
ANALYSIS OF INDONESIAN EDIBLE BIRD'S NEST EXPORTS TO HONG KONG IN 2018 – 2022

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Abstract: This study aims to analyze the Indonesian bird's nest export to Hong Kong. Exporting is the act of selling goods and services produced by one country to buyers in another country. Importing is the act of purchasing goods and services produced by another country. Exporting and importing form international trade. According to the Export-base Theory, exporting can be a major factor in the economic growth of a country. Exporting leads to an increase in the inflow of money into a country, which in turn stimulates economic growth. Indonesia provides 80% of the world's edible bird's nest needs. From 2018 to 2022, Hong Kong was the largest importer of Indonesian edible bird's nest. During the period, Indonesian edible bird's nest export to Hong Kong was 711,2 tons annually or approximately 51,8% of Indonesian edible bird's nest total export volume. This research used qualitative approach which data collection library research; secondary data. The data is analyzed by comparing the volume and value of Hong Kong's edible bird's nest export and import and the volume and value of Indonesian edible bird's nest export to this country. The results showed that Indonesian bird's nest export to Hong Kong was increased in term of export volume. However, it was decreased in terms of export value. Indonesia has become the largest contributor for Hong Kong's edible bird's nest import during the periode.

Keywords: Edible bird's nest, export, import market, trade analysis, Indonesia-Hong Kong trade

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INTRODUCTION

Edible bird's nests, produced from the hardened saliva of swiftlet birds (*Collocalia sp.*), have long been prized for their nutritional and medicinal value, especially within the Chinese community (Yeo et al., 2021; Thorburn, 2014). These nests are considered a luxury food item and a traditional remedy, particularly for their health-promoting properties. Indonesia is the largest producer of edible bird's nests globally, specifically the white-nest swiftlet (*Aerodramus fuciphagus*), which is highly valued for human consumption due to its purity and nutritional content (Purba et al., 2022). The production and export of edible bird's nests

have become a crucial sector in Indonesia's agricultural economy, with bird's nests classified under the Harmonized System (HS) code 04100010 for international trade (ITC, 2024).

Historically, the consumption of edible bird's nests has been deeply rooted in Chinese culture, with records dating back centuries that emphasize its health benefits. The Chinese community, both within China and across the diaspora in Taiwan, Singapore, and North America, continues to consume edible bird's nests, believing in their therapeutic effects, such as promoting longevity, enhancing immunity, and improving skin health (Yeo et al., 2021). This belief has been supported by modern scientific studies, which demonstrate that edible bird's nests possess several bioactive compounds, including glycoproteins and epidermal growth factor (EGF), which contribute to their antimicrobial, antiviral, and immunomodulatory properties (Chok et al., 2021; Fan et al., 2022). Moreover, the nests have been shown to have anti-cancer potential, aid in tissue regeneration, support cardiometabolic health, and offer antioxidant and neuroprotective benefits (CNBC, 2021).

Indonesia is the largest contributor to global edible bird's nest production, accounting for 80% of the world's supply (Inaexport, 2022). The country's production is bolstered by its natural environment, which is conducive to the cultivation of swiftlet bird houses, known as *Rumah Walet* (Mardiastuti, 1997). Other notable producers include Malaysia, contributing 13% of the global supply, Thailand with 5%, and Vietnam with 2% (Kuo, 2022). Indonesia's central role in the edible bird's nest market is underpinned by its absolute and comparative advantages in swiftlet nest production, as theorized in classical economic frameworks. According to Adam Smith's theory of absolute advantage (1776) and David Ricardo's theory of comparative advantage (1817), Indonesia's dominance in edible bird's nest production is due to its ability to produce this highly valued commodity more efficiently and in greater quantities than other nations (Colander, 1993; Krugman & Obstfeld, 2003).

The export of edible bird's nests has become a vital component of Indonesia's economy, as evidenced by data from the Indonesian Central Statistics Agency (BPS). Between 2018 and 2022, Indonesia's export volume of edible bird's nests saw a significant increase, rising from 1,291.9 tons in 2018 to 1,415.9 tons in 2022—a 10% growth (BPS Indonesia, 2022). This increase in export volume was accompanied by a notable rise in export value, with the total value of exports increasing from US\$290.6 million in 2018 to US\$590.6 million in 2022, marking a 103% growth in export revenue. The average annual export volume over this period was 1,356.9 tons, with an average annual value of US\$460.5 million.

