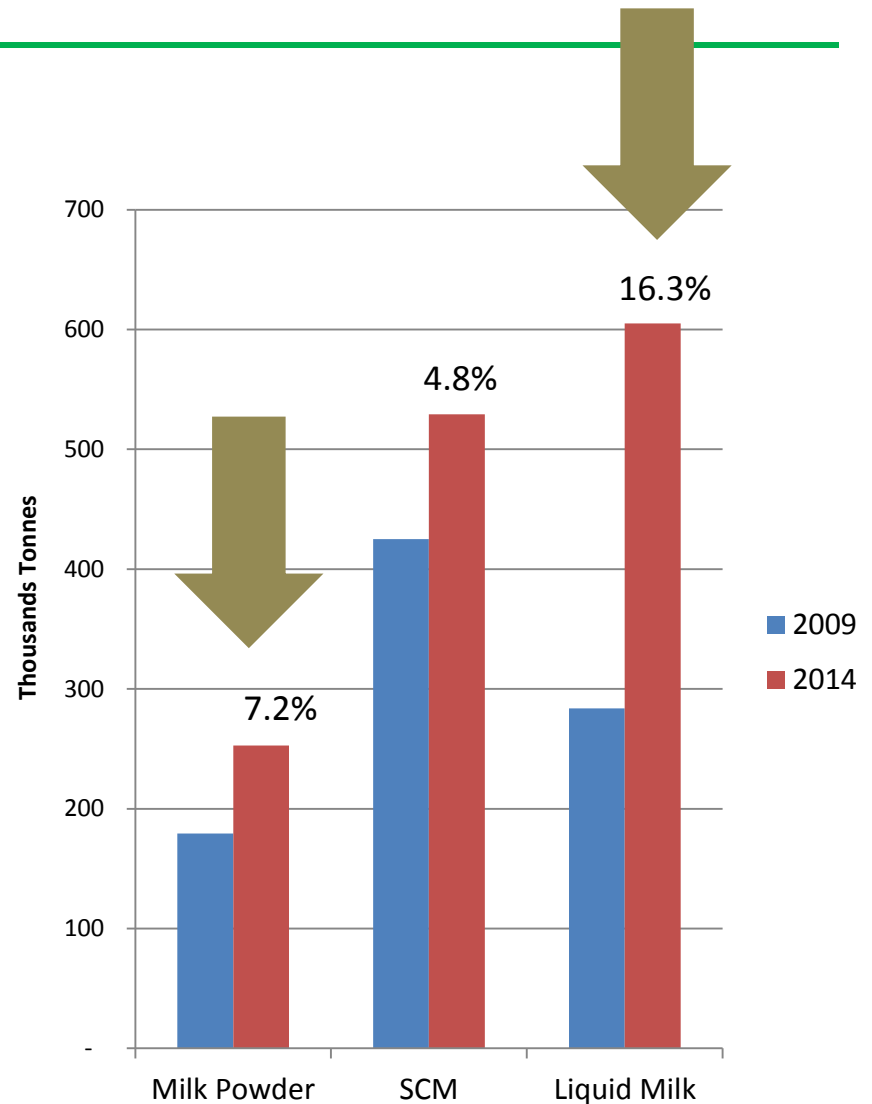
Consumer Market Segments

What are the trends



-Based on milk imports (long life)
-Growth is however in short life

SCM is Sweet Condensed Milk



What do you need to make fresh milk products for consumers?

