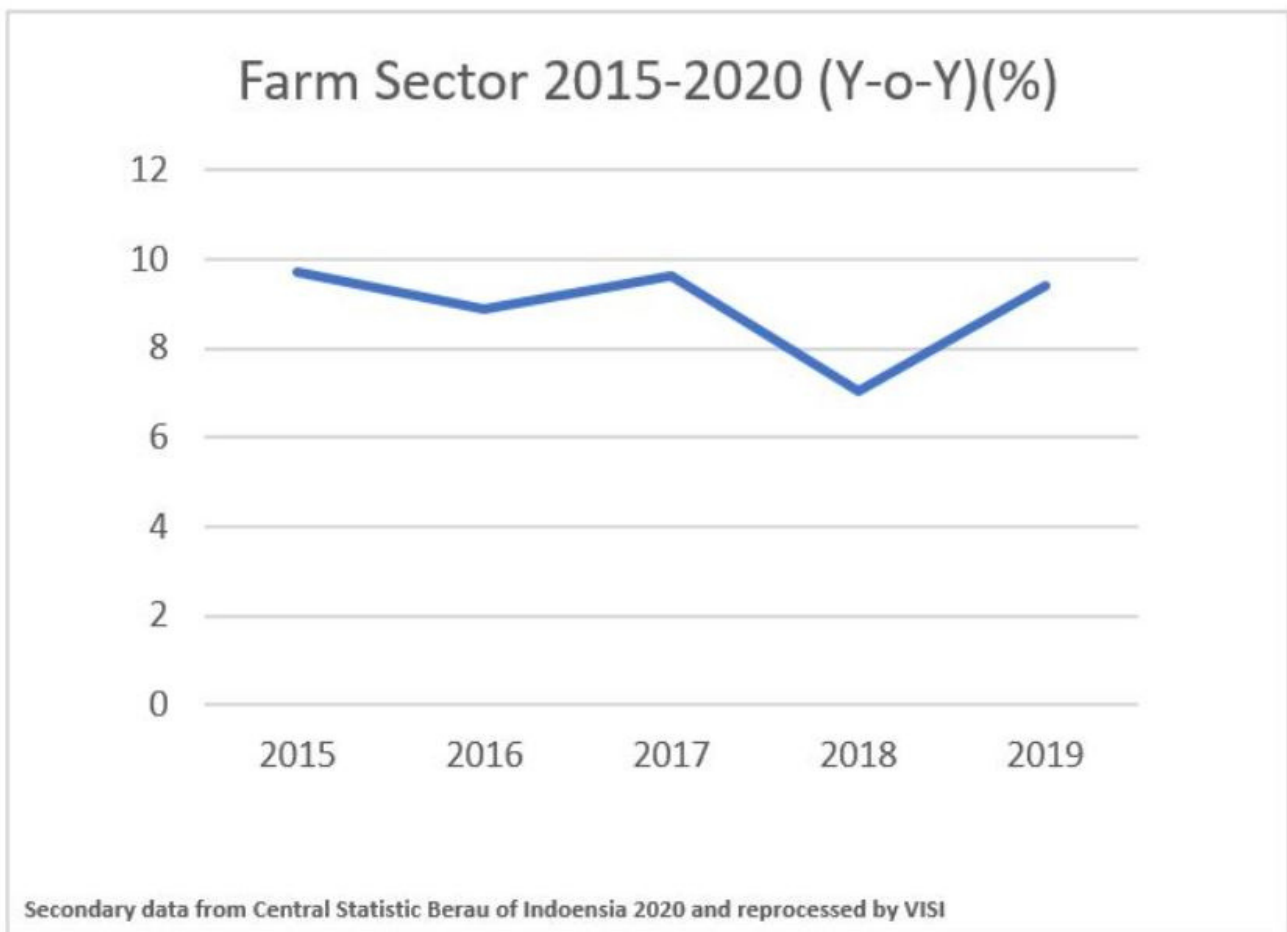


# CRIF PT VISI STUDY: THE GROWTH OF LIVESTOCK SECTOR AND THE IMPACT OF COVID-19 IN 2020 IN INDONESIA



The livestock sector plays an important role for Indonesia's economic growth. This sector is one of the sub-sectors that drive the development and absorbs a lot of workforce, especially in rural areas. Every year, the growth in the livestock sector continues to fluctuate.



Based on data from Statistics Indonesia (BPS) (2020), in 2015 the sector experienced a growth of 9.7% (yoy) or decreased by 0.42 points when compared to 2014. In 2016, the growth of this sector still decreased by 0.82 points, to 8.88% (yoy). The decrease was caused by a decrease in the population of chickens, cows, buffaloes and other animals.

