



Edible Bird's Nest as a Trade Commodity between Indonesia and China in 2017-2021

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Abstract

Indonesia provides 80% of the world's edible bird's nest needs. China and Hong Kong are the largest importer of Indonesia's edible bird's nest. In 2021, about 81% of 1,510 tons of Indonesia's edible bird's nest production are exported to these countries, of which 994 tons (65.8%) are exported to Hong Kong and 229 tons (15.2%) are exported to China. This study aims to analyze the development of Indonesian bird's nest export and market to China and its contribution to China's edible bird's nest import. The data used are secondary data. This study used Convergent Mixed Method. Data were collected using literature studies and documentation. The results showed that Indonesian bird's nest exports to China showed a significant increase during 2017 to 2021 and Indonesia became the largest contributor to China's edible bird's nest imports in that period.

Keywords: *Edible Bird's Nest, Export Development, Import Contribution*

INTRODUCTION

Edible bird's nest is a high-value trade commodity (Yeo et al., 2021). This commodity is one of the most expensive animal food products (Thorburn, 2014), so it is known as "the caviar of the east" (Marcone, 2005) or "tropical white gold" (Mursidah et al., 2020). The price of raw unclean (RUC) edible bird's nests in the international market is between US \$ 550–800 per kilogram, while the price of raw clean (RC) edible bird's nests is between US \$ 1,800–3,500 per kilogram, depending on the size and quality of the nest (www.phnompenhpost.com, 2021). The price of edible bird's nest will be more expensive at the retail level. In 2019, the retail price of edible bird's nest in China was around CNY20 per gram or US\$2.90 per gram (exchange rate US\$0.1449 per CNY) or US\$2,900 per kilogram (www.chinadaily.com.cn, 2019).

The world edible bird's nest trade volume is estimated at around 2,800 tons per year (Tangjitmannangkul, 2019) and the world edible bird's nest trade value is estimated at around US\$5 billion per year (www.thevibes.com, 2021). If the price of edible bird's nest in the international market is averaged at US \$ 2,000 per kilogram, then the value of the world edible bird's nest trade is US \$ 5.6 billion per year. Edible bird's nest consumption has experienced a rapid increase in recent years driven by improved living standards and the recovery of culturally confident edible bird's nest major consuming countries pioneered by China (Fan et al., 2022). According to Thorburn (2014), the edible bird's nest trade is growing rapidly as a result of meeting consumer demand in China triggered by the increasing welfare of the Chinese people.

Indonesia produces around 2,000 tons of edible bird's nests per year (CNBC, 2021). This production capability is caused by the swallow population in Indonesia amounting to 80% of the world's total swiftlet population (Thorburn, 2014). Therefore, Indonesia is the largest edible bird's nest producing country in the world and provides as much as 80% of the world's edible bird's nest

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needs (Mufliha, 2022). Meanwhile, the rest of the world's edible bird's nest needs are provided by other edible bird's nest producing countries, namely: Malaysia (13%), Thailand (5%), and Vietnam (2%) (Kuo, 2022).

The Chinese community is the main consumer of edible bird's nests, especially those in China, Taiwan, Singapore, North America (Babji et al., 2015), and Hong Kong (Sari & Sudiana, 2022). For ethnic Chinese, consuming edible bird's nest is not only believed to have great health benefits (Thorburn, 2014), but also a reflection of social status for those who consume it (Ya'acob et al., 2021; Kuo, 2022).

China consumes more than 90% of the world's edible bird's nest production (Tangjitmannangkul, 2019; Ancient et al., 2022; Kuo, 2022). In 2019, the domestic market size of edible bird's nests in China reached US\$4.57 billion (www.yicaiglobal.com, 2020) which is equivalent to 91% of the value of the world edible bird's nest trade per year. Thus, almost all of Indonesia's edible bird's nest production will eventually end up in China.

The above description raises questions about how important edible bird's nest is as a trade commodity between Indonesia and China, how much domestic demand for Chinese edible bird's nest, and what Indonesia's role in meeting China's edible bird's nest needs. This study aims to analyze the development of Indonesian edible bird's nest exports to China and its contribution to China edible bird's nest imports.

