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Report Highlights:

Favorable weather, increased use of fertilizer, and surging prices are expected to push Indonesia's palm oil production and exports to record highs 2021/22. As the economy rebounds and social distancing and travel restrictions are eased, soybean and soybean meal imports are forecast upward on increasing demand for tempeh, tofu, and poultry meat in the food service sector.

Commodity:

Oil, Palm

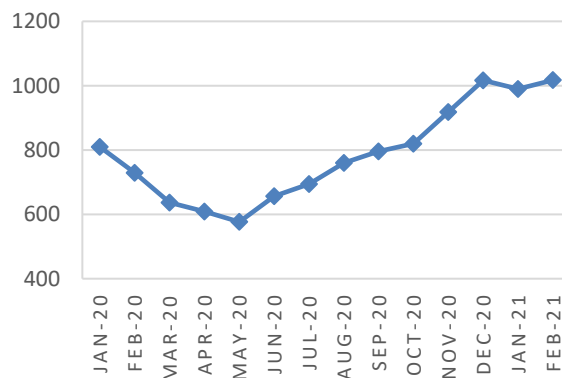
Production

Favorable weather conditions, higher prices, and increased use of fertilizer during 2020/21 are forecast to increase Indonesian palm oil production to 45.5 million tons during 2021/22.

The National Weather Agency (BKMG) [reported](#) 85 percent of all seasonal zones had entered the rainy season by December 2020, including key palm production areas in Sumatera and Kalimantan. The adequate rainfall is expected to maintain water availability well into 2021 and aid near-term fruit set development.

Production is also expected to increase as a result of high CPO prices, which reached over \$1,000/ton in February 2021, their highest level since 2012 and a sharp increase from \$577/ton in May 2020. Higher palm oil prices have resulted in farmers increasing harvest efficiency to capitalize on higher margins. Fresh Fruit Bunches (FFB) that may have previously gone uncollected due to height or otherwise challenging locations are now being harvested, re-opening areas that will increase overall production in February 2021, smallholder farmers in Riau province received prices of IDR 2,200 per kg (\$0.16) for FFB, a significant increase from IDR 1,400 per kg (\$0.10) received in May 2020.

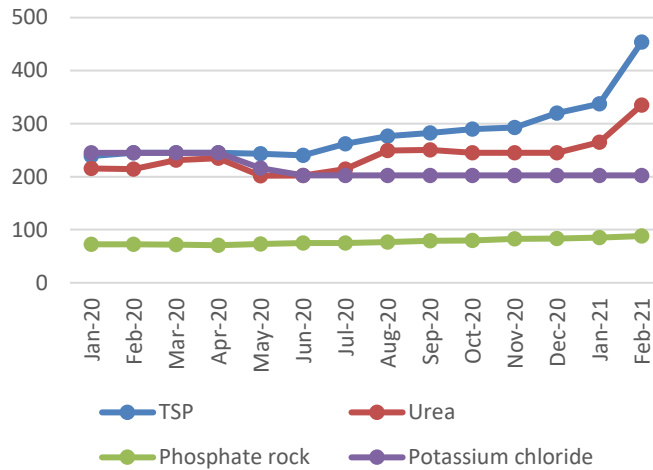
Figure 1. Palm Oil Prices 2020-2021 (\$/ton)



Source: World Bank

Increasing prices are expected to increase fertilizer usage as both large and smallholders seek to increase productivity. However, increased usage may be less prevalent among smallholder farmers as prices for various fertilizers have also recently increased and the Government of Indonesia (GOI) cut its fertilizer subsidy by IDR 4.6 trillion (\$322 million) in [early 2021](#). The subsidy provided lower cost fertilizer to smallholders for up to two hectares of crops.

Figure 2. Fertilizers Price (\$/ton)



Source: WorldBank

Indonesia’s smallholder replanting program, managed by the Palm Oil Plantation Fund Management Agency (BPDPKS) and financed through export levy fees, replanted 94,000 ha in 2020, short of its already lowered target of 180,000 ha. Although the replanted area represents an improvement from previous years, since 2016 the fund has only cumulatively replanted approximately 200,000 ha of smallholder lands from a total targeted area of 2.4 million ha. Despite meaningful streamlining of eligibility requirements and application processes, progress continues to be hampered by smallholders’ lack of legal documentation and issues related to income replacement during the 4 years necessary for newly planted palms to yield fruit.

Seeds sales in 2020 increased significantly to 87 million from 51 million in 2019, driven in part by the smallholder replanting program. The 2020 sales are equal to 435,000 ha, which will be planted in 2021 for both replanting and expansion purposes. Under current regulations, large plantations are generally restricted from expanding area. Assuming the 2021 smallholder replanting program performs in line with 2020 and reaches approximately 100,000 ha, an additional 335,000 hectares of replanted area can be expected in 2021. While most of this may come from established large plantations, it will also include new area expansion by smallholders capitalizing on higher prices.

Worker mobility restrictions related to the COVID-19 pandemic are increasing labor availability on plantations by limiting the number of workers traveling home during the holy month of Ramadan and Eid Holiday, further supporting increased yields. Accordingly, Post increases its previous 2020/21 production estimate to 43 million tons, up from 42.5 million tons as reported in [ID2021-0005](#).

Note: Post continues to use area data derived from [MOA Decree 833/2019](#), as reported in [ID2020-0001](#). This data represents perhaps the most comprehensive review of palm area as conducted by the GOI.

Consumption

Higher demand for both industrial and food use is expected to increase domestic consumption of palm oil from 14.9 million tons in 2020/21 to 15.4 million tons in 2021/22.

