Abstract

This study analyzes the effects of Indonesia's shift from a country-specific to a zone-specific beef import policy on domestic beef/buffalo meat supply and demand. The zone-based policy, enacted due to Foot-and-Mouth Disease (FMD) restrictions, allows Indonesia to import beef from designated disease-free zones, reducing its reliance on conventional suppliers such as Australia. This study employs a simultaneous equation model with time series data from 1990 to 2022 to estimate the supply and demand for beef in Indonesia. The Two-Stage Least Squares (2SLS) method, processed with Eviews 14, is used to assess the impacts of variables including cattle population, beef prices, imports, and domestic production.

The findings reveal that the zone-based policy has a significant and negative impact on domestic beef supply. Domestic production growth remains insufficient to meet rising consumption demands, resulting in continued reliance on imports. Key drivers of beef demand include per capita income and the prices of substitute goods, such as chicken and eggs. These findings highlight the complexity of balancing trade policies with domestic production goals.

This study contributes to the understanding of trade policy impacts on agricultural sectors in developing nations and offers insights for policymakers to reconcile import strategies with initiatives to enhance domestic production. The results underline the importance of addressing supply-side constraints to improve long-term food security and reduce reliance on foreign beef. Limitations of the study include data accuracy and the simplification of complex market dynamics, which warrant further research to refine the analysis.

Keywords: Zone-based beef import policy, Beef supply and demand, Beef consumption, Foot-and-Mouth Disease (FMD) restrictions, Beef imports, Two-Stage Least Squares (2SLS) method, Indonesia, Trade policy, Agricultural sector.