Among the 21 countries importing edible bird's nests from Indonesia, Hong Kong stands out as the largest and most consistent market. Hong Kong accounted for an average of 51.9% of Indonesia's total edible bird's nest exports annually from 2018 to 2022, reflecting the city's long-standing position as a global hub for bird's nest trade (Lau & Melville, 1994). The dominance of Hong Kong, along with China, Singapore, Vietnam, and the United States, as the top five importers, highlights the geographic concentration of demand for this commodity.

These five countries collectively contribute 96.6% to the total annual export volume of Indonesian edible bird's nests (BPS Indonesia, 2024).

The growing demand for edible bird's nests, particularly in Hong Kong and China, underscores Indonesia's competitive position in the global market. Indonesia's comparative advantage, supported by its capacity to produce high-quality edible bird's nests at scale, allows it to dominate this niche market (Purba et al., 2022). The cultivation of swiftlet bird houses across 18 provinces in Indonesia, with over 100,000 swiftlet houses operating nationwide, further solidifies the country's status as the largest global supplier of edible bird's nests (CNBC, 2022; ITPC Vancouver, 2017). This capacity to meet global demand aligns with the theory of proportional factor advantage, which suggests that nations tend to export goods that intensively use their abundant resources, in this case, Indonesia's favorable environment for swiftlet farming (Krugman & Obstfeld, 2003).

In recognition of the strategic importance of edible bird's nests as a key export commodity, the Indonesian government has included it in the Gerakan Tiga Kali Ekspor (Gratieks) program, a national initiative aimed at tripling agricultural exports (Warta Pertanian, 2019). The program seeks to enhance Indonesia's export capacity and capitalize on its agricultural strengths, with edible bird's nests positioned as a vital contributor to this objective. In 2021, the export tax revenue from edible bird's nests amounted to US\$510.8 million, accounting for 2.87% of Indonesia's total export tax income, underscoring its significance to the national economy (Adninta et al., 2023).

This study aims to analyze the export performance of Indonesian edible bird's nests to Hong Kong from 2018 to 2022, focusing on the trends in export volume, value, and Indonesia's market position. By examining the data within the framework of international trade theories, the study provides insights into Indonesia's competitive advantage in this niche market and explores the broader implications for the country's economic growth and agricultural export strategy.

METHOD

This study utilizes secondary data, encompassing various aspects such as the volume and value of edible bird's nest exports and imports, market demand trends, and bird's nest production dynamics. The data is sourced from a comprehensive review of academic literature, including journal articles, books, research reports, and relevant media publications pertaining to the edible bird's nest trade.

The data collection process involved a systematic literature review, gathering relevant data and information on the export and import activities of edible bird's nests. The data sources were selected for their relevance and credibility in providing insights into the bird's nest trade. These sources provided detailed information on export volumes, values, and market trends.

Data analysis was conducted by processing and synthesizing the collected information, which was presented in various formats such as graphs, tables, and numerical values to facilitate comparative analysis. The processed data were then analyzed and compared to identify patterns, trends, and relationships. The results of these analyses were interpreted and summarized descriptively to provide a comprehensive understanding of the export dynamics of Indonesian edible bird's nests to Hong Kong.

To monitor the export performance of Indonesian edible bird's nests to Hong Kong, two key indicators were used: the Growth Ratio and Compound Annual Growth Rate (CAGR). The Growth Ratio was employed to measure the growth rate of edible bird's nest exports and market demand over specific periods. Meanwhile, the CAGR was used to calculate the average annual growth rate of edible bird's nest exports over the study period. Additionally, to assess Indonesia's contribution to Hong Kong's edible bird's nest imports, a comparison was made between the total import volume and value in Hong Kong and the corresponding export figures from Indonesia.

The outcomes of the growth analysis and comparative evaluation were then interpreted to provide an overview of the trends in Indonesian edible bird's nest exports to Hong Kong. These findings offer insights into Indonesia's position in the global edible bird's nest market and the factors influencing its export performance during the study period.