Unlike previous studies that analyzed the trade of edible bird's nests only from one side, namely from the Indonesia's side or the China's side. This study analyzed the swiftlet nest trade from both sides: Indonesia and China.

LITERATURE REVIEW

Edible bird's nests are produced from swiftlet saliva and consumed as food and medicine by humans (Ito et al., 202; Yeo, 2021). In its development, edible bird's nest is not only consumed directly as a food ingredient, such as edible bird's nest soup, but also further processed and used as raw material in several industries, including: food, beverage, health, and cosmetic industries, into processed edible bird's nest products, such as: edible bird's nest drinks, cosmetic products, skincare, and supplements.

Edible bird's nest is a special food and part of culture for Chinese people. Until now, edible bird's nest has only been consumed by ethnic Chinese. For ethnic Chinese, consuming edible bird's nest is not only believed to provide many health benefits, but is a symbol of prosperity, power, and prestige (Marcone, 2005), and it shows the height of social status for those who consume it (Kuo, 2022). Edible bird's nest become a "cultural" and luxurious food for ethnic Chinese.

Edible bird's nest is an important commodity in trade relations between Indonesia and China. Indonesia and China are the main actors in the world edible bird's nest trade. Indications of the Chinese edible bird's nest trade are thought to have been going on since the early days of the T'ang dynasty (681-907) (Lau & Melville, 1994). According to Lau & Melville (1994), China's edible bird's nest trade seems to have grown rapidly in the 18th century with records of edible bird's nest trade through Batavia reaching 56.7 tons per year (Lau & Melville, 1994). Batavia was the capital of the Dutch East Indies, now called Jakarta, the capital of Indonesia. Indonesia's edible bird's nest trading activities can also be seen from the Hong Kong Government's trade statistics. During 1989 to 1991, Hong Kong Government trade statistics noted that Indonesia was the largest exporter of edible bird's nests to Hong Kong (Lau & Melville, 1994).

RESEARCH METHODOLOGY

The data used in this study are secondary data. The data needed, among others: volume and value of exports and imports of edible bird's nests, development of exports and imports of edible

bird's nests, market demand and production of edible bird's nests. The data is obtained through literature studies and documentation. Data and information are obtained from literature in the form of journals, books, study results, articles or research reports and from official government documents, national and international organizations or institutions, and articles in national and international mass media publications. The data used in the study are data on trade and market of edible bird's nest from 2017 to 2021.

This study used Convergent Mixed Method. This method combines quantitative data and qualitative research data to obtain comprehensive research analysis results (Creswell and Creswell, 2018). Qualitative data will be analyzed by compiling and grouping the data obtained, interpreting and describing the data, then making conclusions. While quantitative data analysis is carried out descriptively by summarizing the data obtained, processed and presented into the form of tables, graphs, or numbers. The results of this data processing are then interpreted by looking at the tendency, interpreting and comparing it, then making conclusions. The conclusions obtained from the results of qualitative and quantitative data analysis are then combined to obtain a final conclusion.

This study will analyze the export volume of Indonesia's edible bird's nests and the demand for China's edible bird's nests and the factors influencing it. Then, describe the export trend of Indonesia's edible bird's nests to China and Indonesia's contribution to China's edible bird's nest imports.

FINDINGS AND DISCUSSION

Indonesia's Production Capacity & Export

Badan Pusat Statistik Indonesia (The Indonesian Central Bureau of Statistics), BPS, reported that the export volume and value of Indonesian edible bird's nests experienced a significant increase from 2017 to 2021 (www.bps.go.id, 2022). The export volume of Indonesian edible bird's nests in 2017 was 1,294 tons with a value of US\$280 million and then increased to 1,506 tons with a value of US\$517 million in 2021. Thus, in 2021 there was an increase of 17% in the export volume of edible bird's nests and a significant increase of 84% in the export value of edible bird's nests compared to 2017.

During the period, Indonesia has exported edible bird's nests to 21 (twenty-one) destination countries every year and as many as 11 (eleven) countries among these destination countries are the destination countries for Indonesian edible bird's nest exports every year. Table 1 shows the export volume of Indonesian edible bird's nests to the eleven countries from 2017 to 2021.

