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# CRIF INDUSTRY WATCH

A monthly edition on Data, Risk and Economic Insights

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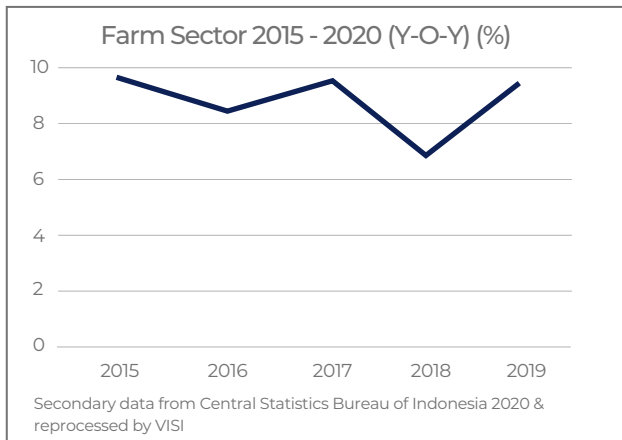
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# Analysis and Studies

## CRIF PT VISI Study: The growth of livestock sector and the impact of Covid-19 in 2020 in Indonesia

The livestock sector plays an important role for Indonesia's economic growth. This sector is one of the sub-sectors that drive the development and absorbs a lot of workforce, especially in rural areas. Every year, the growth in the livestock sector continues to fluctuate.



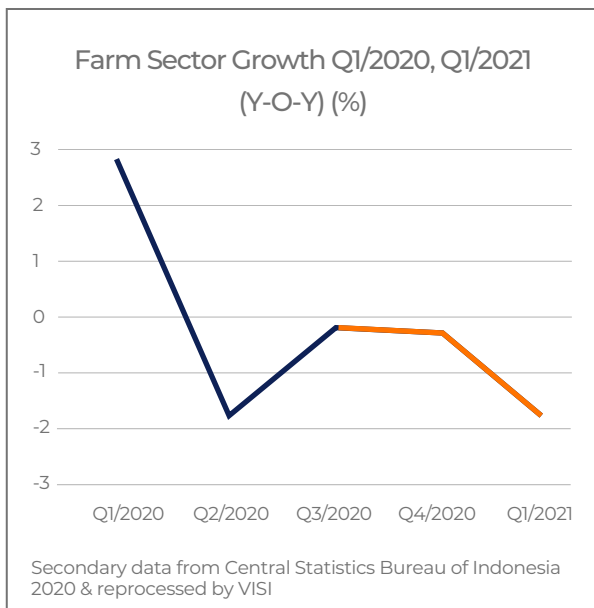
Based on data from Statistics Indonesia (BPS) (2020), in 2015 the sector experienced a growth of 9.7% (yoy) or decreased by 0.42 points when compared to 2014. In 2016, the growth of this sector still decreased by 0.82 points, to 8.88% (yoy). The decrease was caused by a decrease in the population of chickens, cows, buffaloes and other animals.

The decrease was caused by a decrease in the population of chickens, cows, buffaloes and other animals. Along with the initiation of Estrus Synchronization and Artificial Insemination Program (GBIB) program, there was an increase in the population of quadrupeds and led to an increase in growth in 2017 by 0.75 points or to 9.63% (y-o-y). Not only this program, the government program in increasing the chicken population in Indonesia also contributed to the increase. However, in 2018 there was a decrease again by 2.61 points or to 7.02% (y-o-y). This decrease is far more significant than the decrease in the previous years. After the government's countermeasures, in 2019 there was an increase in growth by 2.39 points or to 9.41% (y-o-y).

Meanwhile, based on the growth in 2020, the growth in this sector experienced a very drastic decrease due to the COVID-19 pandemic. Limited livestock activities and the cessation of operations of several farms due to reductions regarding the COVID-19 pandemic have resulted in a decrease in performance of more than 50% compared to 2019. Based on data from Statistics Indonesia (BPS) (2020), the average quarterly growth decrease in that sector amounted to 2.3%. The biggest decreases were in Q1/2020 and Q2/2020.



In Q1/2020, there was a decrease in growth by 5.07 points or to 2.87% (y-o-y), while in Q2/2020 it decreased by 4.69 points or to -1.83% (y-o-y). With the regulatory updates related to the COVID-19 pandemic where several key sectors that essential to people are allowed to operate, there has been a recovery in growth of 1.67 points to -0.16% (y-o-y).



