As of June 15th we have started using our new 30,000 sq/ft spice grinding facility located in the best industrial estate available in Jakarta. Using the “Toyota Way” concept as a model for efficiency, we set up the grinding area smack dab in the middle of the U shaped building, effectively separating the incoming raw material from the outgoing finished product. This arrangement automatically creates easy flow of products during production process. We situated the fully equipped, 1400 sq ft lab directly in front of the grinding area, maximizing the ability of our QA/QC staff to manage/control the production process. To ensure that the hard to see foreign matter such as hair & plastic fibers are eliminated effectively, we have added a triple decker impurity sorting system to our production line. A dust collection system has been installed to increase air quality (cleanliness) throughout the production area. Much time and consideration also went into designing a way to significantly decrease the noise level. The biggest change in our new factory is the implementation of what we call the “1GO” project, that enables us to grind incoming raw material (3’ long cinnamon barks) received from the farmers directly into a 60 mesh finished good. This project enhances our ability to thoroughly control traceability of our lots.

These are just a few of the details we built into the design of our new production facility to enhance the overall efficiency, double our output potential & putting us closer to our ISO22000 Certification. For those of you who already purchase our premium quality Dragon Cinnamon, you will be please to know the quality improves automatically…at not extra charge! -Francois Bernard-

“Due to poor harvest and high market demand, the clove prices in Indonesia have increased drastically. As a response, we worked even harder on our clove extract line in order to optimize its process and quality. Until recently, we only produced ground clove and clove oleoresin products. Recondition Ground Cloves Plus is an innovation by our R&D team to utilizing the byproduct of the extracted clove, mixed with the clove oleoresin. All are also processing in a strict control of GMP systems to maintain quality. We wish that this new line of clove will be an alternative for our customers who need natural ground clove with much more competitive price in an exceptional quality.” -Gunawan-

No one can precisely predict what is really happening with the movement of Rupiah against USD. Following with the continuing strength of the Rupiah against the USD in first half of 2011, many analysts are predicting the rupiah could reach Rp 8,400 per $1 USD by year’s end. As of September 30, 2011 the Rupiah weakened to Rp 8,823 per $1 USD – the lowest level since earlier this year, in March. Analysts have explained the weakening Rupiah was just a reaction to the panic resulting from concern over uncertain conditions in Europe.

Indonesian Chief Economic Minister, Hatta Rajasa, was quoted as saying, “What is important for us is not to underestimate and we have prepared response policies. I am convinced Bank Indonesia (Central Bank) is able to control (the rupiah depreciation). Other countries’ currencies also are depreciating, so this is not our exclusive phenomena.” For Tripper, and other exporters, the depreciation of the Rupiah is a blessing in disguise as we can offer more competitive USD pricing in the International marketplace.
Most of the raw material prices for spice and vanilla products we are procuring at origin in Indonesia are trending upward. There are 2 major factors contributing to this situation:

1) Poor weather conditions i.e.; consecutive - extended rainy seasons (normally rainy season in Indonesia is September - March)

2) Overall crop production volume is down from previous years – while demand remains high with periods of surging. As of September 2011, the price for high quality Cinnamon for grinding is up by 6% from the August ’11 price. From January to August ’11, the prices are relatively stable. Clove prices have increased even more dramatically – up by 82% from May 2011, due to crop shortages this year.

Less crop output for Madagascar Vanilla export leads to an increase in demand for Indonesian Vanilla. Total global production estimates so far this year are less than 2,000 tons. In Manado, the nutmeg raw material has seen an increasing price by 45% from April 2011, while mace shows a less dramatic 7.3% increase for the same period.

Considering that the forecasts indicate no relief on these upward trending markets, it would be advantageous for most companies to buy product now for future needs, to secure the product and minimize overall cost. -Albert Putra-

MARKET INFO (CONT.)

TRIPPER CSR RESEARCH

The past three weeks I have been assigned to investigate the possibilities for Tripper of implementing a new CSR (Corporate Social Responsibility) initiative in the Kerinci area of Central Sumatra. For the company, this is an important area; 85% of all the cinnamon that leaves Indonesia comes from Central Sumatra.

Café Concept

The idea for this project originally came from Francois Bernard, and it concerns buying a piece of land of about 5-6 hectares, building a small Café in the middle, and giving farmers the opportunity to drink free water and coffee and in a traditional and neat environment. However, it is more than just a socializing place: this Café would also be the place where small farmers could obtain information about crops, agricultural techniques and how to effectively intercrop cinnamon together with other crops.

Field Study

The goal of my trip was to find out whether or not this Café would be an effective way to help the farmers, it should not be just another “feel-good” project. During my time in Kerinci I was able to meet and interview a lot of different stakeholders in the area. These interviews gave me a good overview of the ways in which information is being shared and provided me with a list of possible features if the Café were to be implemented.

During focus group discussions it appeared that the Café, if implemented correctly, would actually fill a large gap in the information needs of small farmers. Also I gave the farmers the opportunity to express their voice in the design of the café by letting them come up with new ideas and afterwards letting them make a prioritization out of a complete list of Café options.

Reflection

The local people were a lot more open than I expected, and I have learned a great deal from them. The area itself is quite scenic and the mountains themselves look amazing. All in all, it was a great experience for me and I would like to thank Tripper for giving me this opportunity.

- Farshin Ghiassi -

About the Writer

Farshin Ghiassi is a Dutch double degree MSc student in International Business & Management at the University of Groningen (Netherlands) and International Marketing at the University of Newcastle upon Tyne (UK). He is currently writing his combined MSc thesis on local economic development in a cooperation of both Universities and Tripper.