



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 4/6/1999

GAIN Report #ID9029

## Indonesia

## Cotton

## COTTON UPDATE

## 1999

Approved by:

**Robin Tilsworth-Rude**

**U.S. Embassy**

Drafted by:

Hanny S. Hartono

---

### Report Highlights:

**Preliminary data indicate cotton imports have increased during the first three months August-October of the MY1998/99. However, the import forecast for the complete marketing year remains unchanged. Despite continued problems with trade financing and increasing use of man-made fiber, textile mills are somewhat optimistic they can keep up production. Total cotton imports for MY1998/99 (August-July) should remain around 420,000 tons, or 1.9 million bales, unchanged from the previous marketing year. With a 58-percent market share, Australia was the largest supplier of cotton to Indonesia during Aug-Oct 1998.**

---

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

PSD Table						
Country:	Indonesia					
Commodity:	Cotton					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		08/1996		08/1997		08/1998
Area Planted	26000	26000	26000	26000	26000	26000
Area Harvested	21000	21000	21000	21000	21000	21000
Beginning Stocks	19083	19083	15283	15283	4081	8668
Production	3800	3800	3800	3800	3800	3800
Imports	467409	467409	375000	418585	360000	420000
TOTAL SUPPLY	490292	490292	394083	437668	367881	432468
Exports	9	9	2	0	0	0
USE Dom. Consumption	465000	465000	380000	420000	350000	420000
Loss Dom. Consumption	10000	10000	10000	9000	10000	9000
TOTAL Dom. Consumption	475000	475000	390000	429000	360000	429000
Ending Stocks	15283	15283	4081	8668	7881	3468
TOTAL DISTRIBUTION	490292	490292	394083	437668	367881	432468

Note: in Hectares and Metric Tons.

PSD Table						
Country:	Indonesia				Conversion	0.00459292
Commodity:	Cotton					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		08/1996		08/1997		08/1998
Area Planted	26000	26000	26000	26000	26000	26000
Area Harvested	21000	21000	21000	21000	21000	21000
Beginning Stocks	88	88	70	70	19	40
Production	17	17	17	17	17	17
Imports	2147	2147	1722	1923	1653	1929
TOTAL SUPPLY	2252	2252	1810	2010	1690	1986
Exports	0	0	0	0	0	0
USE Dom. Consumption	2136	2136	1745	1929	1608	1929
Loss Dom. Consumption	46	46	46	41	46	41
TOTAL Dom. Consumpt.	2182	2182	1791	1970	1653	1970
Ending Stocks	70	70	19	40	36	16
TOTAL DISTRIBUTION	2252	2252	1810	2010	1690	1986

Note: In Hectares and 1,000 480 bales.



---

## TRADE

Indonesia's cotton imports are expected to remain stable at about 420,000 tons in MY1998/99. In spite of larger imports during the first three months of the 1998/99 marketing year (August-October), about a 12-percent increase from the same period during the previous year, total imports during MY1998/99 should remain flat. Imports during MY1997/98 have been revised upward showing only a 10-percent decline from the previous marketing year based on the final data released by the Central Statistics Agency.

FAS/Jakarta forecasts cotton imports to be flat because Indonesian textile mills are holding stocks for a shorter period (for 2 weeks to 1 1/5 months), they continue to have problems in opening Letters of Credit and they are substituting more and more man-made fiber for cotton. Higher imports of cotton during Aug-Oct 1998 compared to the same period of 1997 were due to increased production for export orders scheduled through April-May 1999, prior to the election period in June. Minimal cotton imports are expected during the April - June period.

Imports of U.S. cotton increased only slightly to 23,351 tons (16.8 percent share) during MY98/99 (Aug-Oct) from 21,190 tons (17 percent share) in MY97/98. Industry contacts believe that imports of U.S. cotton may increase in the future if prices become more competitive with Australian cotton later in the year. Australia was the largest supplier of cotton to the Indonesian market during the first three months of MY1998/99 (Aug-Oct) with imports totaling 81,372 tons (58 percent share) compared to 54,700 tons (44 percent share) during MY1997/98 (Aug-Oct).

## CONSUMPTION

Total domestic cotton consumption estimates for MY1997/98 and MY1998/99 have been raised based on recent information gathered from industry sources. Indications are that consumption dropped only 10 percent from MY1996/97 to MY1997/98 far less than previously forecast. Consumption for MY1998/99 is forecast to remain stable. This revision shows improved confidence by the textile mills, as the currency has stabilized and many have been successful in finding ways to expand their export markets.

### Textile Exports

Despite the economic turmoil which started during the latter half of 1997, Indonesia's textile exports for calendar year 1998 grew in volume. Based on data released by the Central Statistics Agency, textile export volume during January-October 1998 increased by approximately 30 percent (from 1.02 million tons in 1997 (Jan-Oct) to 1.35 million tons in 1998 (Jan-Oct)). However, total export value is expected to increase only slightly due mostly to the drop in the value of the rupiah.

Recent visits to textile mills in Java reveal some mills looking beyond the June elections. Some are thinking of expanding production in the year 2000. However, most mills are going to wait until after the elections before making any new investments. One company reported that they will add about 27,000 spindles by the end April and expect that the new machines will start running by September this year.

Import Trade Matrix			
Country:	Indonesia	Units:	Metric Tons
Commodity:	Cotton		
Time period:	Aug-Jul		
Imports for	MY1996/97		MY1997/98
U.S.	114106	U.S.	110082
Others		Others	
Australia	121455		154094
Pakistan	3595		21515
Tanzania	23875		15298
India	48834		13445
Syrian Arab Rep.	9782		9954
Ivory Coast	12425		9019
Uzbekistan	4011		7035
Former USSR	24613		6745
Mexico	6023		5999
Total for Others	254613		243104
Others not listed	98690		65399
Grand Total	467409		418585

Import Trade Matrix (in Metric Tons)	
Country:	Indonesia
Commodity:	Cotton
Time period:	Aug-Oct
Imports for	MY1998/99
U.S.	23351
Others	
Australia	81372
Ivory Coast	4578
China	3165
Syrian Arab Rep.	2752
Tanzania	2156
Argentina	1201
Mexico	738
Pakistan	723
Uzbekistan	500
Total for Others	97185
Others not listed	18781
Grand Total	139317

Source: Central Statistics Agency.

Table. Exchange Rate Rupiah/US\$ on a Period Ending Basis

1995	2,308	1998		1999	
1996	2,383	Jan	10,250	Jan	8,950
		Feb	8,800	Feb	8,730
1997		Mar	8,660	Mar	8,685
Jul	2,599	Apr	7,970	Apr*	8,671
Sep	3,275	May	11,250		
Dec	6,250	Jun	14,750		
		Jul	13,000		
		Aug	11,200		
		Sep	10,750		
		Oct	7,550		
		Nov	7,300		
		Dec	8,068		

\*April 3, 1999 only.

Source: Central Statistics Agency and Bisnis Indonesia Daily Newspaper.

F:\gain\docs\cot\cotton99.wpd\04/06/99