



Tilapia Production in Indonesia: The Regal Springs Experience

A classic tale of adventures and misadventures on the way to success





Early plans, 1980s

Catfish: Two years of attempts.

Began Tilapia.

Limited number of concrete tanks on only 2,500 sqm

Fish size was 300-400 g

Targeted for the local market in one city in Central Java only

Grew fish to 500-700 g for the live wet market

Production exploded. Sales didn't. Added another city. Still couldn't keep up with production.





Pioneered virtually all elements of the business

as necessity demanded

Discovered a dam with floating cages

Combined know-how of West Java's existing carp cage farming and Norwegian salmon farming

Right time, right place





Resources and fish galore, but slow sales.

Leased a processing plant to produce fillets

- Indonesia had logistics and infrastructure to easily accommodate this

Market in Indonesia did not demand fillets.

- needed to export

Explored sales in USA

- went door to door and eventually landed first large food service contract
- pioneered Tilapia as a common food item in the USA
- subsequently, we exited the local market in Indonesia





Mistakes & mishaps

1. Lake turnover

24 hrs later = 700 tons of dead fish

Back to square one

Months and months of repercussions in sales & cash-flow

2. Logistics troubles

unplugged freezers, etc.





Years of Growth, 1990s

Built our own processing plants, expanding into Sumatera

Dealing with surpluses and shortages of product

Fine tuning forecast and farming methods

Balancing social and technical needs (e.g. hand-feeding the fish)

Continual, tremendous growth of frozen product market

Ongoing issues with logistical infrastructure in Indonesia

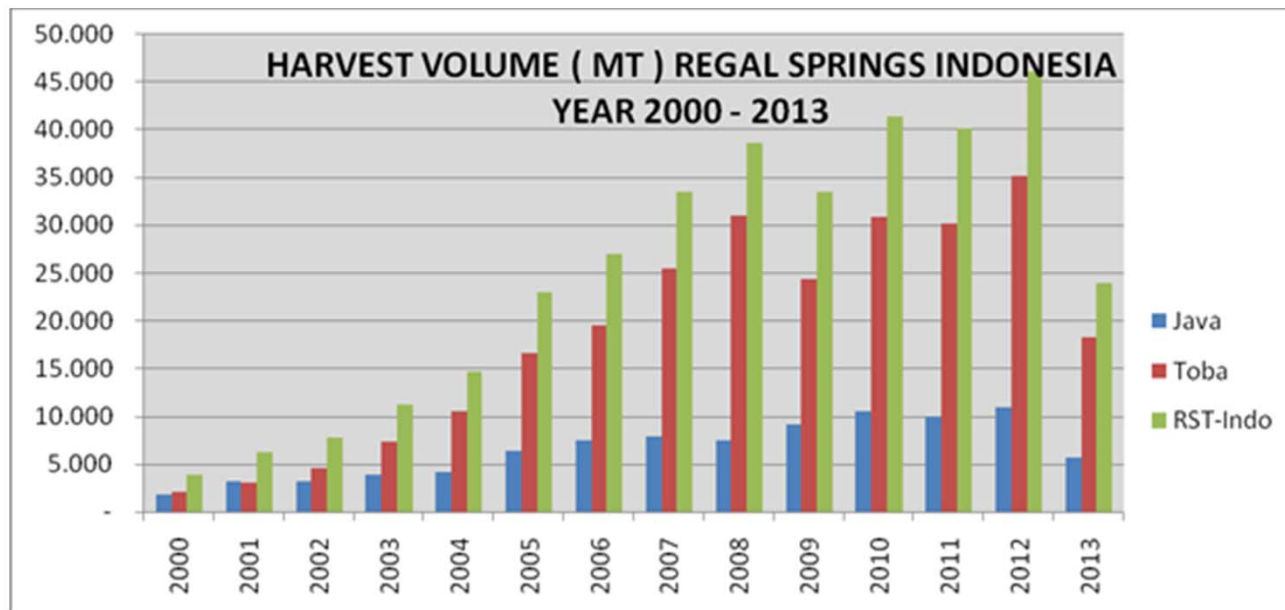
-infrastructure not commensurate with economic activity

-ports, roads, etc. stressed





Past decade of growth





Developing healthy operations

Use of public resources:

collaborating with communities to preserve their resources

making choices that strengthen stakeholder phenomenon

educating communities on wise use

navigating contradictory government policies between various agencies

Use of environment:

applying “zero waste” principle





Social Impact & Provisions

Fish farming by nature requires collaboration and trust
RST has a for-profit, many-shareholder model
--as replicated in Honduras, 1998, and in Mexico, 2010
--Case study: Fingerling production collaboration--

Education

Continual job security

Superior work conditions
-social security, bonuses, allowances for inflation, etc.

Alternatives to destructive industries like illegal logging

Adding to infrastructure / labor / capital

Transporting young tilapia to rice paddies





Indonesia: overview.

Potential is in human resource

- our operations are run by local managers

Tremendous development in human resources over all

Environmental resources:

- cage farming capacity limited now; huge capacity in idle shrimp farm

Feed supply

- very well developed industry

Limited infrastructure resulting in queues at port, etc.

Infrastructure growth is not commensurate to industry growth

Government as a resource

- very convoluted

- “weakest link”





Commitment

Every location, and Indonesia quite particularly, requires commitment to values:

Continuity

Quality

Responsibility

The little startup from the 1980s is “old, large and stable.”

Growing our distribution network in the USA, EU, Asia and Australia.

Confident in aquaculture’s healthy future.

Thank you