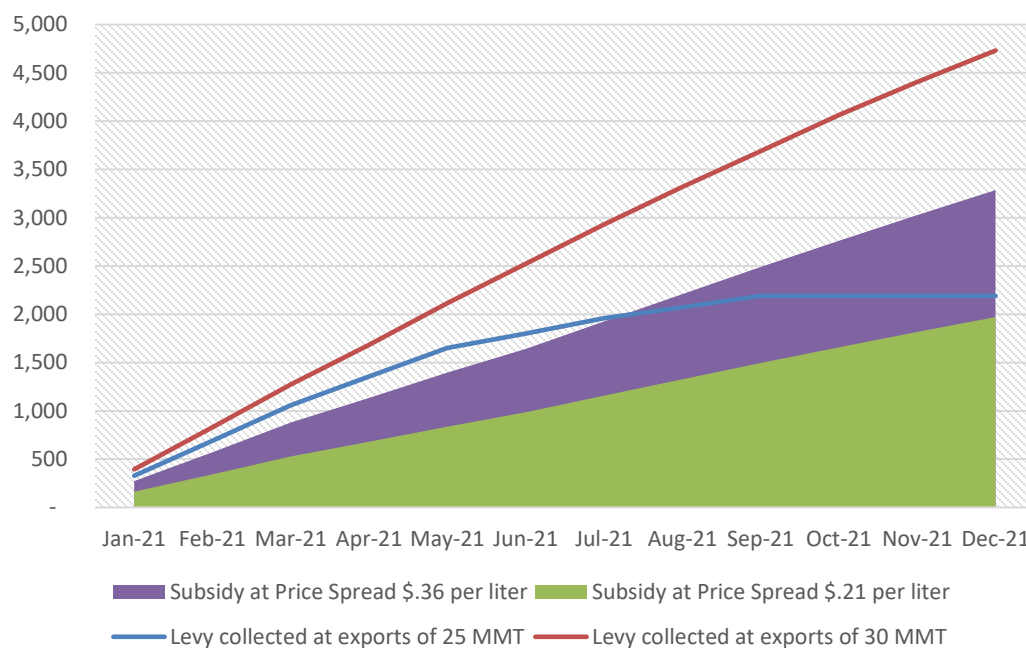
Indonesia's biodiesel mandate program will continue to drive palm oil consumption in 2021/22, with industrial consumption expected to reach 9 million tons. The GOI has allocated 9.2 billion liters of palm-based fatty acid methyl ester (FAME) production to maintain B30 in 2021 as the economy continues to recover and with the expectation of increased transportation fuel usage as travel and social distancing restrictions are lifted. Plans to increase blend rates beyond 30 percent have been postponed due to constraints on subsidy funds available through the BPDPKS administered CPO Fund and ongoing testing to determine technical viability. The biodiesel industry (some of whom also own palm plantations) continues to support the program and is expected to expand installed capacity to a record 13 billion liters in 2022.

In recent years, the GOI has demonstrated a commitment to flexibility over predictability in its implementation of the palm oil export levy scheme. In late 2018, the export levy changed from a fixed rate to a progressive rate structure as CPO prices dropped to less than \$570 per ton. As a result, no funds were collected during 2019 and the mandate program (which benefited from low to negative price spreads with diesel) continued to operate using existing funds. In early 2020 the levy reverted to a fixed rate structure, however the onset of the global pandemic and sharp decline in oil prices increased the price spread (and thus the amount of subsidy required) from IDR 1,540 per liter in late 2019 to IDR 5,480 per liter in December 2020. Despite resuming revenue collections, the wide spread nearly depleted the fund's reserves and forced the GOI to again make modifications, including direct government support, modifications to the biodiesel conversion formula, and switching back to a progressive structure in December 2020 (See [ID2021-0005](#)).

For 2021, the B30 program is expected to require between IDR 28 trillion (\$2 billion) at an average spread of IDR 3,000 (\$0.21) per liter and IDR 46 trillion (\$3.2 billion) at an average spread of IDR 5,000 (\$0.36). At the higher spread level, the total amount of subsidy required for 2021 would almost double from 2020 when BPDPKS distributed IDR 28.01 trillion (\$2 billion) for 8.4 billion liters of B30.

From January – March 2021 the export levy collected its maximum level (\$255/ton of CPO exported), providing some relief to CPO Fund revenues that were nearly depleted in 2020. However, as noted in Figure 3 below, the future ability of the CPO fund to support the biodiesel subsidy without further policy changes or additional funding sources will depend on CPO prices and the price spread between biodiesel and diesel. Should CPO prices and exports remain relatively high (equal to \$946/ton average), the levy collected in 2021 is estimated to reach \$4.7 billion based on 30-million tons of exports. Under this scenario revenue to the CPO fund would cover subsidy costs and begin to re-generate a savings cushion. However, under a lower price and export volume scenario of \$805/ton average and 25 million tons of exports, the levy collected would only reach only \$2.5 billion, creating a shortfall under a higher biodiesel/diesel spread average of \$0.36 a liter.

Figure 3. Estimated Levy and Subsidy for 9.2 billion liters of FAME for B30 in 2021 (\$ million)



Source: Post estimate

Palm oil for food use is expected to increase to 6.1 million tons in 2021/22 on higher demand from the food service sector and increased use in processed products, which have seen an increase in export demand.

Weaker demand in the food service sector is expected to continue throughout 2020/21 as public-activity restrictions (PPKM) and social distancing restrictions remain in place, including restaurant dine-in capacity restrictions and shortened operational hours. While vaccination efforts are underway, it remains to be seen how quickly Indonesia will be able to implement a national program. Continued strong demand for home consumption is expected, with total food consumption for 2020/21 forecast to be 5.8 million tons.

Trade

Indonesian palm oil exports are expected to reach 30 million tons in 2021/22, an increase from 27.5 million tons in 2020/21. Exports to China and Malaysia are expected to increase, while other major markets such as India and EU are expected to remain stable.

Indonesia's dual tax structures (Export Tax and Export Levy) on palm oil exports are capping producer and exporter margins while placing local production at a disadvantage vis-à-vis Malaysia, which has benefitted from high global prices (artificially supported through Indonesian taxes), without imposing a similar regime on its producers. Although funds from the Export Levy feed directly to the CPO Fund (which subsidizes domestic biodiesel production without which prices would collapse), when combined with the Export Tax these structures have recently amounted to nearly \$350/ton in collections. While

this system provides Malaysian sellers with plenty of room to undercut prices, a shortage of labor has meant less domestic supply for Malaysian refiners and is ultimately expected to increase Indonesian exports to the market during the first-half of 2021.

