



## Indonesia Market Watch

July 2022

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# The market response to Foot and Mouth Disease in Indonesia

The Australia-Indonesia Partnership for Promoting Rural Incomes through Support for Markets in Agriculture (PRISMA) is a development partnership between the Government of Australia (Department of Foreign Affairs and Trade, DFAT) and the Government of Indonesia (Bappenas).



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Foot and Mouth Disease (FMD) is a highly contagious viral disease found in cloven-hoofed ruminants. Due to high morbidity, FMD is considered the world's most economically destructive livestock disease. After more than 30 years, Indonesia is experiencing a widespread outbreak of the disease which was first identified in April 2022 in 4 districts in East Java<sup>1</sup>. Within 3 months, FMD has spread to 240 districts and municipalities in 21 provinces in Indonesia with 350,032 infected animals<sup>2</sup>.

## PRISMA leveraging the private sector to combat FMD

PRISMA, a bilateral agricultural market systems program funded by the Australian Government, supports key market actors in the beef, dairy, and pig sectors. Last month the program undertook a rapid assessment ([read here](#)) assessing the readiness of market actors to respond to the outbreak. Based on the findings, PRISMA is leveraging its extensive private sector network and experience to help farmers fight the FMD outbreak.

PRISMA normally works with feed and animal pharmaceutical companies to provide products and services to smallholder farmers. PRISMA is engaging these partners to develop adaptive mitigation strategies to minimise the impact of FMD on their businesses and at the same time inform farmers on preventative and treatment measures.

One of the key threats to business is that farmers are no longer willing to invest in feed and healthcare products as they begin to lose stock. This is particularly important for smallholder farmers who usually have less than 5 head of cattle. Using the companies' extensive network of sales agents, the private sector is disseminating information on FMD and how to apply biosecurity measures effectively.

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1 The FMD outbreak was discovered in four districts (Gresik, Lamongan, Sidoarjo, and Mojokerto) between the 28th of April and the 3rd of May, with a total of 1,247 cattle showing clinical signs of FMD.

2 <http://siagapmk.id/> (as of 10 July 2022)

# Key Trends



## As of July 14, 2022, FMD has spread to 22 provinces across Indonesia, covering 251 districts/ municipalities

Official government data shows 366,875 animals are infected with FMD, of which 60 percent are active cases, and 38.4 percent have recovered. The current death rate is low at 0.7 percent on top of another 1 percent culled in the containment effort. Initial FMD vaccination rates were low and controls over the inter-island movement of livestock and their products are still weak. Poor controls resulted in the spread of FMD to the island of Bali and Sulawesi following the recent Idul Adha ceremony, which relies on animal slaughtering.



## Farmers are reducing their investment in commercial feed significantly

Cattle infected with FMD eat less, reducing weight gain and/ or milk production. Farmers with infected animals need to invest in treatment and must wait longer before they can sell their cattle. Farmers are less likely to invest in high-quality inputs such as commercial feed if they think they will not get a return on their investment. PRISMA's feed partners confirm that they experienced a decrease in feed sales up to 20 percent due to the outbreak.



## The demand for medicinal products skyrocketed but supply remains insufficient

The demand for pharmaceutical and biosecurity products such as antibiotics, vitamins, analgesics, and disinfectants has skyrocketed, but supply cannot keep up with demand. PRISMA notes farmers' expenditure on pharma products increased from IDR 10,000 to IDR 100,000<sup>3</sup> per month after the outbreak. The demand for injections increased, resulting in a high dependence on veterinarians. However, government vets couldn't keep up with demand. Farmers have resorted to using traditional medicines for their livestock, despite the cost of these also increasing exponentially. The shortage of pharma products is because the poultry market is so much bigger than the ruminant market in Indonesia.



## Need to speed up the vaccine rollout

National and sub-national governments have tried to move quickly and strategically to roll out the vaccination program once the strain of FMD was identified and vaccines procured. By 24 June 2022, 3 million vaccines had been procured by the government. However, as of July 14th, only 800,000 doses had been distributed to 19 provinces, with a total of 498,893 animals vaccinated.

3 The increased expenditure ranges from IDR 50,000 to IDR 100,000 per month.

## Feed companies are promoting concentrate feed as an immune booster

Despite a decrease in sales in the feed market, Nutrifeed is using feed additives to improve cattle immunity. After promoting their new feed product, Nutrifeed experienced a sales increase of 10-15 percent in June. Due to the good market response to their feed additives, Nutrifeed has partnered with the Indonesian Institute of Science to develop new production technology for feed additives. Another PRISMA partner, PT Sreeya Sewu, followed suit by officially launching a new concentrate feed in June with added immune booster ingredients to address FMD.

## Pharma companies are developing new products for the prevention and treatment of FMD<sup>4</sup>

PT. Cipta Ternak Sehat Indonesia (CTSI), a partner of PRISMA in animal health, has developed an antibiotic and analgesic to treat FMD-affected animals. These two products will be launched in July. The company is also developing a new affordable FMD prevention and recovery supplement product for smallholder farmers.



## Examples of the private sector's response to FMD

PRISMA has been working with private sector partners to pivot to FMD prevention strategies. This is a summary of the innovative approaches by the private sector to address the outbreak.

## Feed and pharma companies are educating farmers on FMD and biosecurity practices

PRISMA partners have integrated biosecurity and good feeding practices into their marketing activities. PRISMA feed partners Munir Jaya, Nutrifeed, and Fermen Hipro organised farmer events in East and Central Java and successfully educated more than 300 lead farmers on FMD and good biosecurity practices. Munir Jaya and Nutrifeed strengthened their sales agents' capacity in FMD prevention and control and worked with local veterinarians to monitor and disseminate information to farmers.

PT Sreeya Sewu conducted a webinar to educate farmers about the importance of good nutrition in preventing and recovering from FMD. A total of 904 farmers participated in the webinar, with 90.6 percent acknowledging the material was informative. Sreeya established a WhatsApp group with all the participants and will continue providing information on FMD through the group. Sreeya has also hired dedicated staff for their beef portfolio.

Nutrifeed distributed around 1,400 packages of FMD prevention aid for smallholder farmers in East and Central Java.

## Initiating inclusive partnerships between feed, pharmaceutical companies and local government

PRISMA identified some feed and pharmaceutical companies willing to collaborate in initiatives to address FMD. For example, Munir Jaya (feed company), CTSI (pharmaceutical company) and the 3 district (Probolinggo, Lumajang, and Banyuwangi) governments in East Java have agreed to bundle products and information and to hold events to educate farmers about FMD treatment and biosecurity practices to prevent FMD. Nutrifeed (feed company) and Medion (pharmaceutical company) are planning to host a national online FMD webinar with speakers from the Ministry of Agriculture. Nutrifeed collaborated with Vadco (a pharmaceutical company) and a local district government to educate farmers on FMD and biosecurity practices.

## What's next?

PRISMA is supporting the national and provincial livestock agencies of East and Central Java to do a cost-benefit analysis of the impact of FMD. The analysis will serve as a reference for the government to develop evidence-based policies, plans, and budgets to combat FMD for 2023 and beyond. The analysis will commence in August and is expected to take a month.

<sup>4</sup> New product development is a part of the company's own initiative. PRISMA advises all private sector partners to use MoA-approved information in their IEC materials. They also invite government vets to share technical information in their socialization events.



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