Workers cut beef at a slaughterhouse in Jakarta. Hungry consumers face hefty price rises after Australia banned exports to Indonesia in June over claims of abuse.

Photo: EPA/Bagus Indahono

Slaughterhouse Diplomacy: Australia’s Beef With Indonesia

By Joe Cochrane
Diplomatic disputes over the years between Australia and Indonesia have ranged over a host of contentious issues, many of them involving charges by Australia of human rights abuses by the Indonesian government and military. But a dispute about animal rights abuse?

Jakarta-based journalist Joe Cochrane looks into the surprising decision by Australia to ban all live beef exports to Indonesia for up to six months in response to a documentary about unsavory slaughterhouse practices there.

“WHERE’S THE BEEF?” went the catch phrase from a famous 1984 American fast-food restaurant commercial. A quarter of a century later and on the other side of the world in Southeast Asia, the issue is once again beef, but the catch phrase would more appropriately be “Where’s the common sense?” There isn’t much on display when it comes to the latest tiff to strain Indonesian-Australian relations.

Indonesia, one the world’s leading emerging economies, and Australia, its richer, developed southern neighbor, have squabbled about many things over the years — human rights, East Timor, Australian drug mules arrested in Bali, boat people — but when senior government officials in both Jakarta and Canberra retreat to their respective situation rooms to ponder the future of T-bone steaks and beef satay, you know something serious is afoot — or seriously out of whack.

Indonesia and Australia are only a few hundred kilometers apart at their closest point, but at times they might as well be different on planets — Venus and Mars come to mind — when it comes to the collective thinking of their governments and people. How countries that lie side by side could still have such ingrained misperceptions about each other seems unusual, at least on the surface. But dig a bit deeper and it’s easy to see: the average Australian perceives Indonesia as a raucous, dangerous backwater that should be treated with suspicion, while ordinary Indonesians view Australia as a lecturing, arrogant Western state.

Of course, neither of these perceptions are quite accurate, and the countries are currently enjoying unprecedented diplomatic, people-to-people and — most importantly — economic relations. But internal politics on both sides of the Timor Sea often create potholes in even the best-laid road.

The latest kerfuffle came to a head on June 8, when the Australian government announced a total ban on live cattle exports to Indonesia for up to six months, until the country’s feedlots and slaughterhouses improve animal welfare practices. The ban followed an investigative report by the Australian television program Four Corners, aired on May 30, that showed graphic video footage of cattle being kicked, whipped, gouged in the eyes and having their tails broken and tendons sliced by barefoot Indonesian slaughterhouse workers. Australian animal rights activists went wild. Cameron Hall of LiveCorp, which manages programs supporting animal welfare in Indonesia, said Aaron Meadows, a Jakarta-based Australian official, who would only speak anonymously giving the public outrage among urban middle-class voters, and beholden to left-leaning green and independent parliamentarians to keep her minority government afloat, quickly expanded a ban already in place on live cattle shipments to 11 Indonesian slaughterhouses to a complete ban.

But the repercussions go far beyond practical politics: More than 80 percent of all live Australian cattle exports go to Indonesia, including a record 773,000 head in 2009. The export business is worth more than $300 million annually for Australia, and the bulk of that money along with thousands of jobs at cattle ranches and their supporting businesses in Northern Australia could go down the drain. As for the Indonesian side, all its live imported cattle come from Australia, and accounts for around 24 percent of the country’s total consumption of beef. Now Indonesia’s 237 million people face beef shortages and higher prices as they prepare for the end of August and Idul Fitri, the celebration marking the end of the Muslim holy month of Ramadan, when beef consumption skyrockets.

While the export ban mollified animal rights groups and outraged Australian citizens, in reality it is mostly punishing their own cattle producers. “It’s a knee-jerk reaction to public sentiment,” said Aaron Meadows, a Jakarta-based Australian business analyst and advisor. “There’s also a hint of anti-Muslim phobia. I don’t think there would have been such an uproar if it had been somewhere other than in Indonesia.”

Indonesian officials have shrugged their shoulders at the ban and said they hoped it would be reconsidered. But they are hardly innocent victims in the proverbial beef over obstructions to cattle imports. In mid-2010, the Indonesian Ministry of Agriculture began mysteriously to slow the issuance of import permits for live cattle and boxed beef from Australia and New Zealand. Their explanation was that they were trying to calculate how much beef they needed for 2011, but industry experts accused them of a plot to block imports to support domestic beef producers. Australian and New Zealand agriculture officials also privately grumbled that their Indonesian counterparts were erecting trade barriers on beef imports under the guise of claims that the products didn’t meet Muslim halal preparation standards.