Table 1. CPO Export Tax and Levy

Taxes	Threshold (\$/ton)	Tariff (\$/ton)
Exports Tax	750	0 - 200
Exports Levy	670	55 - 255

Source: Ministry of Finance

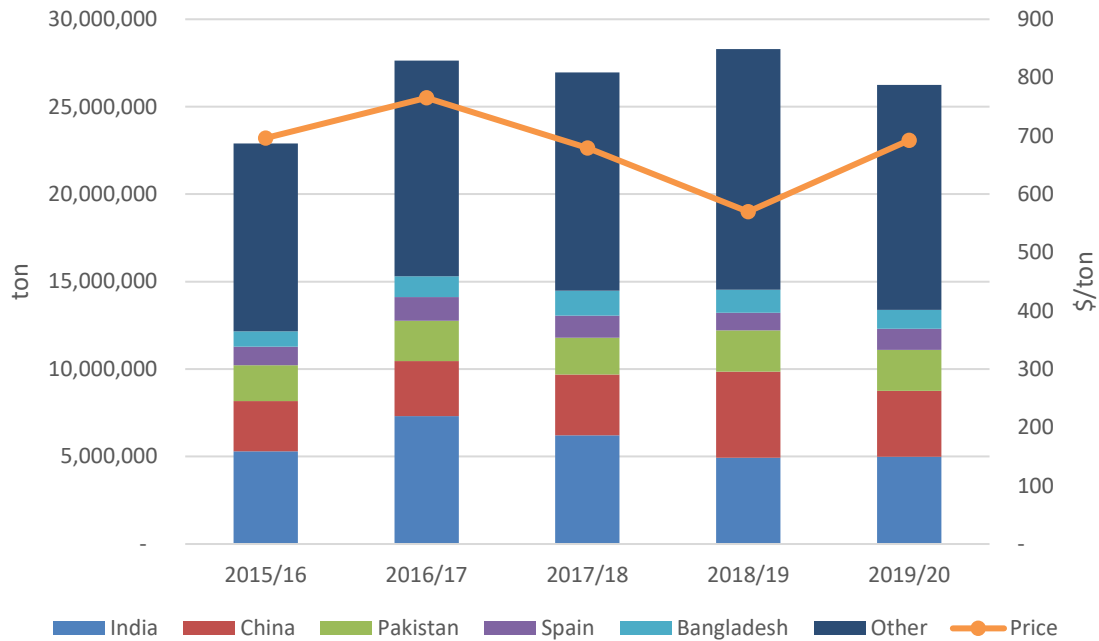
As its economy rebounds from the pandemic and continues to grow, China's demand for palm oil is expected to remain strong. Though falling short of 2018/19 import volumes of nearly 6.8 million tons, demand in the food sector for 2021/22 is expected to push imports to 6.5 million tons (see [CH2020-0143](#)). China's market for biodiesel is closely related to discretionary blending demands based on the spread between palm oil and diesel. As the spread expands, as it has done since the onset of the pandemic, China's demand declines. As a result, Indonesian exports have decreased from 600,000 tons in 2019 to 8,200 tons in 2020. Currently, only the Shanghai region is implementing a biodiesel mandate program in China, operating a blending center facility with annual distribution of B5 diesel at 400,000-600,000 tons. (see [CH2020-0105](#)).

Exports to India in 2021/22 are expected to slightly increase as demand in the food service sector returns. Lower inventories are likely to support palm oil purchases in 2020/21, but recent changes in import duties have narrowed the gap between palm oil and other soft oils (see [IN2021-0032](#)).

EU market demands are expected to remain flat in 2020/21 as initiatives for certified palm oil in the food sector continue to be raised. The EU RED II policy, with its potential to restrict Indonesian palm oil exports for biodiesel use, is being challenged by Indonesia at the WTO. A final report on the dispute on EU RED II policy is expected in 2022. See the latest developments on the dispute [here](#).

In welcoming news for Indonesia, Swiss voters voted in March 2021 in favor of moving forward with a Free Trade Agreement with Indonesia that is expected to maintain access for palm oil. Though not an EU member, the Swiss vote was hailed by Indonesia as a sign of greater acceptance in the region of Indonesian efforts on sustainability through programs such as the Indonesian Sustainable Palm Oil (ISPO) initiative.

Figure 4. Indonesia Palm Oil Export Destinations and Price 2015-2020



Source: TDM, World Bank

Oil, Palm	2019/2020		2020/2021		2021/2022	
Market Begin Year	Oct-19		Oct-20		Oct-21	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	11,750	15,104	11,950	15,700		15,700
Beginning Stocks	2,663	2,663	4,280	4,280		4,805
Production	42,500	42,500	43,500	43,000		45,500
MY Imports	11	11	-	-		-
Total Supply	45,174	45,174	47,780	47,280		50,305
MY Exports	26,249	26,249	28,850	27,500		30,000
Industrial Dom. Cons.	8,300	8,300	8,500	8,900		9,000
Food Use Dom. Cons.	6,070	6,070	6,275	5,800		6,100
Feed Waste Dom. Cons.	275	275	275	275		300
Total Dom. Cons.	14,645	14,645	15,050	14,975		15,400
Ending Stocks	4,280	4,280	3,880	4,805		4,905
Total Distribution	45,174	45,174	47,780	47,280		50,305
	0	0	0	0	0	0

(1000 HA) ,(1000 TREES) ,(1000 MT)

Commodity:

Oilseed, Palm kernel

Production

Palm kernel (PK) output is estimated at 11.9 million tons in 2021/22 and 11.4 million tons in 2020/21 based on 6 percent of fresh fruit bunch (FFB) production.