Table 1. Destination Countries & Export Volume of Indonesia's Edible Bird's Nest (Ton), 2017-2021

| No. | Country Destination | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----|---------------------|-------|-------|-------|-------|-------|
| 1. | Hongkong | 487,8 | 290,4 | 644,1 | 897,2 | 989,9 |
| 2. | China | 55,5 | 69,6 | 129,1 | 263,5 | 228,8 |
| 3. | Singapore | 71,6 | 90,0 | 75,4 | 68,8 | 80,0 |
| 4. | United States | 18,2 | 16,6 | 47,0 | 20,4 | 66,2 |
| 5. | Vietnam | 624,5 | 806,1 | 329,9 | 27,2 | 71,3 |
| 6. | Canada | 3,4 | 2,7 | 2,0 | 1,8 | 2,3 |
| 7. | Taiwan | 8,3 | 5,5 | 5,6 | 12,9 | 20,6 |
| 8. | Thailand | 3,9 | 4,4 | 1,1 | 2,4 | 1,8 |
| 9. | Japan | 0,3 | 1,0 | 0,1 | 0,3 | 0,1 |
| 10. | Cambodia | 0,6 | - | - | - | - |

| | | | | | | |
|-----|--------|------|-----|------|------|------|
| 11. | Others | 12,6 | 5,6 | 24,5 | 18,0 | 44,5 |
|-----|--------|------|-----|------|------|------|

Source: BPS 2022

Table 1 shows that China and Hong Kong are the largest export destinations for edible bird's nest for Indonesia. From 2019 to 2021, these two countries became the main destinations for Indonesian edible bird's nest exports. In 2019, the export volume of edible bird's nests to China and Hong Kong reached 61% of Indonesia's total edible bird's nest exports. This export volume then increased to 88% in 2020 and 81% in 2021.

Of the total volume of edible bird's nest exports in 2021, most of it was absorbed by Hong Kong with a percentage of 66% and China absorbed 15%. However, based on export value, Hong Kong contributed only 18% and China contributed 68% to the total export value of Indonesian edible bird's nests. This is due to the difference in edible bird's nest prices in the two countries. The price of edible bird's nest in Hong Kong is only US\$88 per kg, while in China it reaches US\$1,500 per kg (www.cnbcindonesia.com, 2021).

China's EBN Import/Demand

All of China's edible bird's nest needs are obtained through imports. Currently, the China Government only imports edible bird's nests from Indonesia, Malaysia, and Thailand (www.inf.news, 2022). International Trade Center (ITC) data shows that the volume and value of imports of China's edible bird's nests have increased significantly during 2017 to 2021 (www.trademap.org, 2022). Graph 1 shows the volume and import value of Chinese edible bird's nests in 2017 – 2021.

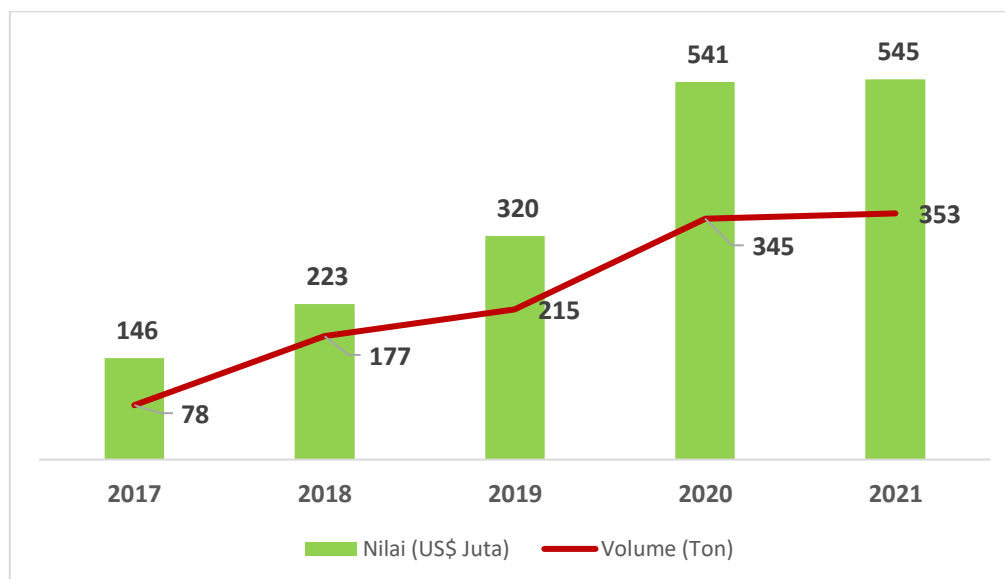


Figure 1. Import Volume and Value of China's Edible Bird's Nest, 2017–2021

Source: ITC 2022.