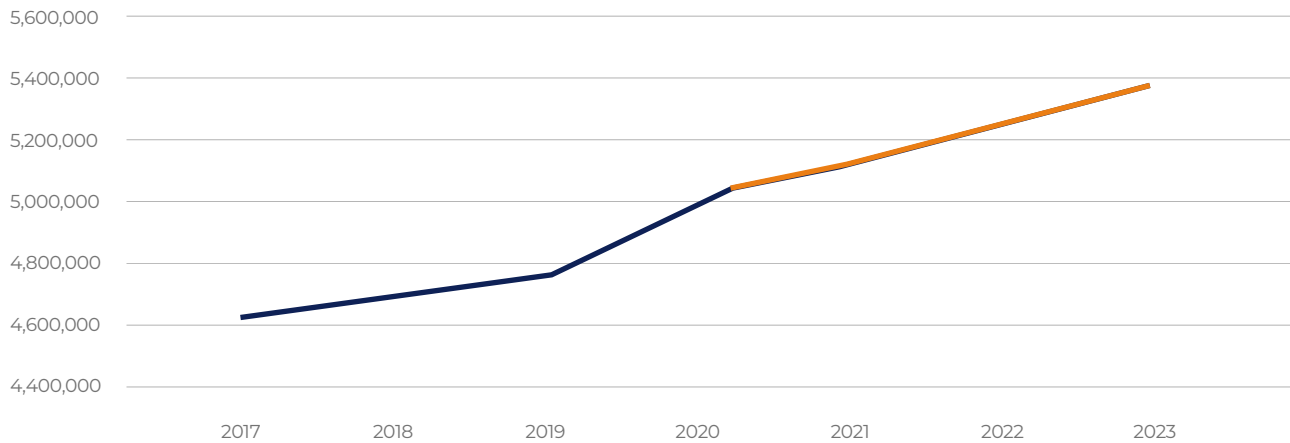
Based on data collection until Q3/2020, VISI predicts that in Q4/2020 the growth of the livestock sector will be -0.28% (y-o-y) and in Q1/2021 it will be -1.79% (y-o-y). This is based on economic conditions in Indonesia and business operations that have not fully recovered. Then, the closure or bankruptcy of several companies affected by the pandemic also caused a decrease in the target market of most active business actors, making it difficult for them to find new customers to cover the lack of demand from some of their closed or bankrupt customers. The persistently high supply prices were also one of the factors hampering this recovery.

Based on the latest data from the Ministry of Agriculture in 2018, broiler chicken meat production was 3,409,558.00 tons and in 2019 it was 3,495,090.91 tons. Because there is no 2020 data update, it is estimated that in 2020 the production of broiler chicken will reach 4.07 million tons, in 2021 it is estimated that it will increase to 4.03 million tons, in 2022 it is estimated to reach 4.34 million tons, and in 2023 to 4.30 million tons. The calculation is based on prediction of chicken population growth and uses the assumption that the average live weight of broilers when slaughtered is 1.7 kg/chicken. The production is in the form of chicken carcass, excluding the head, neck and legs. The carcass weight conversion for broilers is 68% of the slaughter weight. Since the COVID-19 pandemic occurred in 2020, the chicken farming sector certainly experienced the impact.



Based on the information from Statistics Indonesia (BPS), there was an excess of 3.6 billion chickens. This is due to the decline in market demand in a pandemic condition so that the production volume prepared to meet market demand which is predicted to increase is not fully distributed to end users. Even so, the Directorate General of Animal Husbandry and Animal Health (Ditjen PKH) on July 14, 2020, published a new scenario for chicken meat consumption to be 9.08 kg/capita/year. Based on the revision, the estimated demand is 2,447,691 tonnes or a surplus of around 1 million tons.

## Productivity of Chicken Eggs 2017 - 2023 (Tons)



Secondary data from Central Bureau Statistics of Indonesia & reprocessed by VISI

Meanwhile, for chicken egg production, egg production for laying hens in 2018 was 4,688,121 tons, in 2019 it was 4,753,382 tons, and in 2020 the production of purebred chicken meat would reach 5,044,395 tons. Meanwhile, in 2021 it is estimated that it will increase to 5,104,669 million tons, in 2022 it is estimated to reach 5,234,663 million tons, and in 2023 it will be 5,364,658 million tons.

