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Prepared By: Arif Rahmanulloh

Approved By: Jasmine Osinski

Report Highlights:

Coffee production is revised down slightly to 10.58 million (60 kilogram) bags in 2021/22 on lower yields due to unfavorable weather in northern Sumatera, as well as southern Sumatera's experiencing an off-crop year. Green bean exports are also revised down 9 percent to 5.9 million bags in 2021/22 on weaker than expected demand and supply chain issues. However, domestic consumption is revised up seven percent due to the easing of social distancing restrictions on cafes and restaurants.

Production
Indonesia's 2021/22 coffee production is revised downward slightly from the 2021 Coffee Annual to 10.58 million (60 kilogram) bags on lower Arabica yields in northern Sumatera and lower Robusta yields in the highland areas of southern Sumatera.

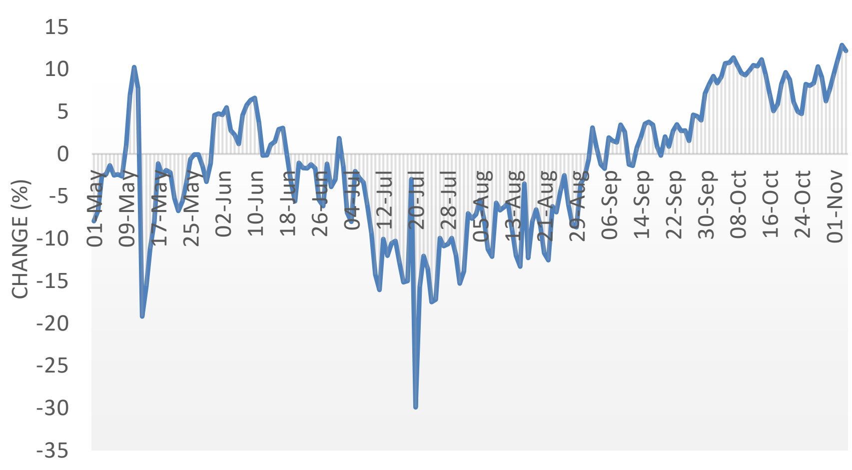
Northern Sumatera is Indonesia's largest Arabica production area, representing over 60 percent of its total Arabica production. Other significant Arabica production areas include Java and Sulawesi. The Arabica harvest started in September and is expected to continue through December. Post forecasts 2021/22 Arabica production at 1.28 million bags, 20,000 fewer bags than in 2020/21, on unfavorable weather during the flowering stage.

The highland area in southern Sumatera represents approximately 60 percent of Indonesia's Robusta production. Traders reported 2021/22 Robusta yields in this area were very low due to it being an off-crop year (characterized by light yields), in contrast to last year's on-crop heavy yields. Typically, the high yields experienced during on-crop years reduce flowering intensity during the following, off-crop year. Higher yields in lowland Robusta production areas such as central Java were not enough to offset the yield reduction in southern Sumatera's highland areas. Post estimates 2021/22 Robusta production at 9.3 million bags, 100,000 fewer than the previous year.

In October 2021, the National Weather Agency (BMKG) issued warnings on incoming La Nina weather events in late 2021. Although the impact is expected to be moderate, according to BMKG, La Nina may cause rainfall to be 20 to 70 percent higher than normal. Increased rainfall during this period could raise humidity levels, potentially degrading the quality of beans unless additional processing is undertaken.

Consumption
Indonesia 2021/22 coffee consumption is revised up slightly from the 2021 Coffee Annual to 4.75 million bags, an increase of 300,000 bags from 2020/21, on higher demand from restaurants, cafes and grab-and-go coffee outlets following the gradual easing of social distancing restrictions since September. The recent reopening of public venues and large gathering spaces is causing demand to increase more quickly than previously anticipated.

Figure 1. Mobility for Indonesia's Retail and Recreation Sectors on the Rise, 2021

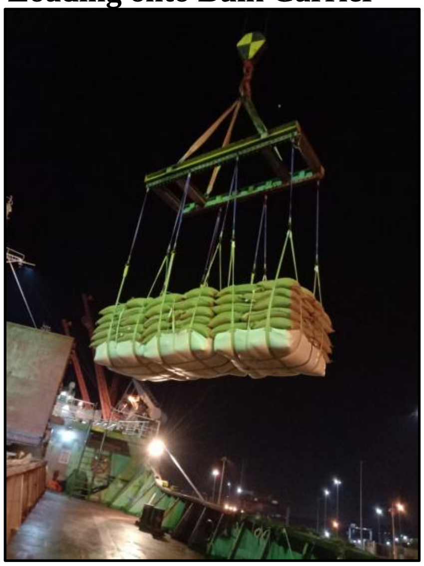


Source: Google Community Mobility Report (November 8, 2021)