Consumption

Local millers are expected to crush 11.28 million tons of PK in 2020/21 and 11.86 million tons in 2021/22, producing palm kernel oil (PKO) and palm kernel meal (PKM).

Trade

Palm kernel exports are projected stable at 35,000 tons in 2020/21 and 2021/22. Nearly all palm kernel exports (99 percent) were shipped to Malaysia.

Oilseed, Palm Kernel Market Begin Year	2019/2020		2020/2021		2021/2022	
	Oct-19		Oct-20		Oct-21	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Indonesia						
Beginning Stocks	27	27	29	29	-	34
Production	11,250	11,250	11,460	11,400	-	11,975
MY Imports	-	-	-	-	-	-
Total Supply	11,277	11,277	11,489	11,429	-	12,009
MY Exports	33	33	30	35	-	35
Crush	11,135	11,135	11,345	11,280	-	11,860
Food Use Dom. Cons.	-	-	-	-	-	-
Feed Waste Dom. Cons.	80	80	80	80	-	80
Total Dom. Cons.	11,215	11,215	11,425	11,360	-	11,940
Ending Stocks	29	29	34	34	-	34
Total Distribution	11,277	11,277	11,489	11,429	-	12,009
	-	-	-	-	-	-

(1000 HA) ,(1000 TREES) ,(1000 MT)

Commodity:

Oil, Palm kernel

Production

Post estimates PKO production of 4.93 million tons in 2020/21 and 5.175 million tons in 2021/22, based on 11.28 million tons and 11.86 million tons of PK to be crushed, respectively.

Consumption

Post estimates PKO for industrial use will reach 2.85 million tons in 2021/22, an increase of 100,000 tons on increased demand for personal care and health products due to the pandemic.

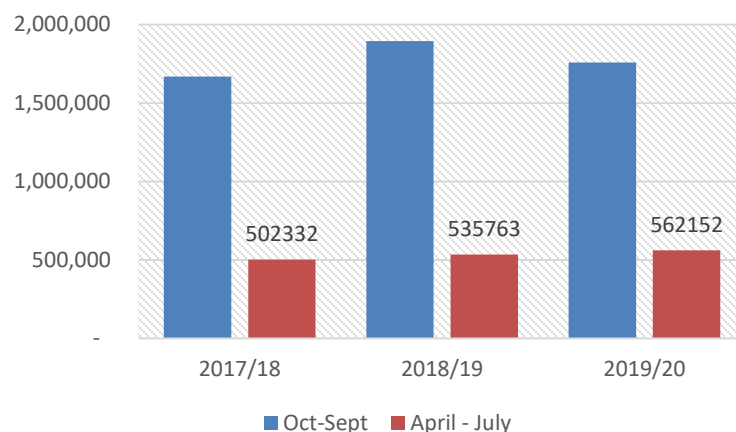
PKO is widely used in oleo-chemical manufacturing, producing personal home-care products such as butters, soaps, and cosmetics. Industrial uses also include lubricants and pharmaceuticals. In the food sector PKO serves as a cheaper replacement for coconut oil and substitute for cocoa butter in chocolate confectionary.

Trade

PKO exports are projected to reach 1.85 million tons in 2021/22, an increase from 1.7 million tons in 2020/21. The lower export volume for 2020/21 is the result increasing domestic demand, further incentivized by the high export levy. Major PKO export destinations in 2019/20 were China, Malaysia, and US.

Trade data indicates October 2020 – January 2021 exports declined 5 percent to 695,000 tons from the corresponding period last year. However, during the early months of the pandemic (April – July 2020), PKO exports increased 5 percent from the same period in 2019, likely driven by overseas demand for personal health care products.

Figure 5. PKO Exports 2017-2020 (tons)



Source: TDM

Oil, Palm Kernel Market Begin Year	2019/2020		2020/2021		2021/2022	
	Oct-19		Oct-20		Oct-21	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Indonesia						
Crush	11,135	11,135	11,345	11,280		11,860
Extr. Rate, 999.9999	0.44	0.44	0.44	0.44	-	0.44
Beginning Stocks	257	257	343	343	-	323
Production	4,870	4,870	4,958	4,930	-	5,175
MY Imports	-	-	-	-	-	-
Total Supply	5,127	5,127	5,301	5,273	-	5,498
MY Exports	1,759	1,759	1,875	1,700	-	1,850
Industrial Dom. Cons.	2,550	2,550	2,600	2,750	-	2,850
Food Use Dom. Cons.	475	475	500	500	-	520
Feed Waste Dom. Cons.	-	-	-	-	-	-
Total Dom. Cons.	3,025	3,025	3,100	3,250	-	3,370
Ending Stocks	343	343	326	323	-	278
Total Distribution	5,127	5,127	5,301	5,273	-	5,498
	-	-	-	-	-	-

(1000 MT) ,(PERCENT)

Commodity:

Meal, Palm kernel

Production

Post expects PKM production to reach 6.24 million tons in 2021/22, based on 11.86 million tons of PK crushed.

Consumption

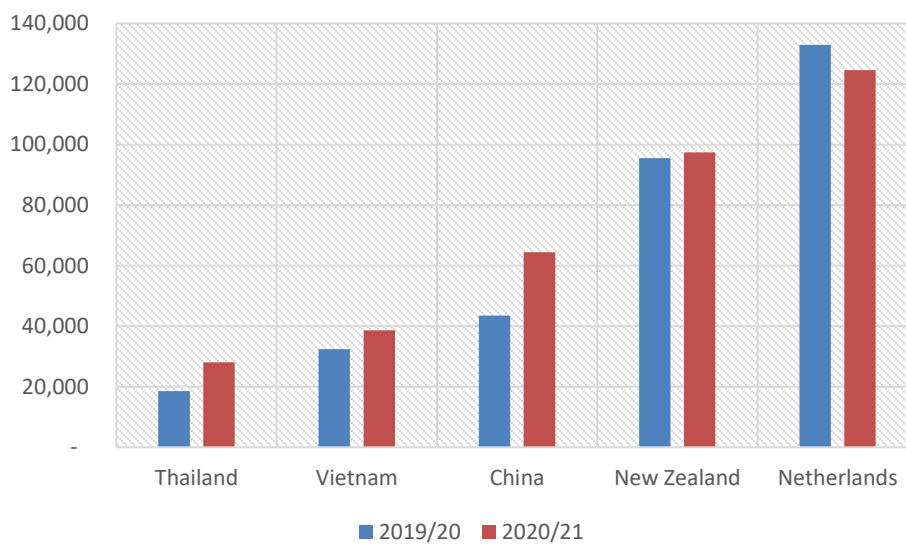
PKM consumption is projected to reach 750,000 tons in 2021/22, an increase of 60,000 from 2020/21. PKM for domestic consumption is limited to ruminant feed.