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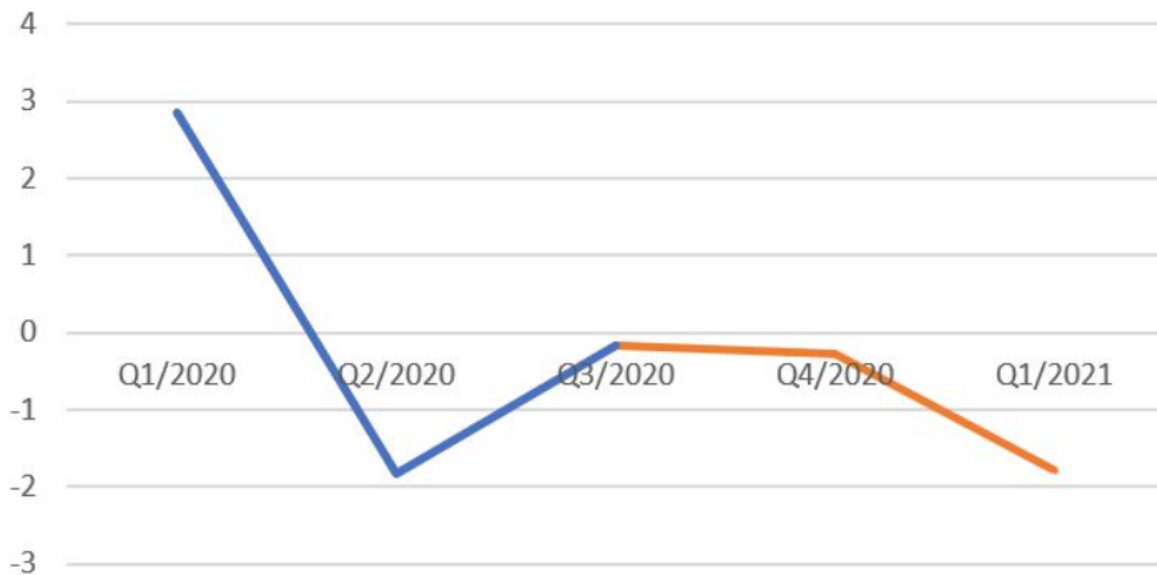
The decrease was caused by a decrease in the population of chickens, cows, buffaloes and other animals. Along with the initiation of Estrus Synchronization and Artificial Insemination Program (GBIB) program, there was an increase in the population of quadrupeds and led to an increase in growth in 2017 by 0.75 points or to 9.63% (y-o-y). Not only this program, the government program in increasing the chicken population in Indonesia also contributed to the increase. However, in 2018 there was a decrease again by 2.61 points or to 7.02% (y-o-y). This decrease is far more significant than the decrease in the previous years. After the government's countermeasures, in 2019 there was an increase in growth by 2.39 points or to 9.41% (y-o-y).

Meanwhile, based on the growth in 2020, the growth in this sector experienced a very drastic decrease due to the COVID-19 pandemic. Limited livestock activities and the cessation of operations of several farms due to reductions regarding the COVID-19 pandemic have resulted in a decrease in performance of more than 50% compared to 2019. Based on data from Statistics Indonesia (BPS) (2020), the average quarterly growth decrease in that sector amounted to 2.3%. The biggest decreases were in Q1/2020 and Q2/2020. In Q1/2020, there was a decrease in growth by 5.07 points or to 2.87% (y-o-y), while in Q2/2020 it decreased by 4.69 points or to -1.83% (y-o-y). With the regulatory updates related to the COVID-19 pandemic where several key sectors that essential to people are allowed to operate, there has been a recovery in growth of 1.67 points to -0.16% (y-o-y).

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Farm Sector Growth Q1/2020-Q1/2021  
(y-o-y)(%)



Secondary data from Central Statistic Berau of Indoensia 2020 and reprocessed by VISI

Based on data collection until Q3/2020, VISI predicts that in Q4/2020 the growth of the livestock sector will be -0.28% (y-o-y) and in Q1/2021 it will be -1.79% (y-o-y). This is based on economic conditions in Indonesia and business operations that have not fully recovered. Then, the closure or bankruptcy of several companies affected by the pandemic also caused a decrease in the target market of most active business actors, making it difficult for them to find new customers to cover the lack of demand from some of their closed or bankrupt customers. The persistently high supply prices were also one of the factors hampering this recovery.