Trade

Post revises down Indonesia’s 2021/22 green bean exports to 5.9 million bags, 9 percent lower than 2020/21 exports, on weaker than expected demand in several destination markets, including the United States, Malaysia, and Italy. According to industry sources, limited container availability has been causing delays on contracts and shipments. Global shipping disruptions have resulted in fewer ships arriving to Indonesian ports. Exporters in Lampung and Belawan especially face constant uncertainty over procuring space and containers for their products, forcing them to re-arrange contracts and deal with freight costs that have surged from an average of 5 percent of total shipping value to 20-30 percent. Several exporters have even foregone containers altogether, turning instead to cheaper, small-scale bulk carriers with capacities of under 20,000 MT.

Photo 1: Green Bean Coffee Loading onto Bulk Carrier



Source: Industry contacts

Due to these complications, trade data show that shipments in the first six months of 2021/22 decreased 8 percent from the previous year. For example, although demand for Robusta from the EU and the United States rose during the Robusta harvesting period (June/July 2021) in Lampung, shipments lagged. Normally, green bean shipments reach around 60,000 MT per month during this peak season, but this year the highest monthly shipment has been 38,800 MT in September.

Photo 2: Bulk Carrier Loaded with Green Bean Coffee

Source: Industry contacts

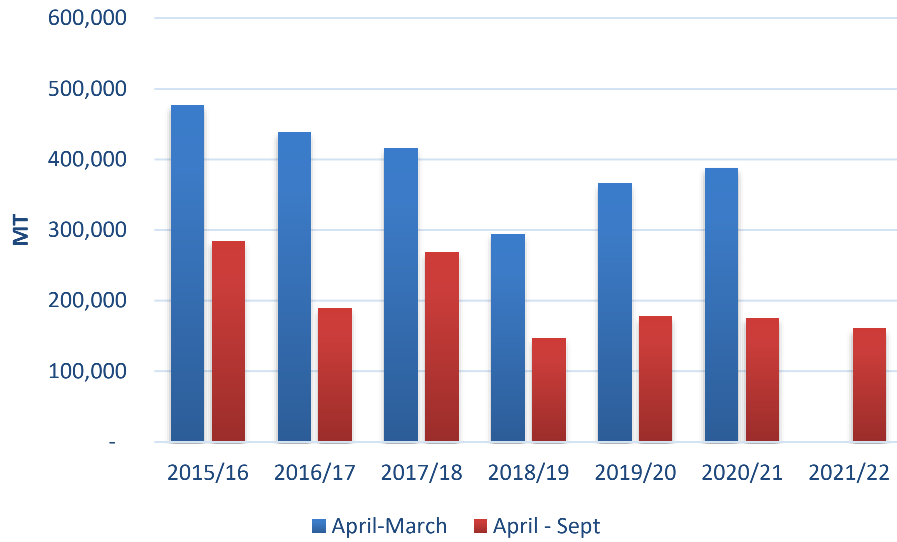
Table 1. Cost per Container Paid by Indonesian Coffee Exporters

Destination	**Normal Cost per Container**	**Cost per Container as of Nov. 2021**
U.S.	\$3,000 - \$4,000	\$10,000 - \$17,000
Europe	\$2,000	\$8,500 - \$10,200
Middle East	\$1,500	\$9,000

Source: Industry contacts

In the first half of Marketing Year (MY) 2021/22, the main markets for Indonesia green bean exports were the United States (15 percent), Egypt (14 percent), Malaysia (8 percent) and Italy (7 percent).

Figure 2. Indonesia Green Bean Exports, 2015-2021



Source: TDM

The forecast for 2021/22 green bean imports remains unchanged at 200,000 bags as domestic roasters continue to procure competitively priced local beans. Green bean imports reached 165,000 bags in the first six months of MY 2021/22, 9 percent lower than the previous year. Vietnam was the largest source of Indonesia's green bean imports (supplying over half of total imports), followed by Brazil.