Trade

Post forecasts PKM exports to increase by 250,000 tons to 5.5 million tons in 2021/22 on strong demand from in the livestock feed sector. More than 30 percent of PKM exports in 2019/20 were shipped to the Netherlands, followed by New Zealand with 23 percent share.

From October - January 2021 PKM exports reached 1.73 million tons, 9 percent lower than the previous year. Despite slower demands in top markets, average monthly shipments during the same period to other destinations including China, Vietnam, and Thailand increased. Post expects 2020/21 PKM exports to reach 5.25 million tons.

Figure 6. PKM Average Monthly Exports by Destination (tons)



Source: TDM

Meal, Palm Kernel Market Begin Year Indonesia	2019/2020		2020/2021		2021/2022	
	Oct-19		Oct-20		Oct-21	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	11,135	11,135	11,345	11,280	-	11,860
Extr. Rate, 999.9999	0.53	0.53	0.53	0.53	-	0.53
Beginning Stocks	234	234	393	393	-	393
Production	5,860	5,860	5,965	5,925	-	6,240
MY Imports	-	-	-	-	-	-
Total Supply	6,094	6,094	6,358	6,318	-	6,633
MY Exports	5,001	5,001	5,300	5,250	-	5,500
Industrial Dom. Cons.	-	-	-	-	-	-
Food Use Dom. Cons.	-	-	-	-	-	-
Feed Waste Dom. Cons.	700	700	675	675	-	750
Total Dom. Cons.	700	700	675	675	-	750
Ending Stocks	393	393	383	393	-	383
Total Distribution	6,094	6,094	6,358	6,318	-	6,633
	-	-	-	-	-	-

(1000 MT) ,(PERCENT)

Commodity:

Oilseed, soybean

Production

Soybean production is projected to reach 425,000 tons in 2021/22, a decline from 475,000 ton in 2020/21, on continued reduction of planted area as a result of farmers' preference for more lucrative crops such corn and rice and continued land conversion in key growing regions of Java island.

The decline in production is expected despite pronouncements in January 2021 by the Ministry of Agriculture (MOA) on plans to increase soybean production by 500,000 tons between July and September 2021. The plan proposes new planting area of up to 325,000 hectares across six provinces. Funding to support the initiative was proposed from various sources including the national budget, loan programs, and private investment, but it's unclear what if any funding has been secured. Much like previous attempts to increase soybean production, Post anticipates the plan will face challenges in convincing farmers to expand plantings for a crop with unattractive returns compared to paddy and corn. In addition to farmer hesitancy to plant soybeans, the lack of high yielding varieties and lack of new land for expanding area are likely to present barriers for increasing production.

Perhaps the most significant challenge to increasing soybean production are policies that incentivize corn and paddy production. Most food crop farmers on Java island (the primary growing area for soybeans) rotate their crops between paddy, corn, and legume crops. Government supports for food crops favor production of paddy and corn through various support structures ranging from fertilizer, seeds, improved infrastructure, and minimum farm gate prices. Demand for local rice and corn are also comparatively stronger than for soybeans, as local beans tend to be smaller and carry color characteristics that are less desirable for the production of tempeh. Farmers' preference for growing

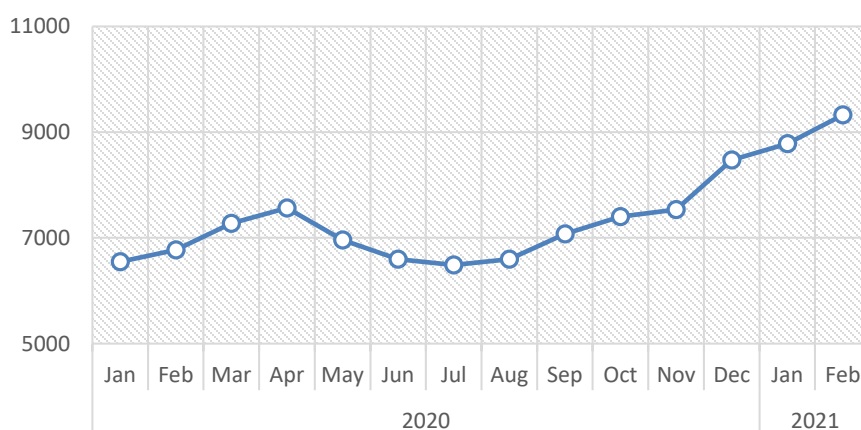
corn on Java is further supported by the fact that 75 percent of Indonesia’s feed mill capacity and demand is located in Java.

Consumption

Nearly all soybeans grown and imported are consumed in the food sector, primarily in the form of tempeh and tofu, staples of the Indonesian diet. Volatile prices during the past year have impacted tempeh and tofu producers, many of whom operate as small-scale family-owned enterprises. Surging prices at the end of 2020 and early 2021 led some producers to reduce the size of tempeh produced in an effort to maintain retail prices. Other producers have staged short production strikes to protest rising soybean prices. Thus far, the increasing prices appear to have little impact on overall consumption, as both tempeh and tofu remain one of the most affordable protein sources available.

