

# Government Fails to Keep Meat Supply and Demand

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Over the past six months, in particular after the last Ramadan, the price of beef has increased from Rp60,000,

culminating to over Rp90,000 per kg this week. This is the highest price in the world as compared to world average price which is Rp38,000 - Rp72,000 per kg.

Dean of Faculty of Animal Sciences of UGM, Prof. Dr. Ir. Ali Agus, DAA., DEA, considered the soaring price is due to the imbalance between supply and demand. According to Ali Agus, this is due to the inaccurate assumption on the the prediction of meat production potential which causes overestimation or the too low import quota, or both assumptions are not accurate.

“The fact is that it’s not easy to get local cows, there is no ready stock for slaughter whilst the price is high. The government has failed in maintaining and regulating the balance between supply and demand for beef, Ali said on Friday (8/2).

Furthermore, the majority (90%) of cattle is raised by people who run the business as a side-job, so the breeders only sell the cattle when they need money. They would not sell the cow if they did not need the money. This can be seen in the relatively quiet days during particular season (start of planting season) and high supply in certain period such as during the new school year.

“This is the dilemma in the cow business in Indonesia,” he said.

Ironically, the high price of meat also leads to the dirty business committed by certain people, who force their cows for over-drinking to make the cows heavier so as to increase the price. If the drinking water is 50% (50 kg), the potential benefit is 3,5 - 4 million per cattle. It is likely that in traditional markets in Yogyakarta such dirty practice takes place. The meat of over-drinking cows sells cheaper (70-75 thousand/kg).

Meanwhile, sellers of popular meatballs (bakso) who are the majority of beef consumers, have to be ‘creative’ so as to be able to survive by, for example, substituting beef with other (chicken, internal parts of chicken/cattle), even meat from pigs, which once stirred an uproar.

“So, the negative impact of the high meat price also leads to the moral hazard, which disadvantage consumers very much, Ali Agus said.

In his opinion, the only solution to the dilemma is that government has to find a point of ideal balance between supply and demand of beef. Measures to be taken include evaluation and establishment of cow import quota every three months that involves stakeholders. In the short term, with stakeholders government needs to sit down to formulate and re-establish point of balance between domestic beef supply and demand, based on honesty and openness.

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