In 2017, China imported 78 tons of edible bird's nests with a value of US\$146 million. In 2021, this figure then increased significantly by 353% based on import volume or an average of 71% per year and increased significantly by 274% based on import value or an average of 55% per year. The volume and value of imports have increased significantly since 2018. The import performance of edible bird's nest tends to be stable in 2022 compared to the previous year.

The demand for edible bird's nests in China continues to increase. Several factors trigger this increasing demand, including: an increase in public income due to China's high economic growth (Rahman et al., 2018), increasing public confidence in the benefits of edible bird's nest for skin beauty (www.marketingtochina.com, 2020), and the rapid increase in edible bird's nest consumption in the educated younger generation because of their belief in the benefits of edible bird's nest for health, especially for skin health (www.marketingtochina.com, 2020; www.ecommercechinaagency.com, 2021). This increase can be seen in China's edible bird's nest imports which increase by 32% every year (www.chinadaily.com.cn, 2019).

Based on the Report of the Trade Attaché of the Indonesian Embassy in Beijing (2015), the demand for edible bird's nests of the Chinese people will increase during the celebration of the Chinese New Year (Imlek) and before the new year. At these celebrations, edible bird's nest is usually given as a special gift that symbolizes prosperity and good fortune (Babji et al., 2015).

Discussion

Edible bird's nest is a new source of income that can provide additional foreign exchange with a fantastic value for Indonesia. Indonesia is estimated to have the potential to earn additional foreign exchange of IDR 500 trillion per year from edible bird's nest exports (www.cnbcindonesia.com, 2022). Therefore, since 2015, edible bird's nest has become one of Indonesia's most important export commodities (www.liputan6.com, 2021) and has become one of the leading commodities in the Gerakan Tiga Kali Ekspor (Gratieks) –triple export movement programs, launched by the Ministry of Agriculture (www.ditjenpkih.pertanian.go.id, 2021).

Indonesia's edible bird's nests are sought after by consumers in China. Indonesian edible bird's nests are known to have the best quality by Chinese communities around the world (www.marketingtochina.com, 2020). Due to its high nutritional content, Indonesian edible bird's nests are used as raw materials for food, supplements, medicines, and cosmetics (www.antaraneews.com, 2021).

The Trend of Indonesia's Bird's Nest Exports to China

From 2017 to 2021, the volume and value of Indonesia's edible bird's nest exports to China have increased significantly. Figure 1 shows the volume & value of Indonesia's edible bird's nest exports to China during 2017 – 2022.

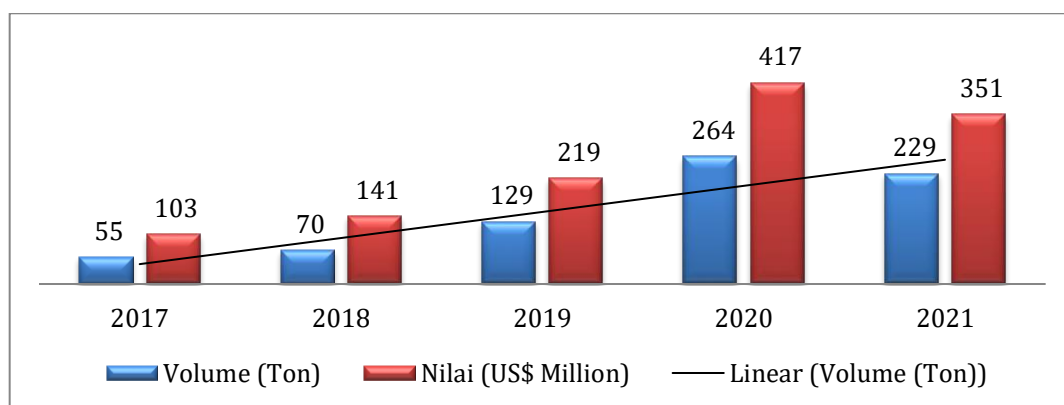


Figure 1. Volume & Value of Indonesia's Edible Bird's Nest Export to China, 2017– 2022