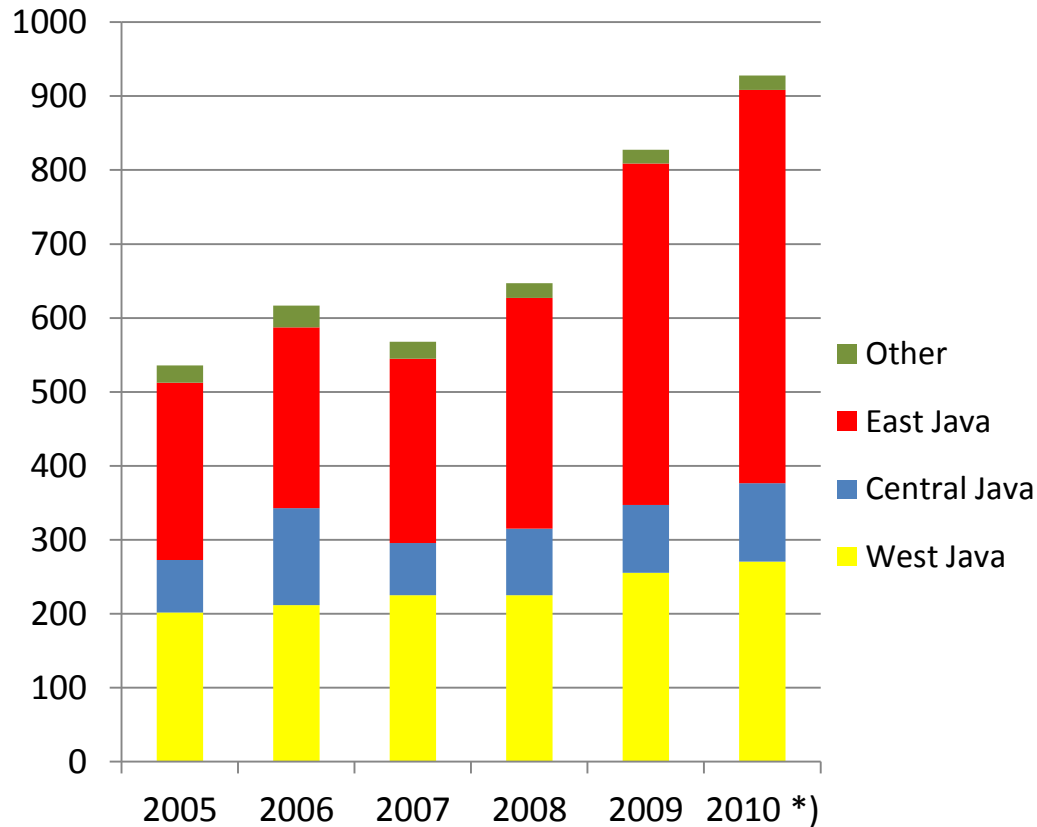


- Low microbial counts (chilled, low bacterial counts, good hygiene)
- Pasteurised – not raw
- Chilled distribution
- Cost effective against other drinks made from dried dairy ingredients
- Correct package size for consumer
- If you don't have the above, it has to get from the cow to consumer quickly!

Dairy Farmers in Indonesia

- 100,000 farmers; 500,000 cows; 900,000t of milk ;
- Location – 97% of SHD (small holder dairy farmers) in Java
- Farm size
 - Average dairy herd size 3-4 cows;
 - Milk production 8 -10 litres per cow per day
 - 1% of farmers with herd size of 50 - 100 cows;
 - 5 large corporate farms (500+ cows)
- Most farmers supply milk to local KUDs;

Dairy Cows Milk Production



97% of milk production

- East Java: 57%
- West Java: 29%
- Central Java: 11%

• Average annual rate of increase = 14.6%

- East Java up by 24%
- Central Java up by 10%
- West Java up by 7%

Dairy Co-ops (KUDs)

- 100 KUDs in Java
 - E Java (51), W Java (23), C Java (21)

- There are some large KUDs
 - KPSBU Lembang (W Java) - 5,200 farmers → 22,000 cows → 45,000t pa of milk → 100 MCC (Milk collection Centres)

