Market Structure and Marketing Efficiency of Beef Cattle in NTT (Case in Kupang Regency)

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ABSTRACT

The aims of this research were to: 1) analyze potency of national cattle market to develop cattle in NTT, 2) analyze supply channel management of beef cattle in NTT and its efficiency, and 3) provide local government's role to develop cattle farm. Primary data based on questioners collected from farmers, trader, and companies. Secondary data collected from legal documents and publications. Potential and marketing opportunities analysis based on propensity models. Cattle market distribution channels were analyzed on scheme of marketing channels were carried out from farmers and traders. Marketing efficiency was analyzed by calculation of cost, and analysis of marketing margin. The research result indicated that, 1) beef cattle in NTT is a tradable commodity, and is the fifth position nationally, 2) beef cattle marketing in NTT is efficient in terms of the price. 3) Local government policy worked to optimize the beef cattle farm in order to optimize the livestock potency for society prosperity, domestic earnings, economic growth and change of economy structure and its sustainability.

Key words: beef, cattle, market structure, efficiency, NTT

INTRODUCTION

Economics of East Nusa Tenggara (NTT) province is predominated by agricultural sector. In Second Quarter of 2008, approximately 41.15% of Gross Regional Domestic Product (GDP) of NTT comes from agricultural sector. When observed more specifically, the leading of NTT agricultural sector are food crops and livestock. Livestock sub-sector growth in the Second Quarter of 2008 reached 15.35%, the highest among the other agricultural sub-sector.

NTT is a national livestock supplier region. Realization of livestock inter-insular trade in 2007, is exceeding the target with details of 63,036 cattles (156.61%), 7,745 buffalos (77.45%), and 7,881 horses (135.35%), while target of 2008 approximately 58,750 head. Cattles from NTT was distributed to Capital City of Jakarta, West Java, Batam, South Celebes, and other regions to stabilize national meat prices, especially during religious special day, in which approximately 90% of cattle for those three regions come from NTT.

Livestock Directorate General recorded balance of national beef production in 2008 is only reached 64.9% of projected consumption needs or there is a shortage of 135,110 tons (35.1%) of the total demand of the meat. With population of 11.26 million heads, the national meat production is estimated up to 249,925 tons, while consumption of meat is estimated up to 385,035 tons. Indonesian Chamber of Commerce and Industry (Kadin) noted that Indonesia require 350,000-400,000 tons of beef per year (equivalent to 1,7-2 million beef cattle), which is the beef import is 30% of those were imported. Import policies carried out in order to support domestic production shortage (martinsihombing).

Market potential of beef cattle in Indonesian has a wide excess demand and NTT province can be a potential region of beef production. Statistic Biro of NTT (2006) provided that NTT cattle are mostly located at Kupang Regency (Kupang) and South Central of Timor (TTS). From a number of 544,482 beef cattle, about 260,406 heads were rear in these two districts. Thus, the study focused on those two regions in order to accelerate the economic development through beef cattle development. Local government development policies related to beef cattle productions discussed.

The aims of this research were: 1) to analyze and present the potency of the domestic beef cattle market as an opportunity to develop beef cattle business in NTT, especially in