INDONESIAN RATTAN SUB-SECTOR

Wisnu Caroko
Setara Foundation/NTFP Indonesia

Terminology

- Green canes; fresh rattan cut from the tree then clean the thorn and the bark of rattan by using very simple handling
- Raw rattan material means the green rattan which is processed by the following activities such washed and sulphured, boiled, polished, selected based on size and quality, packaged and stocked

- Semi finished rattan material which consist of rattan core and rattan peel. These materials have been produced by splitting the rattan raw materials. The species which are usually used for producing this type of semi finished product are Sega (*Calamus caesius*) and Lambang (*Calamus ornatus*)

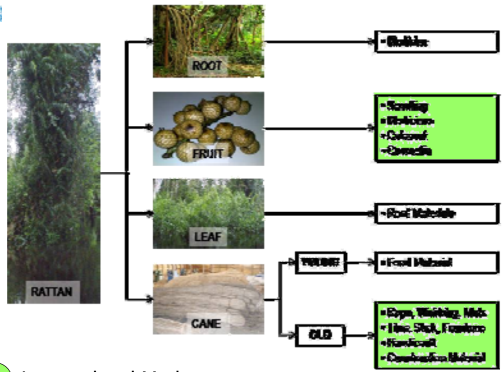
- Rattan finished product is a ready used products, such as furniture, basket ware, floor mate, etc. This product usually combined with other material such as wood, iron, abacca, water hyacinth, plastic or other materials
- Ratan resin: resin extracted from the fruit of *Daemonorophs draco*/jernang for Dye and medicinal purposes

- International market for rattan raw materials and semi finished: Rattan used primarily for plating (HS code 140120)
- International Market for Rattan finished product: seats of rattan (HS Code 9401.50.100), furniture of rattan (HS Code 9403.80.100, other parts for seat of rattan (HS Code 9401.90.900), and parts of seats of rattan (HS Code 9401.90.300).

Rattan

- 80% rattan world market is from Indonesia
- 350 species, only 51 species that have been commercialized
- 3 species which is legally exportable as “raw materials” are Kalimantan (major) /Sumatera (minor) rattan which are cultivated rattan

Rattan usage



International Market

World Market

- the world need of the rattan in 2006 reached 1,640,000 tons of raw and semi-finished rattan canes
- the world export growth of raw,semi-finished and finished rattan in 2003 s/d 2009 showed a significant decline (in quantity)

The world rattan trading

The global trade and subsistence value of rattan canes and its products is estimated at over US$7,000 million per-annum which furniture becomes the most popular rattan product.

Top Exporters in recent years (total 2001-04)		Recent Export Years in the world	
Countries	Trade Value	Period	Trade Value
Indonesia ([illegible])	[illegible]	2004	[illegible]
Singapore (20.5%)	[illegible]	2003	$49,505,579
China, Hong Kong SAR (20.4%)	$43,207,002	2002	$42,730,213
China (2.6%)	$7,011,113	2001	$46,617,324
Vietnam (2.2%, only 2002-03)	$5,470,000	Average	[illegible]
Malaysia (1.8%)	$5,354,112		
Other countries (4.6%)	$7,605,613		
Total Export: [illegible]			

The world's recent imports of rattan and top rattan importers

Top Importers in the selection		Recent Import Years in the world	
Countries	Trade Value	Period	Trade Value
China (38.6%)	$101,639,122	2004	$55,341,578
China, Hong Kong SAR (12.3%)	$32,496,915	2003	$62,296,137
EU (10.4%)	$27,328,891	2002	$56,218,001
Singapore (6.9%)	$18,121,830	2001	$62,350,997
USA (4.2%)	$11,011,412	Average	$59,051,678
Vietnam (3.5%)*	$7,730,000		
Other countries (24.2%)	$65,207,434		
Total rattan Import: $236,206,713			

Potentials of sustainable rattan

Area	Production (ton/year)	Percentage (%)
Sumatera	106.900	15,3
Kalimantan	193.000	27.7
Sulawesi	361.000	51,8
Nusa Tenggara Barat	36.000	5,2
Total	**696.900** **Equivalent 350.000 dried rattan**	**100**

Department of Forestry in 1986

Rattan Distribution

Rattan Industry (canes)