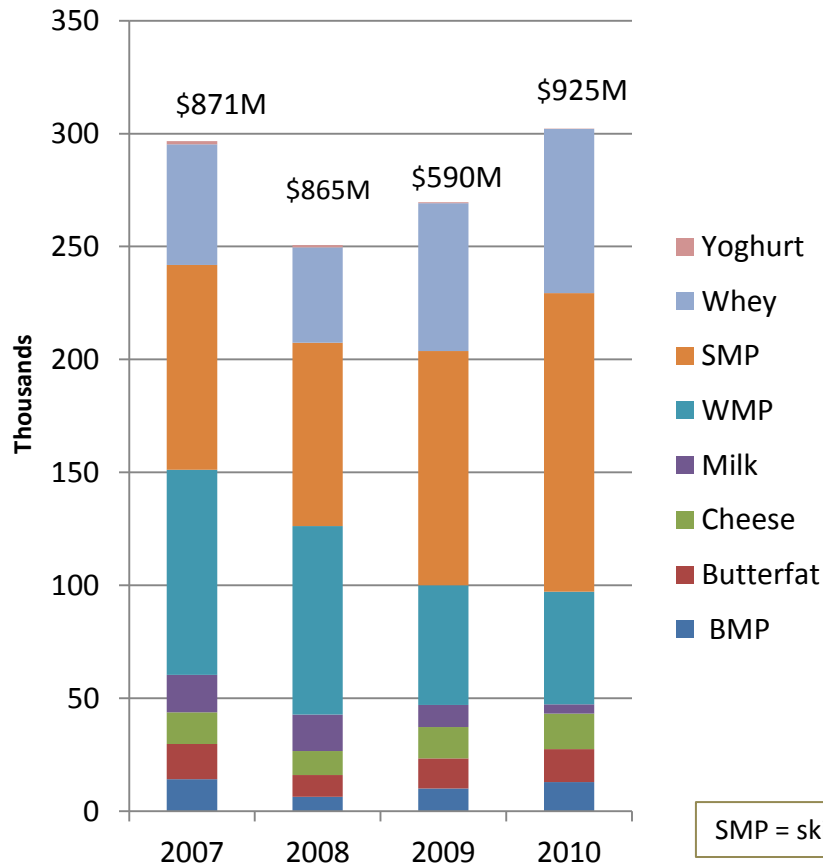
 - KUD SAE Pujon (E Java) - 8,300 farmers → 26,000 cows → 42,000t pa of milk → 31 MCC

Milk Processors

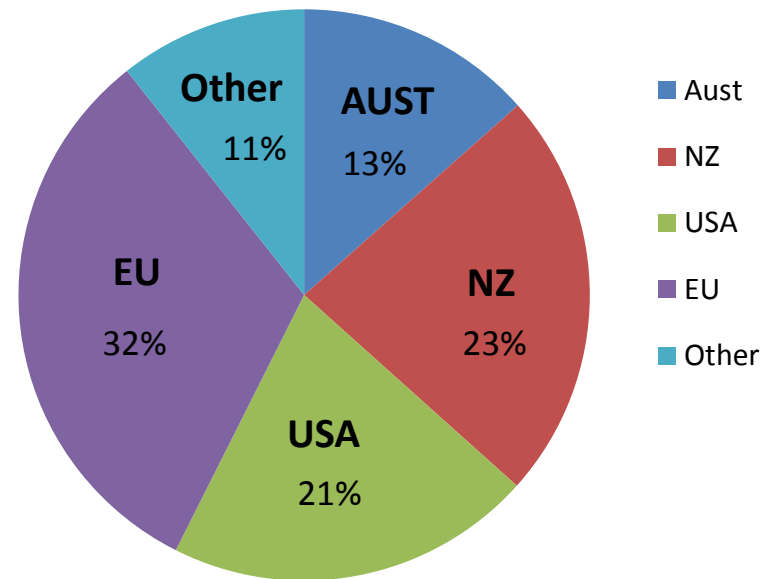
- 5 large milk processors = 85% of milk supply
 - Nestle, Frisian Flag, Sari Husada, Indomilk, Ultra Jaya
- All large milk processors located in Java island
- New corporate dairy investment in North Sumatra
- Increased investment in milk processing facilities
- Provide agribusiness technical services to farmers

Dairy Import – Bulk – 75% imported

Trends



Suppliers



Total = 302,158 tonnes

SMP = skim milk powder, WMP = whole milk powder, BMP = buttermilk powder

What are the opportunities to add value to the supply chain?