Source: ITC 2022

In 2021, the export volume of Indonesia's edible bird's nest to China reached 229 tons. This

amount increased significantly by 313% compared to the export volume of Indonesia's edible bird's nest in 2017 which amounted to 55 tons. For the past five years, the export volume of Indonesia's edible bird's nest to China has increased by an average of 50% annually. A significant increase in export volume occurred between 2019 and 2020, where in 2020 there was an increase in export volume by 104% compared to 2019.

The increase in the export volume of bird's nest during that period was followed by an increase in the value of its exports. In 2021, the export value of Indonesia's edible bird's nest to China was US\$351 million, a significant increase of 241% compared to 2017 which was worth US\$103 million.

In the past five years, the value of Indonesia's edible bird's nest exports to China has increased by an average of 42% annually. A significant increase in export value also occurred between 2019 and 2020, where in 2020 there was an increase in export value by 90% compared to 2019.

Indonesia's Contribution to China's Edible Bird's Nest Imports

Indonesia is the largest contributor to China's total volume and value of edible bird's nest imports. Figure 2 shows Indonesia's contribution to the total import volume of China's edible bird's nest during 2017-2021.

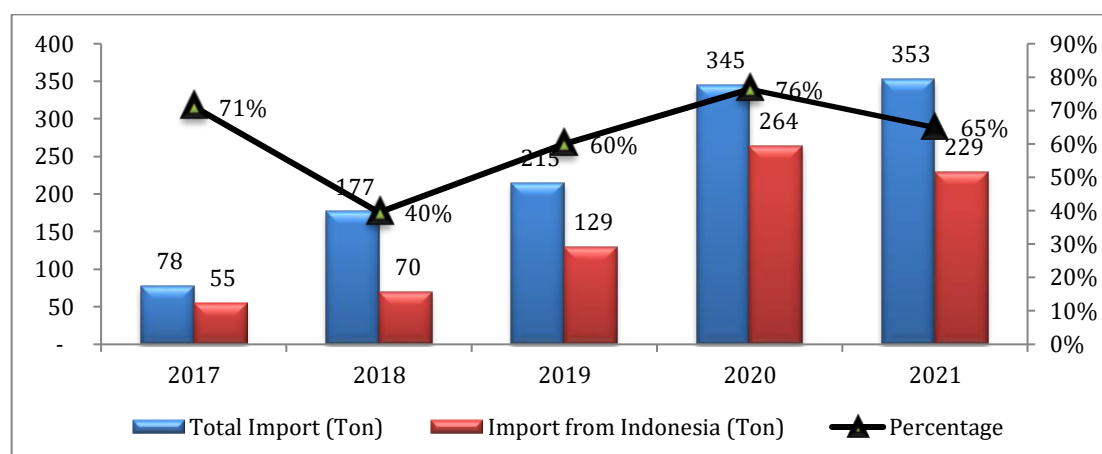


Figure 2. Total Import Volume of China's Edible Bird's Nest & Indonesia's Contribution, 2017-2021

Source: ITC 2022.

During 2017 to 2021, the total volume of China's edible bird's nest imports experienced a significant increase. In 2021, the total volume of edible bird's nests imported by China reached 353 tons, a significant increase of 353% compared to 2017 which amounted to 78 tons. Over the past five years, the volume of edible bird's nests imported by China has increased by an average of 53% annually.

In that period, Indonesia accounted for an average of 62% annually to the total volume of China's edible bird's nests import. Since 2019, Indonesia's contribution has increased significantly. Indonesia accounted for 60% of total volume of China's edible bird's nest imports that year, then increased to 75% in 2020 and 65% in 2021. This makes Indonesia in a dominant position as a contributor to China's edible bird's nest imports in the last three years.

The increase in Indonesia's contribution to the total import volume of China's edible bird's nest was also followed by an increase in the value of imports. Figure 3 shows Indonesia's contribution to the total value of China's edible bird's nest imports during 2017-2021.