RESULT AND DISCUSSION

Indonesian Edible Bird's Nest Exports to Hong Kong

Indonesia has long maintained its position as the largest exporter of edible bird's nests to Hong Kong. Historical records suggest that Indonesia's dominance in this market dates back to the 1960s. As reported by Lau & Melville (1994), between 1960 and 1968, Indonesia exported 233 tons of edible bird's nests to Hong Kong, with a value of HK\$6 million or US\$768,000. This accounted for 32.1% of Hong Kong's total edible bird's nest imports and contributed 28.1% of the total import value.

In the following decades, Indonesia's contribution to Hong Kong's edible bird's nest market continued to grow. From 1980 to 1991, the export volume increased to 524 tons, with a value of HK\$1.028 million (US\$131.6 million), representing 35% of Hong Kong's total import volume and 55% of its value (Lau & Melville, 1994). This sustained growth highlights Indonesia's historical significance in the global edible bird's nest market, a position it continues to hold in contemporary trade.

Recent data from 2018 to 2022 confirm that Indonesia's dominance in this market persists, although market dynamics have shifted. Figure 2 illustrates the export volume and value of Indonesian edible bird's nests to Hong Kong during this period.

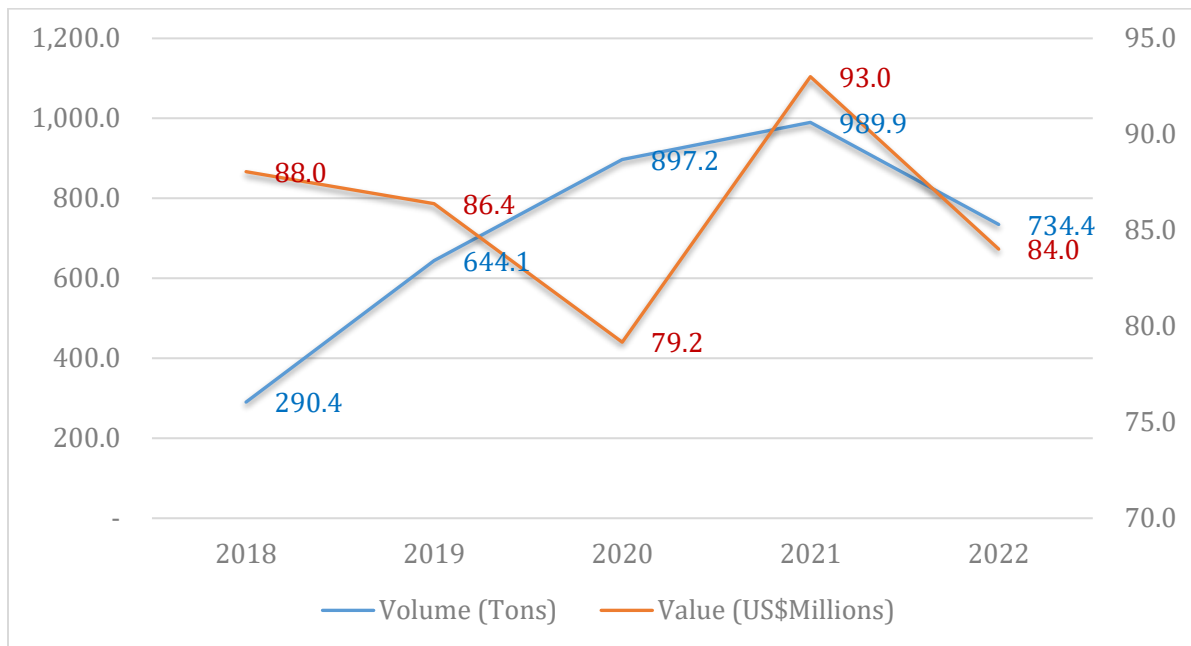


Figure 2. Volume and Value of Indonesian Edible Bird's Nest Exports to Hong Kong, 2018-2022.

Source: BPS Indonesia, 2024

From 2018 to 2022, Indonesia's export volume to Hong Kong showed a significant upward trend, peaking in 2022 at 734.4 tons—a 153% increase compared to 2018. However, the export volume experienced a 26% drop in 2022 compared to 2021. The most substantial increase occurred in 2019, where the volume surged by 122%, reaching 641.1 tons. On average, Indonesia exported 711.2 tons annually during this period, with a compound annual growth rate of 36%.