Post expects soybean for human consumption to reach 3 million tons in 2020/21 on stable demand for tempeh and tofu, despite significant soybean price increases. Consumption in 2021/22 is projected to increase by 50,000 to 3.05 million, in line with population growth.

Figure 7. Soybean Wholesale Prices 2020-2021 in Jakarta (IDR/kg)



Source: USSEC Indonesia

Trade

Post expects soybean imports to reach 2.8 million tons in 2021/22, an increase of 100,000 tons from 2020/21, on increased demand from the tempeh and tofu industry which is expected to recover alongside the larger food service sector as travel and social distancing restrictions are lifted.

Soybean shipments from October 2020 - January 2021 declined 15 percent to 773,000 tons compared to the corresponding period last year. The decline is likely the result of surging prices during the period. It remains to be seen if high profile comments by GOI officials regarding possible changes to import requirements will cause imports to decline further. However, continued demand from tempeh and tofu producers, limited stocks, and strong cumulative U.S. soybean export sales (which typically account for over 90 percent of all imports) of 1.27 million tons through March 4, with an additional 429,000 tons outstanding, suggest a significant increase in imports during the second half of 2020/21. Accordingly, Post expects 2020/21 soybean imports to reach 2.7 million tons.

Figure 8 Indonesia Soybean Imports and Prices



Source: TDM, World Bank

Oilseed, Soybean	2019/2020		2020/2021		2021/2022	
Market Begin Year	Oct-19		Oct-20		Oct-21	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	400	400	390	390		350
Beginning Stocks	226	226	185	185		200
Production	480	480	475	475		425
MY Imports	2,636	2,636	2,650	2,700		2,800
Total Supply	3,342	3,342	3,310	3,360		3,425
MY Exports	2	2	2	2		2
Crush	0	0	0	0		0
Food Use Dom. Cons.	2,980	2,980	2,983	3,000		3,050
Feed Waste Dom. Cons.	175	175	150	158		160
Total Dom. Cons.	3,155	3,155	3,133	3,158		3,210
Ending Stocks	185	185	175	200		213
Total Distribution	3,342	3,342	3,310	3,360		3,425
	0	0	0	0		0
(1000 HA) ,(1000 MT)						

Commodity:

Meal, soy

Production

Indonesia does not produce soybean meal.

Consumption

Post forecasts soybean meal consumption for 2021/22 at 5 million tons on higher demand in the feed sector. Increased poultry meat consumption is expected as the overall economy rebounds from the pandemic. Continued growth in the aquaculture sector, which accounts for approximately 8-10 percent of soybean meal consumption, will also increase domestic demand for feed ingredients.

The soybean meal inclusion rate in the feed sector varies by animal species. In poultry feed, feed millers typically use between 20 to 25 percent soybean meal. In aquaculture, the soybean meal inclusion rate can reach up to 40 percent.

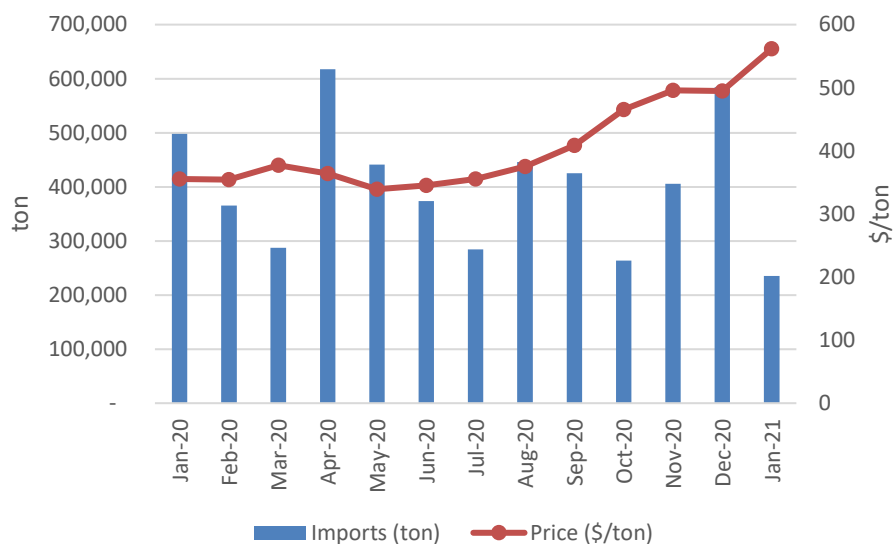
Trade

Post projects 2021/22 soybean meal imports to increase to 5.05 million tons on stronger demand from the poultry sector and continued growth of aquaculture industry. Whereas rations for corn, wheat, rice bran and rendered meals may be adjusted up or down depending on prices, local feed millers have stressed the challenge in reducing soybean meal in feed rations, despite higher prices.

Soybean meal imports from October 2020 - January 2021 reached 1.5 million tons, 17 percent lower compared to the same period the previous year. As prices remain high moving into Q2 of 2021, Post forecasts soybean meal imports to reach 4.85 million ton in 2020/21.

South American soybean meal continues to supply the vast majority of imports. In 2019/20, Argentine soybean meal accounted for 58 percent of total imports, followed by Brazil with 40 percent. U.S. soybean meal accounted for the remaining 2 percent.

Figure 9. Soybean Meal Imports and Price



Source: TDM, World Bank

Meal, Soybean	2019/2020		2020/2021		2021/2022	
	Oct-19		Oct-20		Oct-21	
Market Begin Year	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Indonesia						
Crush	-	-	-	-	-	-
Extr. Rate, 999.9999	-	-	-	-	-	-
Beginning Stocks	124	124	207	207		207
Production		-		-		-
MY Imports	5,043	5,043	4,950	4,850		5,050
Total Supply	5,167	5,167	5,157	5,057	-	5,257
MY Exports		-		-		-
Industrial Dom. Cons.		-		-		-
Food Use Dom. Cons.		-		-		-
Feed Waste Dom. Cons.	4,960	4,960	4,950	4,850		5,000
Total Dom. Cons.	4,960	4,960	4,950	4,850	-	5,000
Ending Stocks	207	207	207	207		257
Total Distribution	5,167	5,167	5,157	5,057	-	5,257
	-	-	-	-	-	-

(1000 MT) ,(PERCENT)

Commodity:

Oil, soy

Production

Indonesia does not produce soybean oil or operate soybean crushing facilities.