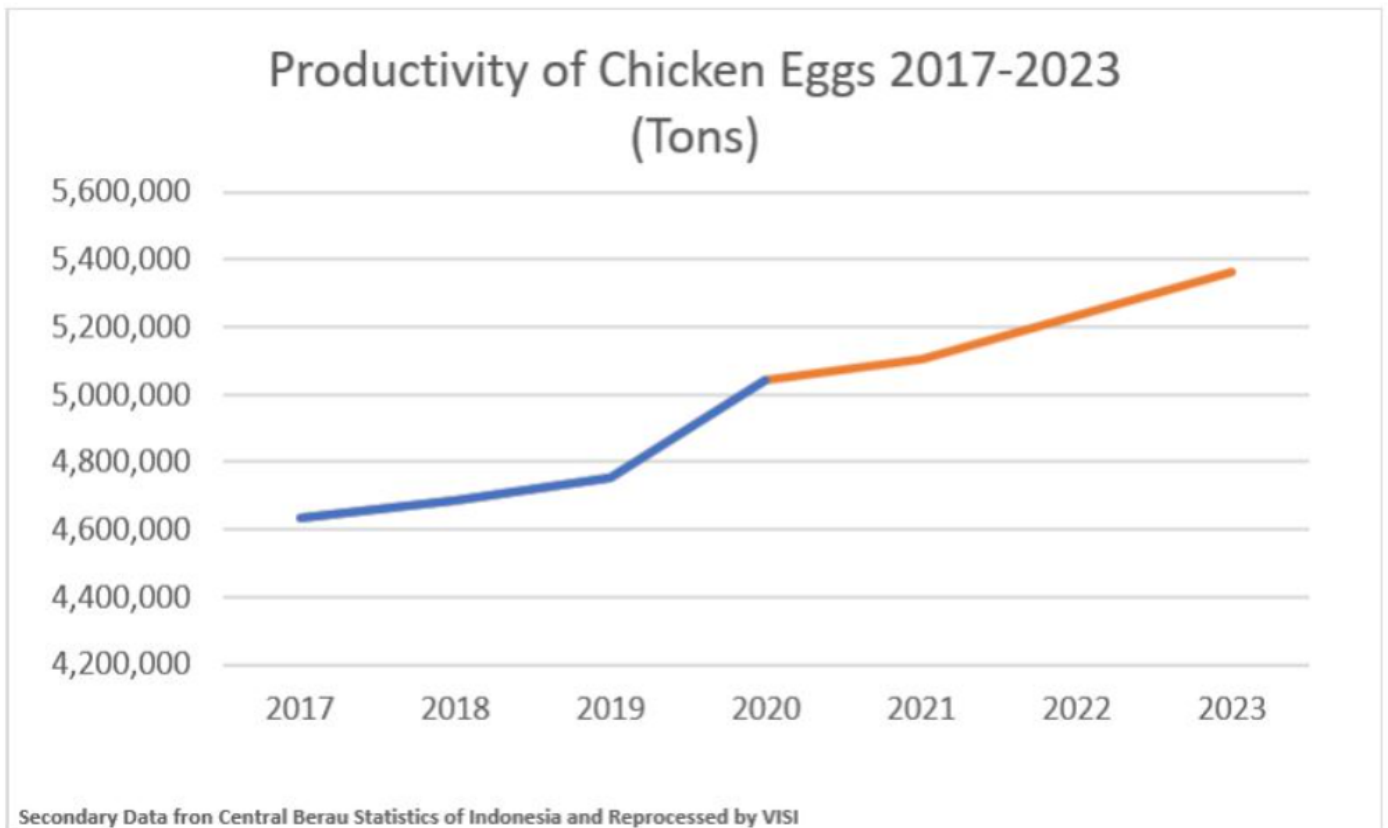
# CRIF PT VISI STUDY: THE GROWTH OF LIVESTOCK SECTOR AND THE IMPACT OF COVID-19 IN 2020



Based on the latest data from the Ministry of Agriculture in 2018, broiler chicken meat production was 3,409,558.00 tons and in 2019 it was 3,495,090.91 tons. Because there is no 2020 data update, it is estimated that in 2020 the production of broiler chicken will reach 4.07 million tons, in 2021 it is estimated that it will increase to 4.03 million tons, in 2022 it is estimated to reach 4.34 million tons, and in 2021 it is estimated that 2023 to 4.30 million tons. The calculation is based on prediction of chicken population growth and uses the assumption that the average live weight of broilers when slaughtered is 1.7 kg/chicken. The production is in the form of chicken carcass, excluding the head, neck and legs. The carcass weight conversion for broilers is 68% of the slaughter weight. Since the COVID-19 pandemic occurred in 2020, the chicken farming sector certainly experienced the impact.

Based on the information from Statistics Indonesia (BPS), there was an excess of 3.6 billion chickens. This is due to the decline in market demand in a pandemic condition so that the production volume prepared to meet market demand which is predicted to increase is not fully distributed to end users. Even so, the Directorate General of Animal Husbandry and Animal Health (Ditjen PKH) on July 14, 2020, published a new scenario for chicken meat consumption to be 9.08 kg/capita/year. Based on the revision, the estimated demand is 2,447,691 tonnes or a surplus of around 1 million tons.

# CRIF PT VISI STUDY: THE GROWTH OF LIVESTOCK SECTOR AND THE IMPACT OF COVID-19 IN 2020



Meanwhile, for chicken egg production, egg production for laying hens in 2018 was 4,688,121 tons, in 2019 it was 4,753,382 tons, and in 2020 the production of purebred chicken meat would reach 5,044,395 tons. Meanwhile, in 2021 it is estimated that it will increase to 5,104,669 million tons, in 2022 it is estimated to reach 5,234,663 million tons, and in 2023 it will be 5,364,658 million tons.