Despite the rise in export volume, the export value of Indonesian edible bird's nests to Hong Kong displayed a declining trend. In 2018, the export value was US\$88.0 million, but by 2022, it had decreased by 1% to US\$84.0 million, with the most significant drop occurring in 2022—a 10% decrease compared to 2021. This suggests that while Indonesia continues to dominate the market in terms of volume, fluctuations in global prices and demand have impacted its export value.

Edible Bird's Nest Imports of Hong Kong

As a non-producing country, Hong Kong is entirely dependent on imports to meet its demand for edible bird's nests. The International Trade Center (ITC) reports that the majority of Hong Kong's imports come from Indonesia, with smaller contributions from other countries. Figure 3 provides an overview of Hong Kong's edible bird's nest imports from 2018 to 2022.

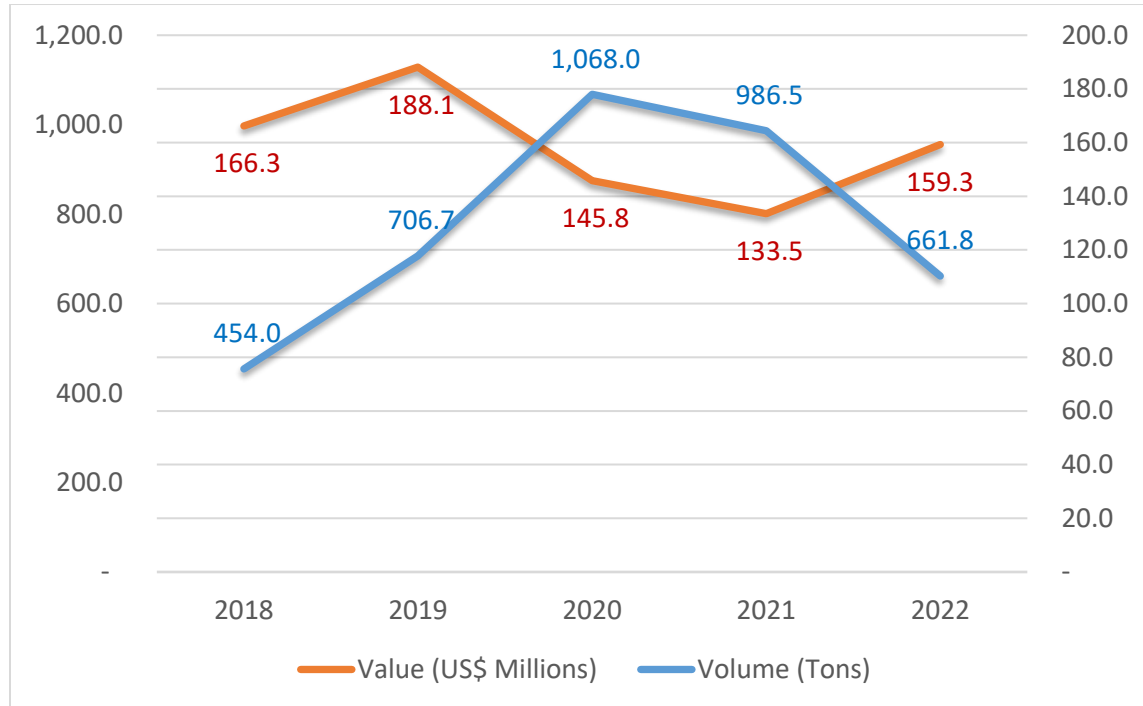


Figure 3. Edible Bird's Nest Imports of Hong Kong, 2018-2022.

Source: ITC, 2024

From 2018 to 2020, Hong Kong's edible bird's nest imports increased significantly, rising by 135% from 454 tons in 2018 to 1,068 tons in 2020. This aligns with Indonesia's strong export growth during the same period, as Indonesia supplies the bulk of Hong Kong's imports. However, after 2020, Hong Kong's import volume steadily declined, with a 57% decrease by 2022 compared to the peak in 2020. The import value of edible bird's nests in Hong Kong followed a similar downward trajectory, declining by 4% from US\$166.3 million in 2018 to US\$159.3 million in 2022. This highlights the broader global decline in the value of edible bird's nests despite high import volumes.