Consumption

Soybean oil is primarily consumed as retail packaged cooking oil and sold in middle-upper income grocery stores, with a small portion consumed by the food service sector. Post expects soybean oil consumption in 2021/22 to increase slightly to 35,000 tons as food service demand increases due to the removal of travel and social distancing restrictions.

Trade

Post forecasts soybean oil imports of 35,000 tons in 2021/22 on increased demand from the food service sector. Malaysia and Thailand are expected to continue supplying about 80 percent of soybean oil in 2021/22, benefiting from proximity to Indonesia and ASEAN trade duties.

Oil, Soy	2019/2020		2020/2021		2021/2022	
Market Begin Year	Oct-19		Oct-20		Oct-21	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	0	0	0	0		0
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	0	0	0	0		0
Production	0	0	0	0		0
MY Imports	34	34	38	34		35
Total Supply	34	34	38	34		35
MY Exports	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	34	34	38	34		35
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	34	34	38	34		35
Ending Stocks	0	0	0	0		0
Total Distribution	34	34	38	34		35
	0	0	0	0		0

(1000 MT) ,(PERCENT)

Commodity:

Oilseed, copra

Production

Post forecasts 2021/22 copra production at 1.68 million tons, an increase 10,000 tons from 2020/21 on favorable weather in key coconut production areas such in Riau, South Sumatera, Sulawesi, and Maluku, according to [BMKG](#). The higher-than normal rainfall during dry season is considered beneficial to

coconut production in the year ahead, just as severe dryness (such as during the 2015 El Nino), can disrupt production the following year.

The majority of coconut production remains on smallholders plantations, which apply few inputs such as fertilizers. No significant government or private replanting programs have been undertaken recently to rejuvenate aged “senile” coconut trees.

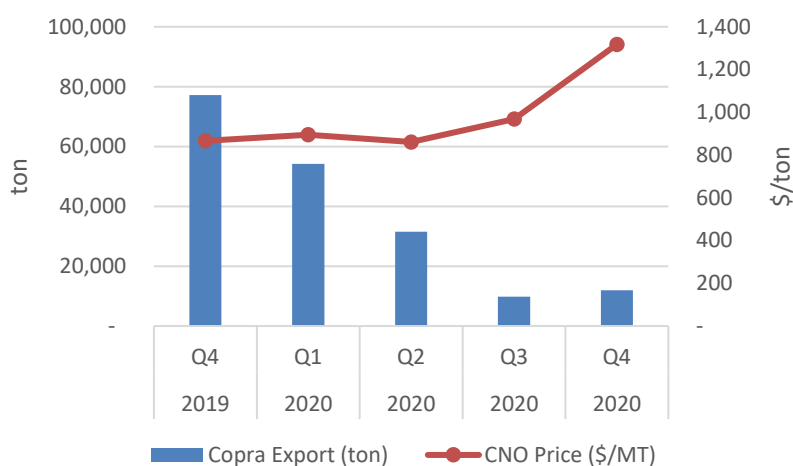
Consumption

Indonesia’s coconut oil (CNO) industry is the main consumer of copra. Post expects copra crushed by the industry to reach 1.525 million tons in 2021/22.

Trade

Post estimates 2021/22 copra exports at 150,000 tons on continued demand from South Asian markets and higher copra production.

Figure 10. Copra Exports and CNO Price



Source: TDM, World Bank

Exports for 2020/21 reached 15,000 tons through January 2021, a significant decline from 102,000 tons the corresponding period last year. Increasing CNO prices in Q1 2021 are expected to increase local crusher’s procurement, pushing copra exports lower. The South Asian region is the main market for Indonesia copra exports. In 2019/20, Indonesia shipped 83 percent of total exports to Bangladesh, 8 percent to India and 3 percent to Pakistan.

Oilseed, Copra	2019/2020		2020/2021		2021/2022	
Market Begin Year	Oct-19		Oct-20		Oct-21	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	10	10	10	10		10
Production	1660	1660	1660	1670		1680
MY Imports	0	0	0	0		0
Total Supply	1670	1670	1670	1680		1690
MY Exports	173	173	145	145		150
Crush	1482	1482	1510	1520		1525
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	5	5	5	5		5
Total Dom. Cons.	1487	1487	1515	1525		1530
Ending Stocks	10	10	10	10		10
Total Distribution	1670	1670	1670	1680		1690
	0	0	0	0		0

(1000 HA) ,(1000 TREES) ,(1000 MT)

Commodity:

Oil, coconut

Production

Based on 1.525 million tons of copra crush in 2021/22, CNO production is estimated to reach 965,000 tons, an increase of 5,000 tons from 2020/21 on higher copra supplies.

Consumption

Post expects CNO consumption in 2021/22 to reach 380,000 tons, a slight increase from 375,000 tons in 2020/21, on increasing industry demands.

CNO consumption in the both food and industrial sectors is limited by Indonesia's production of palm oil, which offers a cheaper alternative to other oils, including CNO. CNO typically competes with PKO due their similar properties, with the oleo chemical industries as a primary consumer.

Trade

Post forecasts CNO exports at 570,000 tons in 2021/22, an increase of 20,000 tons based on increased demand from export markets recovering from the global pandemic. Key markets for Indonesian CNO include the U.S., Malaysia, the Netherlands, and China.

2020/21 exports are estimated at 550,000 tons on lower demand due to the pandemic and rising CNO prices. Trade data indicates October 2020-January 2021 shipments were 15 percent lower compared to corresponding period last year.

During 2019/20, 20 percent of CNO exports were shipped to the U.S, followed by Malaysia (19 percent), and the Netherlands (17 percent). Small quantities of CNO were imported in 2019/20 from the Philippines and Papua New Guinea.