Things continued to sour when Indonesia’s Ministry of Agriculture reduced live cattle imports to 500,000 head for 2011 and then capped boxed beef imports at 50,000 tons, a staggering 58 percent reduction from 2010 despite the transparent fact that beef demand in Indonesia is rising. Indonesian officials acknowledge that they need to reduce imports as part of a national beef self-sufficiency program to increase production from the current 62 percent to a whopping 90 percent by 2014. Industry players, however, say the country simply cannot produce enough beef to meet that target, either by 2014, 2020 or even 2025.

“Self-sufficiency means no imported cattle or boxed beef. And I’ve seen figures. An argument can be made that Indonesia is less than 50 percent self-sufficient,” said one New Zealand agriculture official, who would only speak anonymously given the sensitive nature of the beef debate.

Regardless of the realities, said Thomas Sembriring, chairman of the Indonesian Meat Importers Association, Indonesian agriculture officials must be seen to be doing something to move toward the self-sufficiency target. “It’s a big political issue: If you don’t have reliable data for self-sufficiency, just reduce imports,” he said. “It’s the responsibility of the [agriculture] minister to report to the president on the self-sufficiency plan.”

It’s clear that internal politics affecting the beef industry isn’t limited to Australia. Tempo, a prominent Indonesian weekly news magazine, wrote a cover story in March claiming that agriculture ministry officials gave preferential treatment on the dwindling number of boxed beef quota allow-
Agriculture Minister Joe Ludwig, who insisted Australia and Indonesia’s beef trade has been sudden and swift. The industry had been notably immune to the countries’ diplomatic spats, unlike other sectors such as tourism. Between 2003 and 2009, live cattle exports from Australia to Indonesia nearly doubled to 773,000 head. Cuts of Australian boxed beef for five-star Indonesian hotels, restaurants and modern grocery stores grew by 46 percent during the same period. New Zealand beef because it is viewed as better quality and more hygienic.

In 2009, exports of live cattle and Australian and New Zealand beef to Indonesia exceeded $700 million. The formula for success was simple: Australian cattle breeders are among the most experienced and efficient in the world, and Indonesia, with its growing population, booming economy and geographical location made it the perfect customer. Indonesian shoppers at both wet markets and modern grocery stores are willing to pay a bit more for Australian and New Zealand beef because it is viewed as better quality and more hygienic.

The live cattle import industry also supports tens of thousands of jobs for Indonesians at feedlots and slaughterhouses in Java and Sumatra, as well as being a source of support for Indonesian farmers who sold leftover corn, pineapple skins and other refuse to the feedlots. The Australian government and the country’s meat and livestock industry have also spent great time, effort and money helping their Indonesian counterparts to improve productivity, efficiency, and health and hygiene at feedlots and slaughterhouses. “Twelve years ago, the abattoirs were a lot worse,” Meadows said.

That was clearly of little comfort to Australian Agriculture Minister Joe Ludwig, who insisted the livestock trade would be halted until the Indonesian government could ensure humane practices were in place. “We need to establish sufficient safeguards to ensure that exporters provide verifiable, transparent supply chain assurance up to and including the point of slaughter for every head of cattle that leaves Australia,” he told ABC radio. “I want to work with both the industry and the Indonesian government through my department to ensure that we can do this as quickly as possible,” he said. “The suspension is there for up to six months to allow time for this to occur.”

The “up to six months” clause could provide an escape route for the Indonesian government, which has found itself boxed into a corner with Idul Fitri less than three months away. While Indonesian officials quickly assured their Australian counterparts that they would work hard to improve conditions at slaughterhouses, they also made veiled threats that they would seek live cattle imports from South America. “We believe Australia still needs the Indonesian market because Indonesia has been a destination country for cattle exports,” Agriculture Minister Suswono told the state-run Antara news agency.

While that may be true, Australia is also looking to more reliable export markets, including Russia and Turkey. Indonesia is in a far more vulnerable position given that it imports around 40 percent of its beef supply. Beef prices in Jakarta skyrocketed when Idul Fitri was observed.

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With such political intrigues, reduced quotas and now the live cattle ban, the souring of Australia and Indonesia’s beef trade has been sudden and swift.

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