## Import-Export Snapshot

### Denmark



Denmark is the 38th largest export economy in the world and 36th as importer.

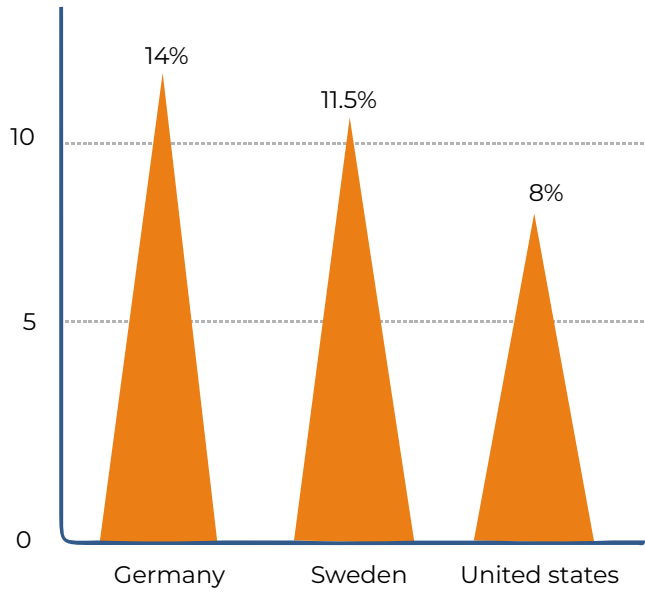
In 2017, Denmark exported \$83.2B and imported \$84.4B, resulting in a negative trade balance of \$1.19B.

In 2017 the GDP of Denmark was \$324B and its GDP per capita was \$51.4K.

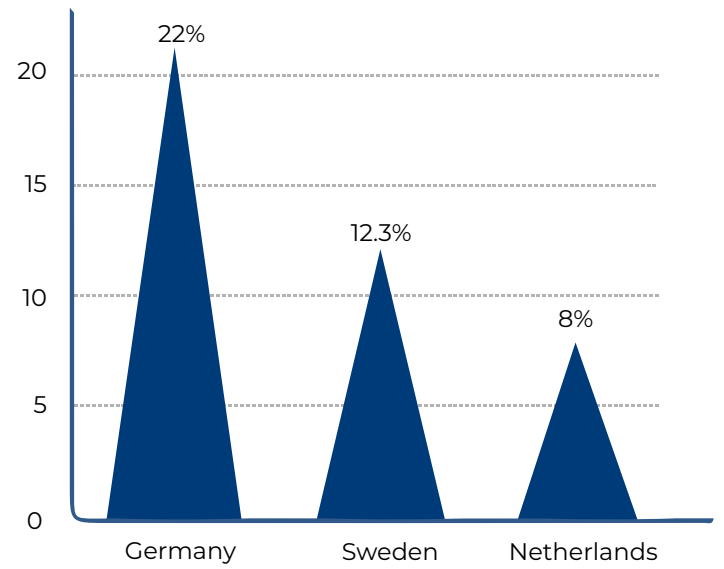
\*Denmark is a member of EU, World Bank and WTO.

Denmark is classified as high income economy by World Bank.

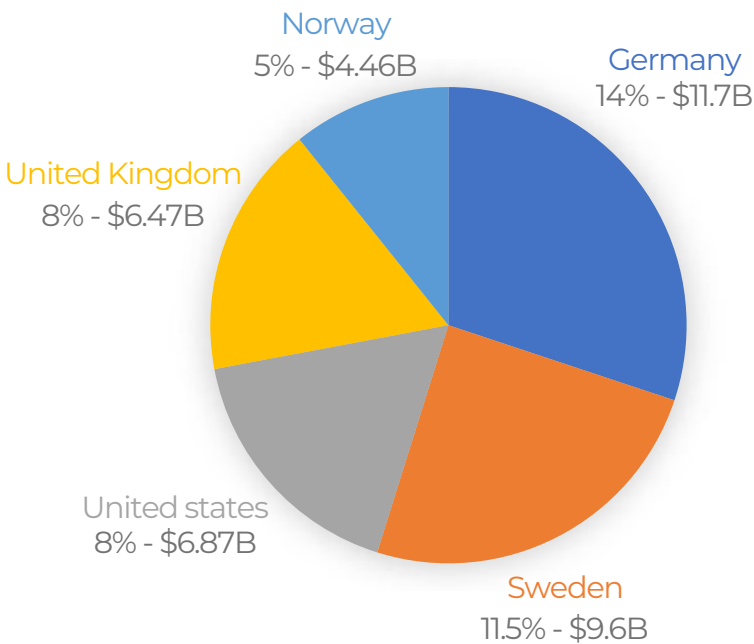
## Top 3 Export Destinations (overall value \$83.2B)