Edible Bird's Nest Exports of Hong Kong

Although Hong Kong is not a producer of edible bird's nests, it plays a significant role as a re-exporter. ITC data indicates that from 2018 to 2022, Hong Kong exported an average of 71.4 tons of edible bird's nests annually, with an average export value of US\$27.4 million. This re-exportation reflects Hong Kong's position as a global trade hub, where imported bird's nests are processed and re-exported to other markets. Figure 4 illustrates the export trends of edible bird's nests from Hong Kong during this period.

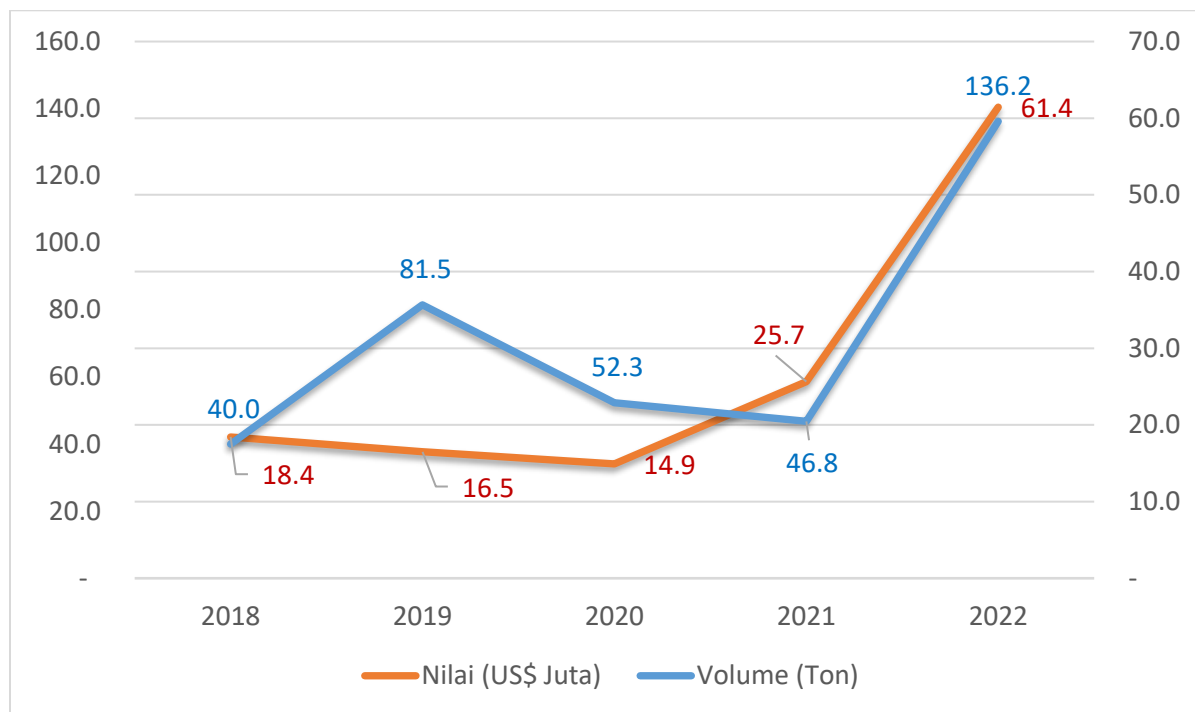


Figure 4. Edible Bird's Nest Exports of Hong Kong, 2018-2022.

Source: ITC, 2024

In 2019, Hong Kong's edible bird's nest export volume reached 81.5 tons, a 104% increase compared to 2018. However, export volumes declined steadily until 2021, before rebounding in 2022 to 135.2 tons—a 191% increase compared to 2021. Meanwhile, the export value saw a continuous decline from 2018 to 2019, dropping from US\$18.4 million to US\$14.9 million in 2020. However, from 2021 onwards, the export value rebounded, reaching US\$61.4 million in 2022, a 140% increase from 2021. This highlights the fluctuating nature of Hong Kong's role in the edible bird's nest trade, influenced by both internal processing and external market demand.

