



# THE CINNAMON SITUATION 'KERINCI SURVEY 2010'

François & I recently returned from a one week cinnamon survey in Kerinci, and after recovering from the spicy food, muddy tracks and the bumpy roads, we are now ready to share our experience with you:



## General Aspect : a Sweet Spice Under a Volcano

Indonesian Cinnamon (*Cinnamomum Burmanii* Blume) is mainly found in Central Sumatra and shared between two provinces (West Sumatra and Jambi). At the center of these forests is the Kerinci volcano (that the Dutch called "Korintji" during their long colonization of Indonesia). The entire Kerinci farming area is around 150,000 Ha according to Government numbers and Cinnamon can be found in 3 main locations: Padangaro, Kayu Aro (Siulak) and Gunung Raya (the largest source of cinnamon in Kerinci). Cinnamon plantations can also be found in other areas of Sumatra (Bukit Tinggi, Bengkulu, Palembang, ...) and even in Java and Sulawesi islands, but the quality and volume of raw material harvested cannot match that of Kerinci. Traditionally Kerinci cinnamon is in peak demand at the start of the rainy season (November to April); from May to July we experience a slowdown and then activity picks up again in August to anticipate The Winter Holiday season in Western countries.

For the last 10 years or so, pulling hundreds of tons of cinnamon out of Kerinci during any season was never an issue. Things have changed !

In the past trees chopped were mostly near the roads, making harvested barks fairly easy to drag to road for transport. Today with disappearing forests, farmers need to go deeper and deeper inland to chop the trees, carrying the barks on their shoulders for many kilometers in order to transport their harvest.

## Economical Aspect : Is The Love Gone?

Up until 1997, Kerinci farmers perceived cinnamon as their key crop and a guarantee of reliable future income; they earned on average \$ 1.5/Lb for the raw bark. Owning a cinnamon forest was for them like keeping a deposit in the bank; whenever they needed cash (to prepare the wedding of their children, to buy a car, a house, ...) they would cut the trees.

However, this changed with the Asian financial crisis in which Indonesia's economy suffered a complete meltdown and collapse of its currency. Today that same raw bark of cinnamon represents less than 35 cents per Lb. Even after 13 years of compounded inflation and growing cost of living in Indonesia, cinnamon prices are still 75 % lower than they were in 1997. Toward the end of 2009 we began to experience some inconsistencies sourcing raw material from our usual sources at origin. Now, almost half way into 2010, prices are still going upward... because this, and the increasing difficulty to secure huge volume of raw material needed to meet our customer's demands for finished Cinnamon products, we decided to travel to the growing region to talk to the farmers and assess the situation first hand.

We met with farmers throughout Kerinci, and after listening to their stories we can tell you this: after years of hope that the cinnamon market would become profitable again, they have come to the harsh conclusion that planting cinnamon trees and waiting 15 years to collect 35 cents per Lb just does not make sense anymore. Who can blame them ?

Farmers are now cutting their losses; chopping the trees and selling the bark, then giving up on cinnamon in favor of alternative more profitable crops, such as: chili, potatoes, cocoa, rubber ... which begin yielding cash after just a few months.

## CINNAMON FACTS

### Health Benefits

Cinnamon is known for its health benefits, studies carried out in the United States show that ingesting a small amount of cinnamon (Cassia) daily may lower blood sugar levels in diabetics. Cinnamon also lowers the level of LDL, or "bad" cholesterol in blood, and is a powerful antioxidant against free radicals. Cinnamon Oil does not contain this active antioxidant ingredient, though it does retain anti-fungal and anti bacterial properties.

### History



The sweet-spicy aroma and flavor of cinnamon have been prized by man since early civilization. The Chinese mentioned it in their earliest herbal remedies, and to this day still use it medicinally. The Egyptians were importing it from the "Asia" nearly 2,000 years BC. The Romans believed its fragrance to be sacred (the Emperor Nero burnt a year's supply of his city's cinnamon at the funeral rites for his wife Poppaea). Securing a goodly supply of cinnamon was a major goal of world exploration in the 15th -16th centuries, and thus, played a vital role in the discovery of America. Today, cinnamon ranks as one of America's most popular flavors and certainly the baker's most important spice. America's preference for the Cassia type Cinnamon is believed to have its origin in the American revolution... at that time, newly independent Americans started their own trading ventures to Asia in search of spices, but could not easily gain access to Indian & Ceylonese suppliers because India & Ceylon were under British influence, and Britain was not allowing foreign traders. Instead, since at that time Indonesia was under (the loser) Dutch control, the Americans sailed to the Indonesian Islands (known back then as "The Spice Islands") for many of their spices.

**Tripper is sourcing the raw material at origin and processing quality finished products with no middlemen interference. Tripper's technical facilities and experience, as well as our integrity, ensure the customer receives full value and consistent quality in every shipment.**

# YOU DON'T NEED A CRYSTAL BALL TO SEE WHAT THE FUTURE HOLDS FOR CINNAMON...



> Prices have already begun to rise steadily (reflecting the diminishing availability of barks being offered) – HIGH QUALITY Cinnamon will become scarce faster than the low quality bark from younger trees

> An ever increasing world wide demand for Cinnamon (currently averaging 20-25 metric tons annually)

> The drastic reduction of trees being replanted after harvest – means it wont be long before shortage of raw material available at origin reaches a crisis level

> This in turn will cause a sharp spike in prices across the board... the unavoidable rule of Supply & Demand

> To make matters worse, you must consider that even when prices finally reach a level that is profitable enough to entice farmers back to planting and harvesting Cinnamon again, it will take many years to get back up to the point where the trees are at a suitable age for harvesting high quality Cinnamon (maybe as long as 10-15 years!)