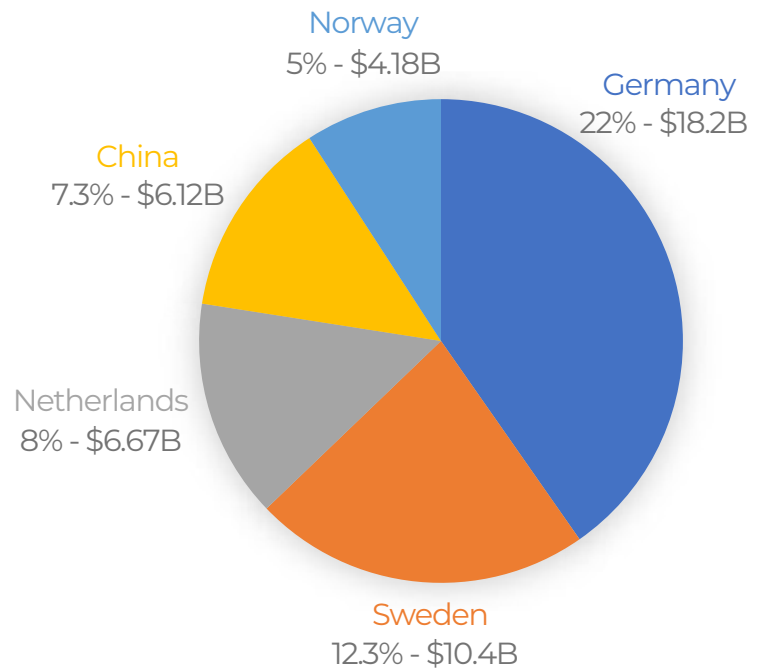
## Top 3 Import Origins (overall value \$84.4B)



