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Indonesia

Cocoa

Semi-Annual

1999

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Report Highlights:

Indonesian cocoa bean production is forecast to increase by 4 percent in 1998/99 to 330,000 mt. The currency depreciation resulted in price hikes for farmers which peaked at over 400 percent. Current prices have moderated to about 300 percent above pre-crisis levels. Due to the high returns farmers have been optimizing use of fertilizers and pesticides thus overcoming some effects of the 1997-98 drought. At an estimated 255,000 mt, exports jumped 17 percent and hit a record level in 1997/98. Exports are expected to remain at that level in 1998/99. High costs have devastated domestic processing of cocoa. The United States remains the top market for Indonesian cocoa exports (55 percent).

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Semi-Annual Report
Jakarta [ID1], ID

PSD Table						
Country:	Indonesia					
Commodity:	Cocoa Beans					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		10/1996		10/1997		10/1998
Area Planted	420	420	467	467	467	467
Area Harvested	295	295	295	295	295	295
Bearing Trees	295	295	295	295	295	295
Non-Bearing Trees	125	125	172	172	172	172
TOTAL Tree Population	420	420	467	467	467	467
Beginning Stocks	2819	2819	1001	2904	12139	939
Main Production	185000	186210	184250	192880	186000	200160
Mid & Other Production	120000	120790	122830	125120	124000	129840
TOTAL Production	305000	307000	307080	318000	310000	330000
Bean Imports	232	232	3003	3600	0	0
Liquor & Paste Imports	40	41	20	15	0	0
Butter Imports	58	58	35	20	0	0
Powder,Cake,Choc. Imp.	2859	2859	2000	2400	0	0
TOTAL Imports	3189	3190	5058	6035	0	0
TOTAL SUPPLY	311008	313009	313139	326939	322139	330939
Bean Exports	217432	217432	220000	255000	230000	255000
Liquor & Paste Exports	10330	10330	6000	7500	7000	7500
Butter Exports	35386	35484	33000	35000	33500	35000
Powder,Cake,Choc. Exp.	16859	16859	15000	13500	15500	13500
TOTAL Exports	280007	280105	274000	311000	286000	311000
Domestic Consumption	30000	30000	27000	15000	28000	17000
Ending Stocks	1001	2904	12139	939	8139	2939
TOTAL DISTRIBUTION	311008	313009	313139	326939	322139	330939

Note: Figures are in metric tons, except area (1,000 ha) and trees (1,000 trees)

PRODUCTION

Cocoa bean production for FY1997/98 is now estimated to have reached approximately 318,000 tons, about 3 percent more than during the previous marketing year. In spite of the drought caused by the El Nino in 1997 and the first half of 1998, significant increases in the price received by farmers (about 415-430 percent, from about Rp.3,300/kg prior to July 1997 to about Rp.17,000-17,500/kg in July 1998) encouraged farmers to improve their management practices/crop maintenance. Farmers were also able to afford to apply optimum levels of fertilizer due to higher returns.

Recently, the price received by farmers has declined compared to the price level reached in July 1998 (now about Rp.9,200-9,400/kg) because the rupiah has strengthened. However, production is forecast to continue to increase, probably by almost 4 percent in MY1998/99, since the price received by farmers is still far above the price they received prior to the crisis (July 1997) and the demand from the exporters continues strong.

Production for MY1996/97 has been revised up based on the data quoted by ASKINDO (the Indonesian Cocoa Association).

CONSUMPTION

The domestic consumption for MY 1997/98 is now estimated to drop drastically to approximately 15,000 tons because local processors bought fewer beans due to increased price and overall difficulties due to the economic collapse. More beans were also sold for exports. Some trade and industry sources estimate that the domestic production of cocoa products is currently estimated at only about 50 percent below the normal level due to limited working capital to purchase the raw materials. Also, the significant depreciation of the rupiah has also pushed more exporters to export unprocessed cocoa beans directly.

In MY1998/99 domestic consumption is forecast to rebound only slightly to 17,000 tons as the economic stress continues.

TRADE

Due to increases in domestic production and strong export demand, total cocoa bean exports during MY1997/98 are now expected to reach a record level of about 255,000 tons, a 17-percent increase compared to the previous marketing year. Exports during October 1997-August 1998 reached about 232,058 tons, compared to only about 197,754 tons during the same period the previous year. Exports are booming despite continued reports of difficulties in trade financing and localized incidents of looting. The United States remains the major market for Indonesian cocoa beans with a 55 percent share, followed by Singapore (23 percent), and Malaysia (8 percent). Exports of cocoa beans during MY1998/99 are forecast to remain at least at the same high level as in MY1997/98 due to continued attractiveness of export prices.

Indonesia exported about 40,298 tons of cocoa products during October 1997 - August 1998. Almost 62 percent of the total cocoa product exports during that period were in the form of cocoa butter, followed by cocoa powder (23 percent) and cocoa paste (12 percent) with the remainder in the form of chocolate.