Discussion

Indonesia's Contribution to Hong Kong's Edible Bird's Nest Imports

Indonesia's long-standing dominance in the edible bird's nest trade is evidenced by its significant contribution to Hong Kong's imports. This contribution has grown annually from 2018 to 2021, as illustrated in Figure 5.

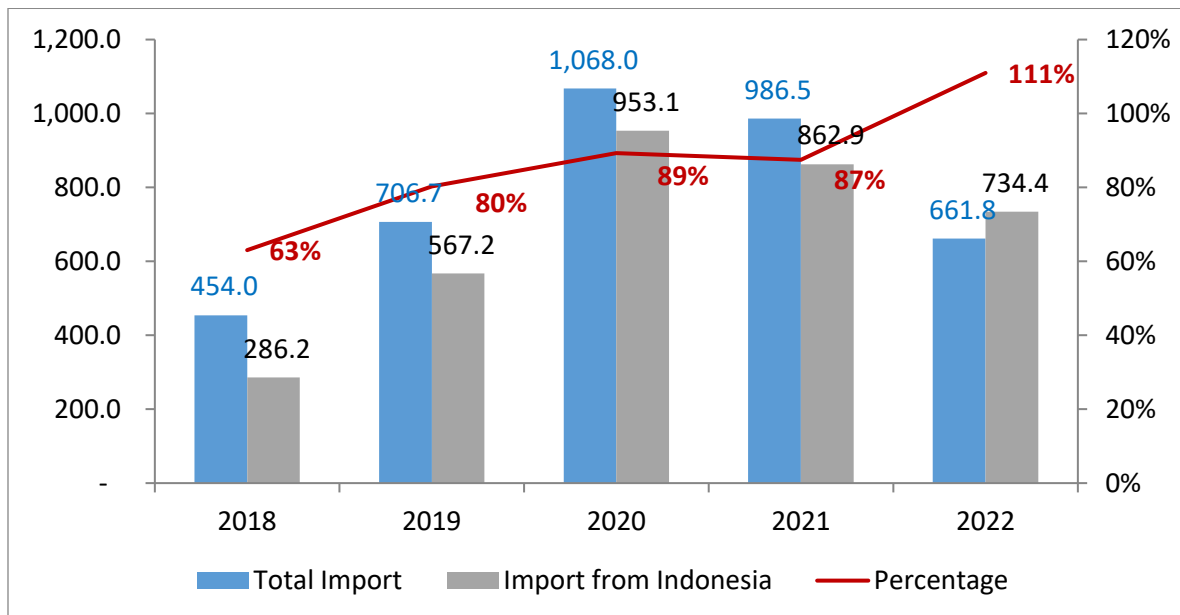


Figure 5. Total Volume of Hong Kong's Edible Bird's Nest Imports & Indonesia's Contribution, 2018-2022.

Source: ITC 2024 and BPS Indonesia 2023

Indonesia accounted for an average of 80% of Hong Kong's total edible bird's nest imports from 2018 to 2021. In 2018, Indonesia supplied 63% of Hong Kong's total imports, which increased to 89% in 2020. Although this contribution slightly declined to 87% in 2021, Indonesia has consistently remained the largest supplier. The country's competitive advantage in producing edible bird's nests, as explained by Ricardo's theory of comparative advantage, stems from its ability to efficiently produce large quantities of this commodity. Indonesia's favorable natural environment for swiftlet farming, supported by the widespread use of *Rumah Walet* (swiftlet houses), enhances its production capacity (Mardiastuti, 1997).

Despite the growth in export volume, the export value from Indonesia to Hong Kong has declined. Figure 6 shows Indonesia's contribution to the total import value of edible bird's nests in Hong Kong from 2018 to 2022.