## Top 5 Export Countries



## Top 5 Import Countries

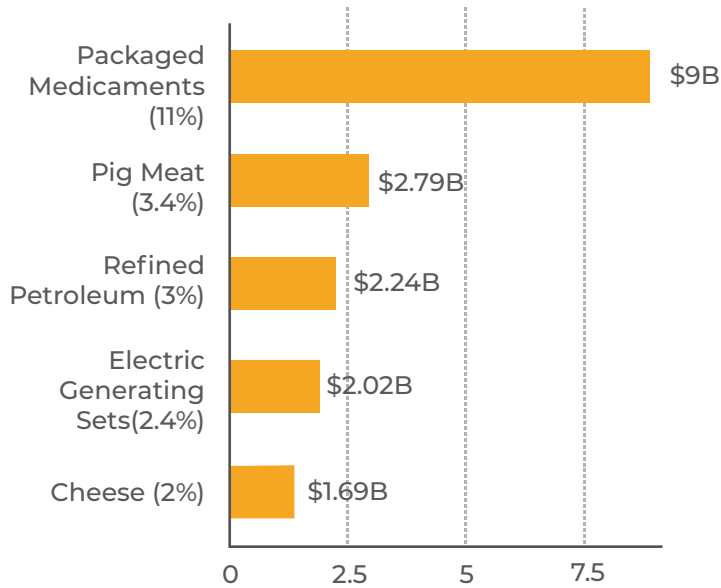


SOURCE: <https://oec.world/en/profile/country/dnk/>

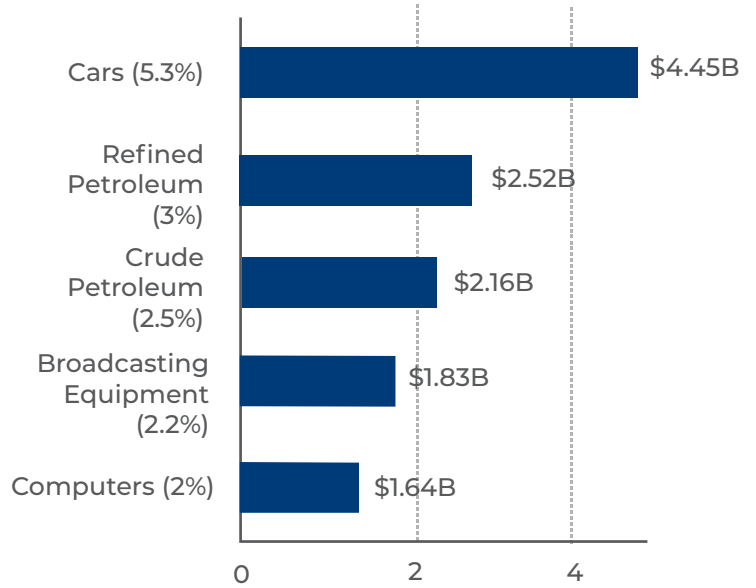


# | What does Denmark Imports and Exports?

## Top 5 products exported by Denmark



## Top 5 products imported by Denmark



SOURCE: <https://oec.world/en/profile/country/dnk/>

## Product Analysis

### | Nitrogenous Fertilizers Top Exporter Russia



- Nitrogenous fertilizers are the 170<sup>th</sup> most traded product in the world.
- The value of the total export amount at \$19.5B.
- Nitrogenous Fertilizers top exporter is Russia (\$2.48B), followed by China (\$2.15B), Egypt (\$1.15B), the Netherlands (\$1.14B) and Qatar (\$996M).
- The top importers are the United States (\$2.13B), Brazil (\$1.96B), India (\$1.32B), France (\$1.04B) and Turkey (\$830M).
- Russia exports for \$2.48, which represents the 13% of the World total.

# Article of the Month

## | Supplier risk evaluation in international trade: challenges and solutions

Supply Chain management is currently facing a various number of challenges not only coming from Covid-19 pandemic but also from changes in international trade and new requirements generated by different markets. It means that the overall Supply Chain is looking for alternative and more efficient ways in approaching all the different steps. In any case, it's a fact that Covid-19 pandemic is accelerating and stressing trends already in place in the last years.



### Why it's necessary to face challenges related to supply chain?

An IBM study stated that 50% of the value (and costs) of a company's products or services is in hands of outside suppliers, so mistakes in suppliers' identification and assessment, quality assured, disruption risk evaluation, reliability can generate negative impacts on company results.

### Supply Chain Challenge can be split into three different areas:



#### ➡ Historical and ongoing challenges

Avoid disruption is the most important topic and can be related to several issues, like: errors in logistic networks, equipment failures, part shortages, customs delays, cyber attacks, inclement delays, political disruption and unpredictable events. Each of them can create a domino effect potentially affect all business ecosystem. At the same time, over 85% of Chief Supply Chain Officers have revealed it's already increasingly difficulties to predict and proactively manage disruption and risk (Digitally Perfecting the Supply Chain Report by IBM). Then, put in place a process able to respond quickly and, at the same time, work to define a better supply chain are two crucial aspects to avoid inefficiencies with impact on suppliers-customers relationships. Still from Digitally Perfecting the Supply Chain Report by IBM, around 84% of Chief Information Security Officers confirmed a 'lack of visibility' across the supply chain as a big challenge to face.

## ➔ Challenges related to 2020 Covid-19 pandemic

During 2020 main challenge to face was keeping operations on track in spite of the COVID-19 and all its attendant disruptions. BCI Supply Chain Resilience Report 2020 underlined that only 49.5% of the companies considered their plan already in place as sufficient to face pandemic. In addition to health crisis, also trade disputes and economic pressure determined an economic environment very critical. Customers' behavior continued in the process of being based on worldwide commerce e-commerce. Finally, supply optimization is required to move towards a more successful flow. Related to this point, considering a study done by ICRON reported that Supply Chain Managers consider major challenges are related to have access to customer data (30%), having the right data available at the right times (24%), coping with unexpected events (22%) and predict market trends (20%).



## ➔ 2021 and beyond development

In addition to 2020 challenges and historical ones, Supply Chain organization has as key words flexibility and resiliency. Also geographical location of the supplier is an important point of discussion, even if BCI Supply Chain Resilience Report 2020 reported that 33.9% of the companies declared to do not move suppliers locally. Some trends are showing that companies are considering to move supplier at regional level instead of at global one but not locally.

### Higher awareness is the key to face Supply Chain challenges

Some of the challenges previously discussed can be positively win with a better knowledge of each player of the supply chain, both considering existing ones and also futures as well as regulatory requirements.