Profit potential is the only consideration for the farmers in Korintji. They will not consider to resume replenishing/replanting Cinnamon trees again until the cost for their harvest increases to a level that makes sense for them financially.

Trippler has already begun to increase prices on all Cinnamon products in an effort to keep up with rising cost of raw material. No sudden/dramatic increases are expected in 2010 however. It is also important to keep in mind that the fluctuating currency exchange rates we've experienced over the last 6-8 months also have a significant effect on the price of goods exported from Indonesia.

## INDONESIA – APRIL 2010 – FACTS & FIGURES

First Quarter 2010 showing some solid numbers.

With low interest rates and rising per capita income, domestic consumption has been strong during the first quarter of 2010 ; the economic growth is still expected to be between 5.5 and 6 % for 2010 with inflation reaching a maximum of 6 %.

These good indicators mean that more and more foreigners decide to invest money in Indonesia in stocks, bonds or by creating their own company. One major actor here is China, which is heavily investing in Indonesia to secure mineral resources (oil, gas, ...).

All this leads to an appreciation of the local Rupiah currency. Just 15 months ago 1 US\$ would trade at 11,500 Rupiah. Today you get 9,000 Rupiah for the same dollar ...

The Indonesian government is so far not taking any actions to curb this appreciation. Most Indonesian exports are commodity related (Crude Palm Oil, Rubber, Coffee, Coal, ...) with decent profit margins able to withstand stronger currency. The risk lies mainly with non commodity exporters ( such as garments , electronics, footwear, ...) where competition from China and other Asian countries is fierce and where a strong Rupiah increases the cost of goods manufactured and reduces the competitiveness.

So far the Rupiah is expected to hover between 8,800 and 9,300 in 2010.

## RECIPE : CINNAMON PUMPKIN SCONES

### Ingredients

- |                                       |                                      |                                       |
|---------------------------------------|--------------------------------------|---------------------------------------|
| - 2 cups all-purpose flour            | - 1 ¼ tsp baking soda                | - 1 (15 ounce) can pumpkin            |
| - 2 cups whole wheat flour            | - ¼ tsp <b>Gorilla Cloves</b> ground | - 1 cup finely chopped pecans         |
| - 4 tsp baking powder                 | - 1 tsp salt                         | - 2 cups golden raisins               |
| - ½ tsp <b>Elephant Ginger</b> ground | - ¼ cup butter, softened             | - 3 tsp sugar                         |
| - ½ tsp allspice                      | - ½ cup applesauce                   | - 2 tsp <b>Dragon Cinnamon</b> ground |
| - 3 tsp <b>Dragon Cinnamon</b> ground | - 2 ¼ cups sugar                     |                                       |
|                                       | - 2 eggs, beaten                     |                                       |

### Directions

Preheat oven to 375°F (190° C). Lightly grease 2 baking sheets. In a large bowl, stir together all-purpose and whole wheat flours, baking powder and baking soda. Mix in **Elephant Ginger**, allspice, **Dragon Cinnamon**, **Gorilla Cloves**, and salt. Set aside. In a separate large bowl, cream butter until fluffy. Mix in applesauce, then slowly stir in 2 ¼ cups sugar until well blended. Mix in the eggs and pumpkin. Gradually mix the dry ingredients into the wet ingredients. Then stir in pecans and raisins. Drop by heaping tablespoonfuls onto cookie sheets, leaving 2 inches between scones. Flatten scones with the back of the spoon. In a small bowl, stir together 3 tablespoons of sugar and **Dragon Cinnamon**, and sprinkle on top of the scones. Bake in a preheated oven until golden brown, about 12 to 14 minutes. Remove and let cool on cookie sheets 5 minutes before removing to wire racks to cool.

## Quality Comparison

Cinnamon barks are graded largely on the essential volatile oil content (principal component of which is cinnamic aldehyde) – determined by steam volatile oil distillation. The higher the oil content, the more intensive the aroma and flavor. Although a higher VO content is indicative of a higher quality cinnamon product, the commercial baker must consider his specific needs. I.e; For certain purposes, it may be desirable to give a baked product high cinnamon coloring but only a relatively mild cinnamon flavoring. In this case, the buyer would look for a rich colored cinnamon (cassia) with a moderate oil content, or perhaps a cinnamon blend (in which two or more grades are mixed to give a desired performance).

As with most things in life... you get what you pay for – if it seems "too good to be true", then it probably is! The higher grade cinnamon, with a more intensive flavor – (2.5%+VO content) – and the blends using premium grade raw material are always going to command the greater price. It's as simple as that. At the same time, the top grades can often prove to be the most economical flavoring to use in a recipe /formulation in the long run, since their greater strength intense flavor (& fragrance) may allow you to use a proportionately smaller quantity.

## Storage & Handling of Cinnamon

Cinnamon should be stored in a cool, dry place.

Excessive heat will volatilize and dissipate its aromatic essential oils, and high humidity can cause caking.

Date containers when they arrive, so that older stock will be used first.

Store off the floor and away from outside walls to minimize dampness.

Make it a hard and fast rule that all spice containers be tightly closed after each use, because prolonged exposure to the air can also cause loss of flavor and aroma. Under good storage conditions, the qualities of aroma and flavor for which cinnamon is prized will be well retained.

For more information, please visit :

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