

Chapter 1 : Introduction

1.1 Background

The trade of edible bird's nests has a long-standing history, deeply rooted in cultural traditions and economic exchanges across Asia. Edible bird's nests, produced by swiftlets using their hardened saliva, are highly valued in traditional Chinese medicine and culinary practices. They are often used in bird's nest soup, a delicacy believed to provide numerous health benefits, such as improving skin health, boosting immunity, and enhancing overall vitality. These nests have been regarded as a luxury item in Chinese culture for centuries, consumed by royalty and the wealthy elite. Even in modern times, they remain a status symbol and a sought-after ingredient in premium health and wellness products.

Indonesia plays a crucial role as the world's largest supplier of edible bird's nests, benefiting from its natural environment and well-established swiftlet farming industry. Initially, edible bird's nests were harvested from caves, particularly in regions like Kalimantan, Sumatra, and Java. However, to meet growing demand, commercial swiftlet farming has expanded, with specialized birdhouses allowing for increased and sustainable production. Indonesian farmers and exporters have adapted to strict international quality standards, ensuring that their products meet China's rigorous import regulations.

China, as the primary consumer of edible bird's nests, dominates global demand. With an expanding middle and upper class, increasing disposable incomes, and a deep-rooted belief in the health benefits of bird's nests, the Chinese market continues to drive significant trade volumes. The demand is further reinforced by traditional Chinese medicine (TCM) principles, which promote the consumption of bird's nests for longevity, improved respiratory health, and post-illness recovery. Additionally, the product is widely used in gifts and ceremonial traditions, further solidifying its economic importance.

1.2 Economic Relevance

The edible bird's nest (EBN) industry holds strategic economic value for Indonesia as a high-value, export-oriented commodity. With China absorbing over 90% of Indonesian EBN exports, the industry contributes significantly to foreign exchange earnings, GDP, and rural employment, particularly in provinces such as Kalimantan, Sumatra, and Sulawesi. The demand from China continues to grow reaching 557 tons in 2023 reflecting both cultural significance and rising health consciousness among Chinese consumers.

Beyond direct export revenue, the EBN sector supports ancillary industries including logistics, packaging, certification, and agriculture. The Indonesian government has implemented regulatory mechanisms such as SIRIN and NKV certification to ensure product safety and traceability, facilitating access to China's highly regulated market.

Despite these contributions, the industry faces key risks: reliance on a single export destination, limited domestic value addition, and regulatory compliance burdens. Therefore, this study focuses not only on economic impact but also on competitiveness indicators Revealed Comparative Advantage (RCA), Trade Competitiveness Index (TC), and Export Market Share (MS) to evaluate Indonesia's strategic position and long-term sustainability in the global EBN market.

