



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

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## Indonesia

### Grain and Feed

### Corn Update

### 2005

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**Report Highlights:**

The 2004/05 corn production estimate has been increased to 6.5 million tons. The import forecast for 2004/05 has been reduced to reflect higher local production, combined with the continued sluggish performance of the poultry sector. Nonetheless, the 1.06 million tons forecast to be imported in 2004/05 would represent a rebound from 2003/04 when demand was constrained by the local AI outbreak. Effective January 1, 2005, the import duty on corn was increased from zero to 5 percent.

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Includes PSD Changes: Yes  
Includes Trade Matrix: Yes  
Unscheduled Report  
Jakarta [ID1]  
[ID]

## Production, Supply and Demand Table

**PSD Table**

Country Commodity	Indonesia		Indonesia		(1000 HA)(1000 MT)	
	2002	Revised	2003	Estimate	2004	Forecast
Market Year Begin	USDA Official	Post Estimate	USDA Official	Post Estimate	USDA Official	Post Estimate
		10/2002		10/2003		10/2004
Area Harvested	3050	3050	3200	3200	3300	3300
Beginning Stocks	370	433	584	1018	784	942
Production	6100	6100	6300	6350	6300	6500
TOTAL Mkt. Yr. Imports	1633	1753	1350	924	1300	1060
Oct-Sep Imports	1633	1753	1350	924	1300	1060
Oct-Sep Import U.S.	69	0	0	216	0	250
TOTAL SUPPLY	8103	8286	8234	8292	8384	8502
TOTAL Mkt. Yr. Exports	19	18	100	50	100	100
Oct-Sep Exports	19	18	100	50	100	100
Feed Dom. Consumption	3900	3450	3750	3300	3800	3500
TOTAL Dom. Consumptic	7500	7250	7350	7300	7500	7500
Ending Stocks	584	1018	784	942	784	902
TOTAL DISTRIBUTION	8103	8286	8234	8292	8384	8502

**Production**

Recent estimates indicate slightly higher yields as farmers took advantage of relatively good prices to increase production. As a result, the 2004/05 production forecast is increased slightly.

**Consumption**

Driven by a resumption in demand from the poultry industry, still recovering from Avian Influenza (AI) outbreak, corn for feed use is forecast to grow around around 6 percent in 2004/05. Similar growth is expected in compound feed production, which is expected to reach 7 million tons in MY2004/05. Indonesia's only industrial-sized corn milling facility continues to face production challenges, and is reportedly only operating at 50 percent capacity, or about 15,000 tons/month.

**Trade**

The forecast for corn imports has been reduced to reflect lower domestic production and continued sluggish local demand. Nonetheless, in line with expectations for a rebound in the poultry sector, the 1 million ton import forecast in 2004/05 would represent an increase from 2003/04. The competitiveness of U.S. corn imports continues to be hampered by high freight rates. As of mid Jan. 2005, Argentine corn was being offered at up to a \$20 discount to U.S. Offers from Thailand have dwindled, and supplies from China remain unavailable.

Imported corn is still required by the one and only corn wet milling facility, which tends to favor U.S. supplies. Demand from this plant will probably not exceed 200,000 tons in 2004/05.

### Trade Matrix

## Import Trade Matrix

<b>Country</b>	Indonesia		
<b>Commodity</b>	Corn		
Time Period	Oct/Sep	Units: 1,000 MT	Oct/Sep
Imports for:	2002/03		2003/04
U.S.	0		216
Others	Others		
China	1733	China	471
Thailand	20	Argentina	170
		Thailand	47
		India	20
Total for Others	1753	Total for Others	708
Others not Listed		Others not Listed	
Grand Total	1753	Grand Total	924

## Export Trade Matrix

<b>Country</b>	Indonesia		
<b>Commodity</b>	Corn		
Time Period	Oct/Aug	Units: 1,000 MT	Oct/Aug
Exports for:	2002/03		2003/04
U.S.		U.S.	
Others	Others		
Malaysia	10	Malaysia	14
Japan	6	Philippines	11
		Japan	7
		Hong Kong	3
Total for Others	16	Total for Others	35
Others not Listed	2	Others not Listed	1
Grand Total	18	Grand Total	36

## Prices

In early January, prices in East Java and Central Java ranged from Rp 1,200/kg equivalent to US\$ 133.3/mt (using average exchange rates Rp. 9,000/US\$1) to Rp. 1,250/kg (US\$ 138.9). With lower supply, prices in Lampung and South Sulawesi are slightly higher, i.e., ranging from Rp 1,300/kg (US\$ 144.4/mt) to Rp. 1,350/kg (US\$ 150/mt). Argentina origin is offered at around US\$ 137/mt CNF; Thai corn around US\$ 155/mt; and US corn around US\$ 160/mt.

## Policy

Through Minister of Finance Decree No. 591/PMK.010/MY2004/05 dated December 21, MY2004/05 the government announced an import tariff harmonization program applicable for 2005-2010. Under this program, the import tariff for corn will be increased from zero to 5 percent.

## Exchange Rates

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2000	7,414	7,517	7,598	7,988	8,728	8,742	9,055	8,370	8,891	9,483	9,524	9,385
2001	9,488	9,914	10,460	12,117	11,423	11,436	9,744	9,045	9,696	10,358	10,476	10,450
2002	10,383	10,222	9,779	9,441	9,823	8,741	9,171	8,938	9,057	9,257	9,020	8,929
2003	8,877	8,917	8,957	8,711	8,274	8,259	8,643	8,488	8,468	8,627	8,537	8,528
2004	8,417	8,439	8,587	8,661	9,210	9,415	9,056	9,265	9,205	9,090	9,018	9,355
2005	9,151											