- The semi-finished industries are located at Sulawesi (42%), by Java and Bali (34.9%) and Kalimantan (15.2%)
- Rattan finished industries mostly locate in Java and Bali (78.1%), followed by Kalimantan (10.1%) and Sulawesi (5.3%)
- At least 90% to satisfy foreign markets, and maximum only 10% for domestic

Rattan industry (Canes) Status

- Number of companies : 628 companies
- Production capacity : 554,000 tons
- Production : 198,000 tons
- Exports : 172,782 tonnes or U.S. $ 398.8 million

Source: Ministry o Industry (2006)

Export Share of Indonesian Rattan and Rattan Goods Industry to the 12th Largest Export Destination

NO	EXPORT DESTINATION COUNTRY	2003	2004	2005	2006	2007
1	USA	18.80%	18.00%	18.60%	20.20%	22.10%
2	Australia	3.90%	4.30%	3.90%	2.70%	3.00%
3	The Netherlands	10.30%	9.50%	8.10%	7.90%	7.50%
4	Belgium	5.00%	5.20%	4.90%	6.00%	6.00%
5	Denmark	2.40%	2.70%	2.50%	2.70%	2.80%
6	England	8.80%	10.50%	12.00%	8.90%	7.30%
7	Italy	6.60%	7.00%	6.50%	6.50%	5.60%
8	Japan	16.20%	13.20%	12.90%	11.70%	10.20%
9	Germany	10.40%	13.80%	15.20%	13.50%	13.30%
10	France	4.50%	5.10%	4.80%	5.30%	4.70%
11	Spain	4.70%	5.30%	5.10%	5.70%	6.10%
12	China	8.40%	5.40%	5.50%	8.90%	11.70%
	Export Total to the 12 Countries	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.30%**

Source: BPS (Central of Statistics Indonesia), processed by Ministry of Industry & Trade

Export value/quantity of rattan raw materials and semi-finished

	2006		2007		2008		2009		2010	
	USD	tons	USD	tons	USD	tons	USD	tons	USD	tons
Indonesia	18,786	21,614	24,108	28,634	27,948	30,947	26,902	27,864	32,322	33,034
World	44,583	155,468	50,198	54,603	56,136	53,212	47,314	43,790	51,823	47,948

Source: UN Comtrade

Export value of rattan seats products & other seats and seats accessories products

Year	Export Value (US$)
1997	101,653,198
1998	30,554,542
1999	180,606,804
2000	187,616,984
2001	172,915,554
2002	182,760,438
2003	200,466,142
2004	205,668,889
2005	191,008,268
2006	159,314,133

Since the mid 2001 - 2004 rattan industry had continued to increase toward the peak in 2004, and begun decreasing in 2005. Data from Statistic Central Bureau (BPS)

Rattan Industry (resins)

- There is no national industry recorded which process rattan resin into semi finished or finished products
- There is no reliable recorded data on rattan resin trading (due to “illegal supply chain”)
- Based on BPS data, on 1995 Indonesia supplied around 15 tons of dragon’s blood
- There is a rumor that Indonesia only can supply small amount of International demand for rattan resins

Market requirements for Rattan canes

- Quota for raw materials and semi finished rattan
- Special license for rattan exporters (ETR)
- Certification not necessary but there is growing demand, ie: Fair Trade, SFM (FSC, LEI, etc)

Most wanted Rattan by Furniture / Handicrafts Industries

No	Name of Rattans	Specifications	Origin	Volume	Price in Cirebon (IDR/Kg) 2009-2010
1	Kubu soft	4-6 mm	Kalimantan	21,393.50	8.500 – 9.000
2	Sega	Fitrit	Kalimantan	10,671.40	19.000
3	Lambang	Fitrit	Sulawesi	10,666.10	21.000
4	Batang	Poles	Sulawesi	10,037.00	11.000
6	Lacak	4-6 mm asalan	Kalimantan	5,648.00	16.000 -18.000

Source: Setara/NTFP Indonesia 2010

Market requirements of Rattan resin

Based on SNI 1671 : 2010

No	Test		Grade Super	Grade A	Grade B
1	Resinous Content	%	Min. 80	Min 60	Min 25
2	Water Content	%	Max. 6	Max 8	Max 10
3	Dirt Content	%	Max. 14	Max 39	Max 50
4	Ash Content	%	Max. 4	Max 8	Max 20
5	Melting Point	ºC	Min 80	Min 80	
6	Color	-	Crimson Red	Pink Red	Dull Red
7	Price at exporter		900k-1200k	700k	300k