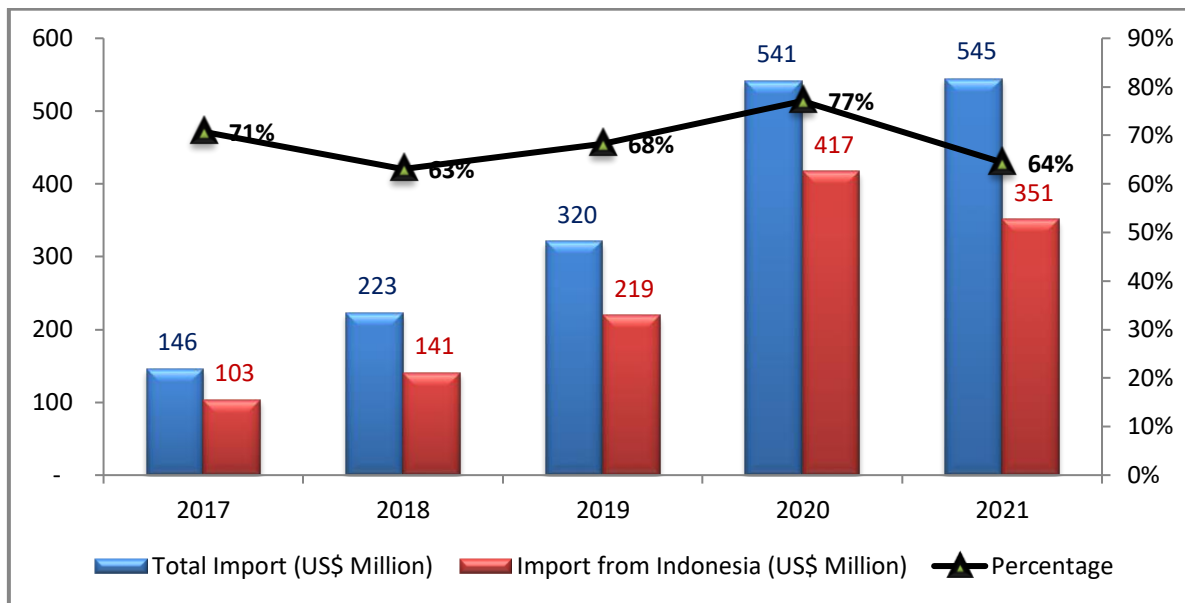


Figure 3. Total Import Value of China's Edible bird's nest & Indonesia's Contribution, 2017-2021
Source: ITC 2022

In 2021, the total value of edible bird's nests imported by China reached US\$545 Million, a significant increase of 274% compared to 2017 which was worth US\$146 Million. Over the past five years, the value of edible bird's nests imported by China has increased by an average of 42% annually. In terms of value, during 2017 to 2021, Indonesia became the largest contributor to China's total bird's nest imports. During the period, Indonesia contributed an average of 69% annually to the total value of China's bird's nest imports. In fact, in 2020, Indonesia's contribution to the total import value of China's bird's nest reached 77%.

Indonesia is the largest contributor to China's edible bird's nest imports. According to Maura (2020), the increase in Indonesian edible bird's nest exports to China can occur after the Indonesian Government negotiates with the Chinese Government to resolve export barriers faced in the edible bird's nest trade between the two countries.

CONCLUSIONS AND FURTHER RESEARCH

Indonesia's edible bird's nest exports to China showed a significant increase during 2017 to 2021 and Indonesia became the largest contributor to Chinese edible bird's nest imports in that period. This proves that Indonesia is able to meet the high demand for Chinese edible bird's nests. Edible bird's nest is a unique trade commodity. It is a food product consumed by a country that "does not produce it at all" and is produced by a country that "does not consume it at all". Thus, edible bird's nest consuming countries are highly dependent on imports in meeting the needs of edible bird's nests in their country. Meanwhile, producing countries produce edible bird's nests only for export purposes in order to meet the demand of consumer countries. Therefore, Cooperation between Indonesia and China in the edible bird's nest trade must be improved in order to provide maximum benefits for the two countries.

This study is limited by data on China's actual domestic market demand. This study only analyzes China's market demand based on the import volume of China's edible bird's nests. Researchers estimate that demand for edible bird's nests in China is greater than the available data.

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