



Structure of Cinnamon Supply Chain in Kerinci Area in Province of Jambi, Indonesia

Kerinci is regency in Jambi Province with regional wide 380.000 ha. Half from the wide is National Park Area of Kerinci Seblat (Taman Nasional Kerinci Seblat). Capital city of Kerinci is Sungai Penuh, but since October 2009, Sungai Penuh has become new administrative city, separate as spin-offs from Kerinci regency. As for capital city of Kerinci now is Siulak.

Geographically, Kerinci lays in latitude 01o41' - 02o26 ' Southern Latitude and meridian 101o08' - 101o50' East longitude. The whole region of kerinci at height above 1.000 metre above sea level.



Map of Kerinci (red color), about 85% of supply to the international market from Indonesia is produced in this area and involve around 13.250 farmers. About 20% of land is owned by small farmers (the acreage 2 – 10 ha) and 80% is owned by non real farmers so called "induk semang" (acreage up to 50 ha).

Economic Potency

As mountainous region, besides eco-tourism, one of economic potentials are agricultural produce either in the form of product of horticulture and also herb. Most important herb and well known from Kerinci is Cinnamon

or Casiaverra. Indonesia is biggest supplier in the world for cinnamon. About up to 85% supply of Indonesia for international market comes from Kerinci. Some sources mention that Indonesia cinnamon production ranges from 15.000 - 20.000 tons/years of dry bark every year with value of export about USD 20 - 25 million. But unhappily, those big potency could not yet be enjoyed expediently by the cinnamon farmers. Added value of product has not been performed at farmer level.



Cassia from the farmer, traded in the local market in the village (Balai), no added value has been made by the farmers. From local market then transported to the local collector storage.

As a whole, data on 2008 indicates that agriculture sector contributes 67.85% to Income and Expense Plan of Kerinci. This number indicates that agriculture sector is main source of income of farmer community of Kerinci.

Structur of Income and Expenses Plan based on business sector, year 2000, 2005 dan 2008 (%)

Business Sector	2000	2005	2008
Agriculture :	67,80	67,46	67,85
- Food crops	32,55	34,11	34,35
- Estate tree	29,46	27,62	27,78
Dairy and its products	4,43	4,45	4,55
Forestry	0,08	0,06	0,04
Fishery	1,29	1,23	1,14
Mining	0,52	0,49	0,45
Processing Industry	3,04	2,77	2,78
Electricity and Fresh Water	0,54	0,71	0,69
Trade, Hotel and Restaurant	8,91	8,66	8,70
Transportation and communication	4,15	4,19	4,12
Finance, Leasing, Company services	0,99	0,91	0,84
Services	11,65	11,56	11,12

Source: Statistic Agency of Kerinci, 2009

Cinnamon contribution percentage has not been known clearly. Based on information that obtained from traders, there is tendency of degradation of enthusiasm to replanting cinnamon as impact of low price of bark at farm gate level. Farmers prefer to convert their tree to higher prices and shorter period commodity such as coffee and rubber. It seem to become constraint in the future in term of continuity of supply. If this constraint can not solve, then within 20 - 25 years Kerinci no longer become cinnamon supplier that considered by world.

In other hand, price of bark at exporter level can be five time higher than price at farmer level. Height of prices difference indicates the indisposed commerce of bark between farmer and exporter. So many questions then come up.

- What was happened along whole supply chain of cinnamon?

- Is it nature of cinnamon's business or artificial constraints?
- Who are key players in the cinnamon's business and what they did to add value of products?
- How is relationship between chain actors?
- Are roles of each chain actors and supporting actors go in right tracks?
- etc

To answer those question, find out what is main constraints and what is the best alternative solution (win-win solution) to solve the constraints value chain analysis can be perform. Value chain analysis able to capture existing business condition of certain products in the chains. In this analysis, chain actors are positioned as an expert and problem owner. Researcher will be very close contact to the each chain actors and talk with them separately. Mix methodology is used in this analysis, such as Semi Structured Interview, Season Calendar, Problem Tree and Group Discussion.

Structure of Supply Chain generally can be pictured as

Farmer. According the data of 2007, Cinnamon were planted by 17% of the people of Kerinci or by 13250 families. About 20% of that amount is Small Farmers ("petani kecil = pk") with the acreage of less than two hectares and the rest of the Cinnamon plantation area (80%) belong to Land Owner ("pemilik lahan non petani = plnp").

There is a difference in land utilization between pk dan plnp. After cutting down the trees, pk utilizes the lands by planting horticultural products such as potatoes, hot peppers, etc. Plnp only let the lands after cutting down the trees. In the term of products selling, pk and plnp trade the Cinnamon trees right on the plantation areas in grocery system. Buyers will estimate and do the transaction. This person is well-known as Grocery Farmers or 'Petani Borongan'.

Small farmers sells the Cinnamon harvest in traditional market (Balai) once a week. The price ranges in Rp. 6000 - Rp. 8000,- per kg. depending on the quality of the products.



Cinnamon Plantation in Hill Areas in the Sub - Regency of Batang Merangin

Grocery Farmers. Viewed from the roles, they cannot be classified as farmers anyway because they do not commit any cultivation activities. After purchasing the trees from the farmers or land owners, grocery farmers will place daily worker on the site after the Cinnamon trees cutting to do the next trees cutting trees skin peeling, drying and doing the products transportation to four-wheeled-

vehicles reachable places. The system of payment to the daily workers based on the amount of Cinnamon skin handled by each persons.

Collector Farmers. There are also grocery farmers who act as collectors. The main activity of the collectors is Product Sortation. Purchasing price from the collectors is based on the Tress Skin Quality and water contents. This water content determines the capability of products if it is stored. According to the Collectors, the water conten should be 15%. The calculation of water content doen not require any tools here but only based on the visual observation and the capability of the Collectors.

Toke. Toke is person(s) who accomodate(s) the products purchased by Collectors. This toke can also take a role as Grocery Farmers also. Toke sells the Cinnamon products to exporter, who are located in the city of Padang, province of Sumatera Barat (West Suamtera) Indonesia.

General Products and Information Flows of Cinnamon in Kerinci