Cocoa bean imports increased during MY1997/98 (October-August) to approximately 3,600 tons, mostly from Cote d'Ivoire (83 percent). Imports are forecast to drop to zero during MY1998/99 since the domestic production is forecast to increase.

Export Trade Matrix				
Country:	Indonesia		Units:	1,000 MT
Commodity:	Cocoa Beans			
Time period:	Jan-Sep			
Exports for	1997			1998
U.S.	66		U.S.	108
Others			Others	
Singapore	38		Singapore	43
Germany	9		Malaysia	16
China	8		China	9
Brazil	8		Philippines	7
Netherlands	6		Thailand	4
Malaysia	5		Germany	2
United Kingdom	4		Netherlands	1
Thailand	3		Spain	1
Philippines	2			
Belgium & Lux.	2			
Total for Others	85			83
Others not listed	5			1
Grand Total	156			192

Import Trade Matrix				
Country:	Indonesia		Units:	1,000 MT
Commodity:	Cocoa Beans			
Time period:	Jan-Sep			
Imports for	1997			1998
U.S.	0		U.S.	0
Others			Others	
			Cote d'Ivoire	1
			Ghana	1
Total for Others	0			2
Others not listed	0			0
Grand Total	0			2

Cocoa Butter				
Export and Import (In 1,000 MT)				
Period: Jan - Sep 98				
	Export			Import
United States	14	United States	0	
Other		Other		
Netherlands	4			
Australia	3			
France	2			
Poland	1			
Spain	1			
Japan	1			
Total of Other	11	Total of Other	0	
Others not Listed	3	Others not Listed	0	
TOTAL	28	TOTAL	0	

Cocoa Paste				
Export and Import (In 1,000 MT)				
Period: Jan - Sep 98				
	Export			Import
United States	1	United States	0	
Other		Other		
Netherland	2			
Spain	2			
Philippines	2			
Total of Other	6	Total of Other	0	
Others not Listed	0	Others not Listed	0	
TOTAL	7	TOTAL	0	

Cocoa Powder			
Export and Import (In 1,000 MT)			
Period: Jan - Sep 98			
	Export		Import
United States	1	United States	0
Other		Other	
Spain	4	Singapore	1
Philippines	1		
Netherlands	1		
United Kingdom	1		
Total of Other	7	Total of Other	1
Others not Listed	2	Others not Listed	0
TOTAL	10	TOTAL	1

Chocolate			
Export and Import (In 1,000 MT)			
Period: Jan - Aug 98			
	Export		Import
United States	1	United States	0
Other		Other	
Total of Other	0	Total of Other	0
Others not Listed	1	Others not Listed	0
TOTAL	2	TOTAL	0

Cocoa Bean Exports & Total Exports of Agricultural Products
(1,000 MT/\$ million)

Year	Export Volume			Export Value		
	Cocoa	Agric.	%	Cocoa	Agric.	%
	Beans	Products		Beans	Products	
1994	200.2	1,605.9	12.5	213.5	2,818.4	7.6
1995	196.6	1,626.1	12.1	224.5	2,888.5	7.8
1996	274.3	1,850.6	14.8	262.9	2,912.7	9.0
1997	219.9	1,597.2	13.8	294.5	2,869.7	10.3
1998*	143.6	1,849.3	7.8	205.4	2,040.6	10.1

Source: Central Statistics Agency, Jakarta. Buletin Ringkas, October 1998.

Prepared by FAS/Jakarta.

Note: Calendar year basis.

*) : January - July 1998.

Indonesia's Exports and Imports of Cocoa Beans and Products
(Marketing Year: October - September)
in Metric Tons of Bean Equivalent

Year	Exports			Imports		
	Beans	Products	Total	Beans	Products	Total
1994/95	185,332	40,323	225,655	50	1,083	1,133
1995/96	223,866	52,408	276,274	0	2,173	2,173
1996/97	217,432	62,673	280,105	232	2,958	3,190
1997/98*	232,058	51,786	283,844	3,785	2,086	5,871

Source: Central Statistics Agency, Jakarta. Processed by FAS/Jakarta.

Note: *) October 1997 - August 1998.

Average Export Prices of Indonesian Cocoa Beans & Products
(FOB, US\$ per Kilogram)

Year	Cocoa Beans	Cocoa Products	Exchange Rate
	SITC: 072	SITC: 073	Rupiah/US\$ 1
1994	1.20	2.41	2,205
1995	1.30	2.14	2,305
1996	1.15	2.07	2,385
1997	1.56	2.51	5,700
1998*	1.55	2.38	12,641

Source: Central Statistics Agency, Jakarta, Buletin Ringkas, October 1998 and Economic Indicators, October 1998. Processed by FAS/Jakarta.

Note: SITC: Standard International Trade Classification.

*): January - July 1998.

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