Oil, Coconut	2019/2020		2020/2021		2021/2022	
Market Begin Year	Oct-19		Oct-20		Oct-21	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1482	1482	1510	1520		1525
Extr. Rate, 999.9999	0.63	0.63	0.63	0.63		0.63
Beginning Stocks	239	239	225	225		275
Production	937	937	955	960		965
MY Imports	25	25	15	20		20
Total Supply	1201	1201	1195	1205		1260
MY Exports	596	596	640	550		570
Industrial Dom. Cons.	250	250	250	255		260
Food Use Dom. Cons.	130	130	125	125		125
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	380	380	375	380		385
Ending Stocks	225	225	180	275		305
Total Distribution	1201	1201	1195	1205		1260
	0	0	0	0		0

(1000 MT) ,(PERCENT)

Commodity:

Meal, copra

Production

Based on 1.525 million tons of copra crush, copra meal production is estimated at 510,000 tons in 2021/22, a 6,000 ton increase in line with higher CNO production.

Consumption

Post expects copra meal use in the feed sector to reach 275,000 tons in 2020/21 and 288,000 tons in 2021/22 on increasing animal feed production, which is expected to increase 5 percent on higher demand for poultry meat.

Trade

Copra meal exports are forecast to rebound to 230,000 tons in 2020/21 and 222,000 tons in 2021/22. India and South Korea account for the most exports, representing 67 percent and 30 percent of total exports in 2019/20, respectively.

Meal, Copra	2019/2020		2020/2021		2021/2022	
Market Begin Year	Oct-19		Oct-20		Oct-21	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1482	1482	1510	1520		1525
Extr. Rate, 999.9999	0.33	0.33	0.33	0.33		0.33
Beginning Stocks	6	6	7	7		8
Production	490	490	500	505		510
MY Imports	1	1	1	1		0
Total Supply	497	497	508	513		518
MY Exports	186	186	235	230		222
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	304	304	266	275		288
Total Dom. Cons.	304	304	266	275		288
Ending Stocks	7	7	7	8		8
Total Distribution	497	497	508	513		518
	0	0	0	0		0
(1000 MT) ,(PERCENT)						

Commodity:

Oilseed, peanut

Production

Indonesian peanut production is forecast at 960,000 tons in 2021/22, 10,000 tons lower than 2020/21. For most farmers, peanuts are a secondary crop grown as part of crop rotations between corn and paddy. Indonesian peanuts are grown on both dry land and irrigated areas, requiring between 90-95 days to grow. On dry lands, farmers depending on rainfall usually start to plant in February for harvest in May, while farmers in irrigated areas utilize the dry season between May and September. Peanut production is centered in East Java (31 percent), Yogyakarta (21 percent), and Central Java (20 percent). No national program exists to support peanut farming, however some local governments do provide extension services and coordination to assist farmers with harvesting. Partnerships exist between one large snack producing company and farmers in several districts in Central and East Java, allowing the company to purchase directly at the farm level. However, the overall scale of such programs remains small.

Consumption

Indonesian peanut consumption is dominated by the snack food industry, which is split between large food processing companies which offer packaged peanuts for retail sale and commercial use, and small home-based industries that utilize peanuts for a variety of traditional snacks. The pandemic has reduced peanut demand from the food service sector and though snack food sales remain strong, some home-based producers have lost business due to declines in travel and tourism as sales of traditional snacks often purchased during travel, known as *oleh-oleh*, have declined with government imposed mobility restrictions. Post estimates peanut food use will reach 1.3 million tons in 2020/21, increasing slightly to 1.31 million tons in 2021/22 as travel restrictions are removed.

Trade

Peanut imports are expected to reach 430,000 tons in 2021/22 as demand from the HRI sector improves. India, which accounted for 78 percent of total imports in 2020, is expected to remain the largest supplier of peanuts. Other peanut origins include Sudan (9 percent) and China (9 percent).

Oilseed, Peanut	2019/2020		2020/2021		2020/2021	
	Jan-19		Jan-20		Jan-21	
Market Begin Year	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Indonesia						
Area Harvested	550	550	545	545	-	545
Beginning Stocks	186	186	155	155	-	120
Production	990	990	970	970	-	960
MY Imports	445	445	450	400	-	450
Total Supply	1,621	1,621	1,575	1,525	-	1,530
MY Exports	6	6	6	5	-	5
Crush	50	50	50	50	-	50
Food Use Dom. Cons.	1,320	1,320	1,320	1,300	-	1,310
Feed Waste Dom. Cons.	90	90	20	50	-	50
Total Dom. Cons.	1,460	1,460	1,390	1,400	-	1,410
Ending Stocks	155	155	179	120	-	115
Total Distribution	1,621	1,621	1,575	1,525	-	1,530
	-	-	-	-	-	-

(1000 HA) ,(1000 MT)

Commodity:

Oilseed, cottonseed

Production

Post forecasts cottonseed production to remain limited at 1,000 tons in 2021/22 based on limited overall cotton production.

Consumption

A small portion of cottonseeds are used in feed, however many are discarded as waste as the limited production of cotton does not provide much incentive for collection, storage, and consolidation.

Oilseed, Cottonseed	2019/2020		2020/2021		2021/2022	
Market Begin Year	Apr-19		Apr-20		Apr-21	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2	2	2	2		2
Seed to Lint Ratio	0	0	0	0		0
Beginning Stocks	0	0	0	0		0
Production	1	1	2	3		1
MY Imports	0	0	0	0		0
Total Supply	1	1	2	3		1
MY Exports	0	0	1	2		0
Crush	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	1	1	1	1		1
Total Dom. Cons.	1	1	1	1		1
Ending Stocks	0	0	0	0		0
Total Distribution	1	1	2	3		1
	0	0	0	0		0
(1000 HA) ,(1000 TREES) ,(1000 MT)						

Attachments:

No Attachments