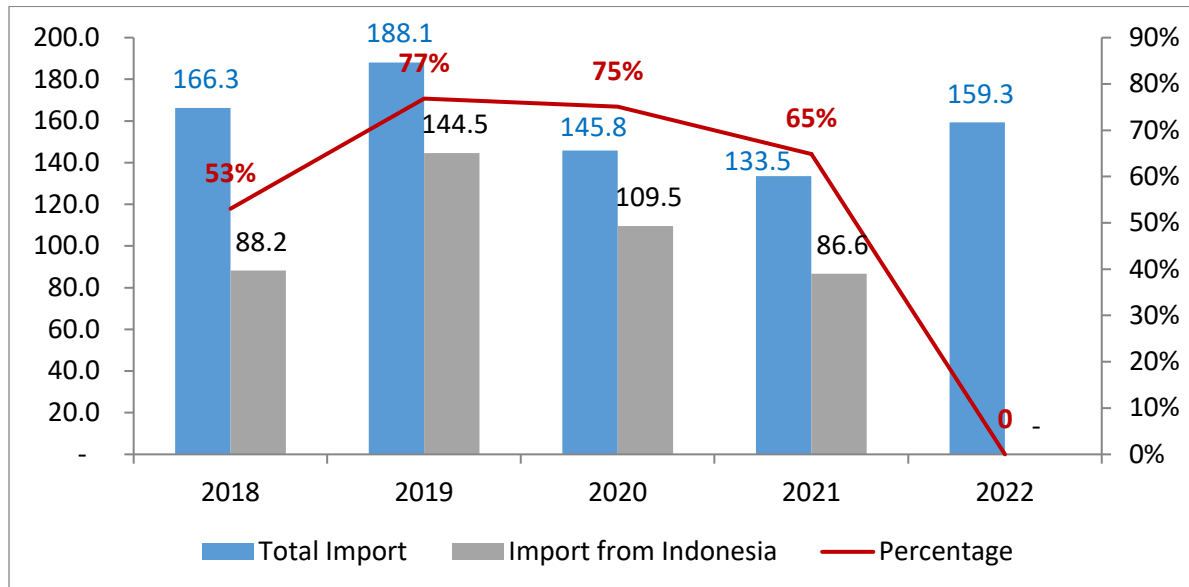


Figure 6. Total Value of Hong Kong's Edible Bird's Nest Imports & Indonesia's Contribution, 2018-2022.

Source: ITC 2024

Indonesia's contribution to Hong Kong's import value peaked at 77% in 2019 but declined to 65% by 2021. This decline, despite an increase in export volume, suggests that market prices for edible bird's nests have fluctuated, potentially due to shifts in global demand and competition from other producers. Furthermore, the declining export value may also reflect Indonesia's focus on meeting the bulk demand in Hong Kong, where bird's nests are processed for re-export to other countries, particularly China, where prices for edible bird's nests are significantly higher due to stricter import regulations and higher quality standards (Permendag RI No: 51/M-DAG/PER/2012; Barantin, 2024).

Hong Kong's Role in the Edible Bird's Nest Trade

Hong Kong's prominence in the global edible bird's nest market can be attributed to several factors. First, its large domestic consumption—estimated at 200 tons annually—drives a substantial portion of its imports. Second, Hong Kong serves as a key processing and re-

export hub, where edible bird's nests are processed and exported to countries like China, which imposes stringent import requirements (Lau & Melville, 1994; ITC 2024). Third, Hong Kong's liberal trade policies, including zero import duties and minimal trade barriers, facilitate the efficient flow of edible bird's nests into and out of the country (www.hketolondon.gov.hk, 2024). These factors, combined with Hong Kong's strategic role in the regional trade network, further solidify its importance as a global center for edible bird's nest trade.

CONCLUSION

Hong Kong has emerged as the primary export destination for Indonesian edible bird's nests, consistently accounting for the highest export volume between 2018 and 2022. Despite the steady growth in export volumes and Indonesia's dominant role as Hong Kong's leading supplier, the export value of Indonesian edible bird's nests has shown a declining trend.

While the export of edible bird's nests to Hong Kong offers Indonesia an accessible market for its substantial production, it has led to a decrease in revenue compared to other export markets, such as China, where stricter import requirements yield higher prices. Nevertheless, Hong Kong remains an attractive export destination due to its strong demand and relatively simple trade processes, which allow for easier market access compared to China.

Future research should focus on a more in-depth analysis of the trade dynamics between Hong Kong and China to better understand the factors affecting the export value and market behavior of edible bird's nests in these regions.

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