Table 2. Robusta Spot Prices at Lampung, 2015-2021 (IDR/kg)

	2015	2016	2017	2018	2019	2020	2021
Jan	21,446	16,460	26,655	24,930	22,528	18,529	19,208
Feb	21,803	15,953	25,741	25,855	22,462	17,980	19,635
Mar	20,592	16,089	25,723	26,317	22,226	18,352	20,693
Apr	20,194	17,092	24,812	25,265	20,628	18,195	20,555
May	19,040	18,795	23,318	26,219	19,829	17,701	22,043
Jun	20,927	19,192	23,976	25,686	20,469	16,943	24,333
Jul	21,354	20,403	25,981	26,674	20,135	18,353	27,666
Aug	19,723	20,806	25,873	25,311	18,998	21,951	28,552
Sep	19,539	22,270	24,289	24,104	18,812	22,606	32,259
Oct	18,819	24,078	24,545	26,943	17,862	19,073	32,876
Nov	18,248	25,767	24,704	25,346	19,491	20,089	
Dec	17,719	24,916	24,787	22,758	20,238	20,593	

Source: Bappebti

Table 3. Arabica Spot Price at Medan, 2015-2021 (IDR/kg)

	2015	2016	2017	2018	2019	2020	2021
Jan	56,705	51,976	57,733	57,495	52,101	54,862	60,558
Feb	53,891	50,242	57,135	56,625	49,683	50,733	61,201
Mar	48,942	50,946	55,772	56,591	48,342	55,802	64,574
Apr	49,499	50,667	54,384	55,820	46,849	62,087	66,070
May	48,697	52,024	53,420	57,515	47,156	55,112	73,426
Jun	52,134	53,289	51,575	56,509	51,637	49,194	76,932
Jul	56,946	55,739	51,989	54,738	52,010	52,600	83,641
Aug	54,035	55,144	52,139	53,079	48,415	60,338	89,133
Sep	54,431	57,260	52,359	52,032	49,328	62,736	92,147
Oct	53,462	58,042	53,223	60,281	49,062	55,339	94,819
Nov	51,420	60,790	54,154	57,451	53,557	55,249	
Dec	52,434	55,692	56,846	52,077	62,365	59,127	

Source: Bappebti

Table 4. Exchange Rates, 2015-2021 (IDR/$)

	2015	2016	2017	2018	2019	2020	2021
Jan	12,579	13,889	13,359	13,380	14,163	13,732	14,062
Feb	12,750	13,516	13,341	13,590	14,035	13,776	14,044
Mar	13,067	13,193	13,346	13,758	14,211	15,195	14,417
Apr	12,948	13,180	13,307	13,803	14,143	15,867	14,551
May	13,141	13,420	13,323	14,060	14,393	14,906	14,334
Jun	13,313	13,355	13,297	14,049	14,227	14,196	14,351
Jul	13,375	13,116	13,342	14,415	14,044	14,582	14,507
Aug	13,782	13,165	13,342	14,560	14,242	14,725	14,390
Sep	14,396	13,118	13,303	14,869	14,111	14,848	14,258
Oct	13,796	13,017	13,526	15,179	14,118	14,758	14,197
Nov	13,673	13,311	13,527	14,697	14,069	14,237	
Dec	13,855	13,417	13,557	14,497	14,017	14,166	

Source: Bank of Indonesia

Table 5. Production, Supply and Distribution (PSD), 2019/20-2021/22

Coffee, Green	2019/2020		2020/2021		2021/22	
Market Begin Year	Apr-19		Apr-20		Apr-21	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	2,419	2,419	2,298	2,298	1,793	1,669
Arabica Production	1250	1,250	1300	1,300	1280	1,280
Robusta Production	9450	9,450	9,400	9,400	9350	9,300
Other Production	-	-	-	-		
Total Production	10,700	10,700	10,700	10,700	10,630	10,580
Bean Imports	445	445	230	230	200	200
Roast & Ground Imports	20	20	10	12	15	10
Soluble Imports	766	766	675	751	700	675
Total Imports	1,231	1,231	915	993	915	885
Total Supply	14,350	14,350	13,913	13,991	13,338	13,134
Bean Exports	6,096	6,096	6,465	6,466	6500	5,900
Rst-Grnd Exp.	56	56	55	56	60	50
Soluble Exports	1,000	1,000	1,150	1,350	1200	1,000
Total Exports	7,152	7,152	7,670	7,872	7,760	6,950
Rst,Ground Dom. Consum	3,400	3,400	3,000	3,000	3,200	3,250
Soluble Dom. Cons.	1,500	1,500	1,450	1,450	1,500	1,500
Domestic Consumption	4,900	4,900	4,450	4,450	4,700	4,750
Ending Stocks	2,298	2,298	1,793	1,669	878	1,434
Total Distribution	14,350	14,350	13,913	13,991	13,338	13,134
	-	-	-	-	-	-
(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)						

Attachments:

No Attachments