#### In particular, area to take into accounts are:

- Better knowledge of current supplier as don't just assume current suppliers' performances are running as in the past
- Have onboard new suppliers after having a clear picture of them. This is important to achieve a diversification but done with a high trust level. It's a mistake take on board new suppliers for costs reasons only, it's necessary to evaluate in depth their profile
- Obtain the right information to be compliant with regulatory requirements excluding in advance involvement in financial and non financial crimes, as it affects results and reputation
- Identify right countries for regionalization when required and consciously
- Know in advance if a supplier is exposed or not to cyber attack. A cyber attack to a supplier has a huge impact capacity in continue performing at current production level





## Knowledge requirements can be summarized as follow:

Overall evaluation, ownership identification, compliance requirements, cyber risks and country evaluation are crucial to answer supply chain needs and challenges.

### SkyMinder for Supply Chain needs

SkyMinder, CRIF B2B risk information platform for enabling international trade, provides information about companies everywhere in the world, without any exclusion.



SkyMinder solutions are designed to satisfy information needs coming from the complex and fast moving market of supply chain.

Using SkyMinder is possible to evaluate suppliers, both existing, news or potential considering business partners' differentiation positive to minimize risks. Following this perspective, also be updated on changes affecting a company is the right way to take new decisions or revise current one if necessary. Also having a valuable view on Patents gives insight on innovation approach.



Due to Compliance requirements, some checks are crucial to better know suppliers and all supply chain players. First of all identify company's ownership, but also exclude an involvement in financial crimes.

2020 was particularly tough in term of cyber risk attacks: it means it's time to be more accurate in choosing partners and understand if this kind of risk could be present.

Then, if it's required to find new suppliers and revise strategy related to countries where they're located, it's also necessary to have an picture about nations in term of opportunities and risk in term of economic development.

In a fast moving scenario like Supply Chain is in which challenges are required to sort out in the most efficient and effective way, have a reliable, worldwide and high-quality information partner like SkyMinder can be a success factor.

# Quick Infographic

| Supplier evaluation with CRIF's Business Information Report



## Evaluate Your Vendors with CRIF's Supply Chain Due Diligence Report



### What is Supply Chain Due Diligence?

It accounts for the efforts taken to investigate a potential business partner and associated risks that can disrupt the supply chain of your company. The main and vital purpose of the process is to ensure that the portfolio of the top-notch suppliers is available at the disposal of the company.

### Key Benefits of Supply Chain Due Diligence



**Increase performance visibility:** The simple process of measuring the performance of the suppliers can help improve the overall performance of the company.



**Leverage the supply base:** Plan a better and new range of products and services based on a good understanding of its suppliers' expertise, vital capabilities, and performance levels.



**Diminish risk factors:** Identify potential threats under credit lines, operations, possible bankruptcy, defaults and eliminate any corruption risks.



**Align customer and supplier business practices:** Ensure suppliers run their business operations in alignment with their customers sharing similar business ethics and work towards the continuous improvement of their operations.

Keep your third-party due diligence in check.  
Get your Business Information Report from CRIF today!

# About CRIF India

CRIF India is one of India's leading provider of Credit Information, Business Information, Analytics, Scoring, Credit Management and Decisions Solutions.

CRIF's Business Information Report, commonly known as the BIR Report, is a new way of thinking about data and information and how they are linked to each other. Available in 230 countries and territories, CRIF'S Business Information Report contains up to date information collected from various data sources. The report helps in determining a company's profitability, financial trends, and risk. It also provides an in-depth profile of a company, including financial information, legal cases, history of business, ownership details, operational information, and details on related firms and special events that occurred in the past involving company management. It's an industry standard for evaluating both new and existing credit relationships, especially medium-to-high risk accounts. Additionally, it supports a company's other efforts, like marketing and purchasing.

## CRIF India's Business Information Offerings



# | How is CRIF different?



We brought in new Sets of Data Points,  
First in the Industry at a TAT less than 48hrs.



## Global Data Environment

200 million companies across 230 countries,  
2 Million directors on these companies,  
400+ data points covered



## Unmatched expertise in analysis

Our vast experience gives us an eye for better  
assessment of information



## Count on our TAT

Quality in expertise translates into  
efficiency in outcome



## Quality checks

We've set processes to ensure reliable  
information is coming your way

**Customized solutions for:** Customer | Suppliers | Trade / Supply Chain solutions



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