



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - Public distribution

Date: 10/31/2008

GAIN Report Number: ID8029

Indonesia

Grain and Feed

Update

2008

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Report Highlights:

CY 2008 Indonesian rice production, milling rate, and imports are revised. A better-than-forecast milling rate increased production to 35.8 MMT milled rice equivalent. CY 2009 production forecast is changed to 36.2 MMT.

Includes PSD Changes: Yes
Includes Trade Matrix: No
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I. SITUATION AND OUTLOOK

RICE, MILLED

Production

CY 08 rice production is estimated to reach 35.8 MMT of milled rice equivalent. FAS/Jakarta is revising this estimate because the expected impact of rains late in the harvest did not lead to a decrease in the milling rate due to empty husks and the presence of chalk. Indonesian rice production is forecast to be 36.2 MMT of milled rice equivalent in CY2009.

The length and start of the rainy season is a major influence on the production of rice paddy in Indonesia. The Indonesian rainy season usually starts in October and November in major rice growing areas. Once the rains begin, Indonesian farmers begin planting rice. If the rains start close to the normal time, then farmers in some areas can grow three crops of rice during the year. The Indonesian Meteorology and Geophysics Agency (BMG) estimates that areas receiving 200 millimeters/month of rainfall for more than 4 consecutive months are suitable for paddy cultivation, while areas that receive rainfall ranges from 100-200 millimeters/month for minimum of three consecutive months are more suitable for growing secondary crops such as corn, soybean, peanut, mung bean, sweet potato, and cassava. BMG reports that a dry September and lower than normal average rainfall in the beginning of October will not significantly impact the first crop of rice.

Major rice-producing areas in Indonesia are North Sumatera, South Sumatera, West Java, Central Java, East Java, West Nusa Tenggara, West Kalimantan, South Kalimantan, Central Sulawesi, and South Sulawesi. Based on estimates of when the rainy season will start in 2008/09, BMG predicts area planted by province as follows:

Table 1. Forecast of the Total Area Planted Based on Forecasted Start to the 2008/09 Rainy Season in Indonesian Major Rice Producing Areas

Province	Month and Total Planted Area in Ha			
	September	October	November	December
Sumatera	33,170	39,820	7,410	-
West Java, Banten, and Jakarta	-	418,300	372,360	167,430
Central Java and Yogyakarta	-	574,020	382,850	-
East Java	-	306,040	892,990	250,820
Bali	-	2,360	4,100	2,040
West Nusa Tenggara	-	460	10,410	2,960
East Nusa Tenggara	-	1,180	2,700	3,860
Kalimantan	-	162,820	880	-
Sulawesi	-	1,680	54,360	7,120
Maluku	-	500	440	-
Papua	-	690	100	30
Total Area (Ha)	33,170	1,507,870	1,728,600	434,260

Source: Indonesian Meteorology and Geophysics Agency (BMG)

Trade

Bulog announced that it will limit Indonesian rice imports for the rest of the calendar year to 70 TMT. Bulog has sufficient stocks for the remainder of the calendar year, but previously committed to import 70 TMT from Vietnam. Therefore, FAS/Jakarta lowers its import estimate to 500 TMT. Most of the rice imported this year is specialty rice that cannot be produced domestically such as rice for health purposes, Japonica rice, Thai Hom Mali rice, Basmati rice, organic rice, and seed. Specialty rice is imported by the private sector with approval from the Ministry of Agriculture.

Rice is a politically sensitive commodity in Indonesia. Presidential elections are in 2009, so special emphasis will be given to ensuring sufficient supply of rice for distribution to the poor. Therefore, FAS/Jakarta increases the CY2009 rice import forecast to 800 TMT.

CORN

Water is not as much of a factor affecting production of which is grown during the second and third crop cycles starting in March and July.

II. PSD TABLE

PSD: RICE, MILLED

Rice, Milled Indonesia	2006			2007			2008		
	2006/2007			2007/2008			2008/2009		
	Market Year Begin: Jan 2007			Market Year Begin: Jan 2008			Market Year Begin: Jan 2009		
	Annual Data Displayed		New Post Data	Annual Data Displayed		New Post Data	Annual Data Displayed		Jan Data
Area Harvested	11900	11900	11900	11900	11900	11900	11900	11800	11900
Beginning Stocks	3207	3157	3207	4607	4607	4657	4257	4857	4757
Milled Production	35300	35300	35300	35500	35500	35800	36250	36249	36249
Rough Production	54729	54729	54729	55039	55469	55504	56202	56200	56200
Milling Rate (.9999)	6450	6450	6450	6450	6400	6450	6450	6450	6450
MY Imports	2000	2000	2000	500	1100	500	800	800	800
TY Imports	2000	2000	2000	500	1100	500	800	800	800
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	40507	40457	40507	40607	41207	40957	41307	41906	41806
MY Exports	0	0	0	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0	0	0	0
Total Consumption	35900	35850	35850	36350	36350	36200	36851	36850	36850
Ending Stocks	4607	4607	4657	4257	4857	4757	4456	5056	4956
Total Distribution	40507	40457	40507	40607	41207	40957	41307	41906	41806

Note: Not official USDA data.