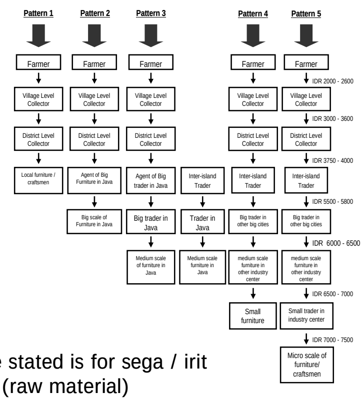
Rattan Policies (Canes)

- Before1979: no rattan export banned for all species
- 1979 – 1996: export banned of raw materials/semi finished for all species
- 1996 – 2004: no export banned for all
- 2004 – 2005: export banned of raw materials/semi finished for all
- 2005 – now: limited export allowance as raw materials for 3 species and limited export allowance as semi finished for other 2 species

Rattan Policies (Resin)

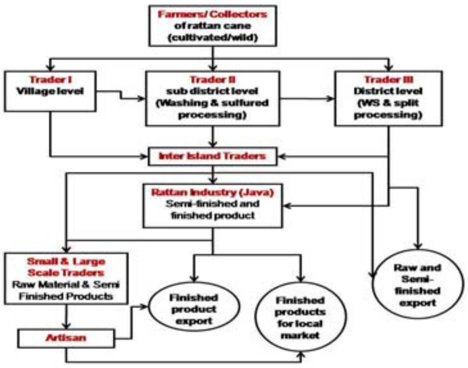
- Permenhut 35/2006 ; dragon blood as NTFP
- No specific regulation for rattan resin
- Legally, its collection and trading follow the rules of permenhut 55/2006 on NTFPs collection and trading (from state forest)
- Practically, the regulation mostly not implemented by the actors on rattan resin along supply chain

The supply chain pattern on rattan cane

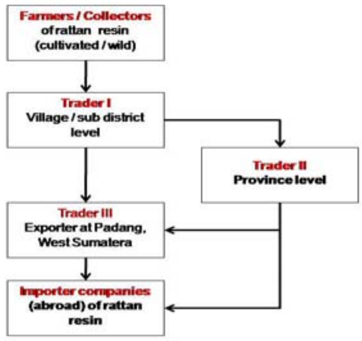


the price stated is for sega / irit
(raw material)

Supply chain of rattan cane



Supply chains of rattan resin



Strengths

- Indonesia dominated 80% of the total world global market
- Best quality of both rattan canes and resins
- There are more than 350 rattan species both grown wildly and cultivated
- Rattan garden is appropriate place for bio-diversity preservation
- Six species had already been planted in Kalimantan and Sumatera which three of them have been planted extensively in Kalimantan

- Rattan has several benefit as material for food, furniture, handicraft and medicinal purposes
- Gender balance for all activities in cultivation, harvesting, post harvest, production and trading
- High involvement of local communities
- High quality of rattan resin and rattan cane

Weaknesses

- Over exploited of some commercial rattan species
- Land tenure conflict
- The supply chain of rattan very long and multi-leveled, without added value
- Strong conflict of interest among rattan cane key player refer to government regulation
- Limited market networking on rattan industry

- Lack of appropriate technology (post harvest treatment, processing methods and finishing along the supply chain
- Lack of skill in design of rattan products
- Limited supply of rattan resin
- Lack of property right in design
- Often change of rattan regulation

Opportunities

- Only 52 species (from 350) already commercialized. Huge opportunity for promoting non commercial species
- High demand on rattan resin for natural dye and cosmoceutical/pharmaceutical ingredients
- New export policy of raw rattan cane provides more opportunity for upstream

Threats

- The expansion of palm oil and mining lead to rattan garden conversion
- The appearance of rattan imitation from plastic as substitution for natural rattan cane
- New emerging rattan producers and industry countries as competitors (vietnam and china)
- Lower price of competitor's rattan products

Conclusions and Recommendations

- the rattan cane has a complicated issue, ranging from upstream to downstream. Conflict between the actors is so high that intervention requires huge resources and effort.
- focus on the part of the subsector rattan that is not too risky, not too many actors and resources is not too large resources, while its benefits better, especially in resin rattan products

- Develop program to stimulate national industry for processing rattan resin as natural colorant or in herbal, pharmaceutical or cosmetic industries
- Increase products and raw materials supply of rattan resins