

**Required Report:** Required - Public Distribution

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## **Report Name:** Coffee Semi-annual

**Country:** Indonesia

**Post:** Jakarta

**Report Category:** Coffee

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### **Report Highlights:**

Indonesia 2022/23 coffee production is expected to rise to 11.35 million bags on improved yields. Domestic coffee consumption is revised down from the last update by 30,000 bags following a hike in fuel prices in September 2022. Green bean exports are revised up to 6.6 million bags on increased international demand and the depreciation of the Indonesian rupiah.

## Production

Post maintains its 2022/23 coffee production forecast at 11.35 million bags, an increase of 7 percent from 2021/22 on improved yields in most key producing areas. In Southern Sumatera, most Robusta crops were harvested in August 2022, while in Northern Sumatera farmers only began harvesting in October 2022.

According to the National Weather Agency ([BMKG](#)), La Nina events caused an early onset of the rainy season in several regions. The increased rainfall in producing areas raised humidity levels resulting in lower quality beans.

## Consumption

Post revises Indonesia coffee consumption down from the previous coffee update by 30,000 bags to 4.77 million bags in 2022/23, as consumers' purchasing power was diminished by fuel price hikes in early September 2022. Burdened by rising crude oil prices, the Government of Indonesia (GOI) cut gasoline and diesel subsidies, causing fuel retail prices to shoot up 32 percent. As a result, many middle-class Indonesian consumers reduced purchases of coffee drinks from the food service sector (e.g., baristas, restaurants) or switched to cheaper alternatives. Kiosks and mobile vendors selling instant coffee are becoming more popular for their convenience and affordability (see Photo 1).

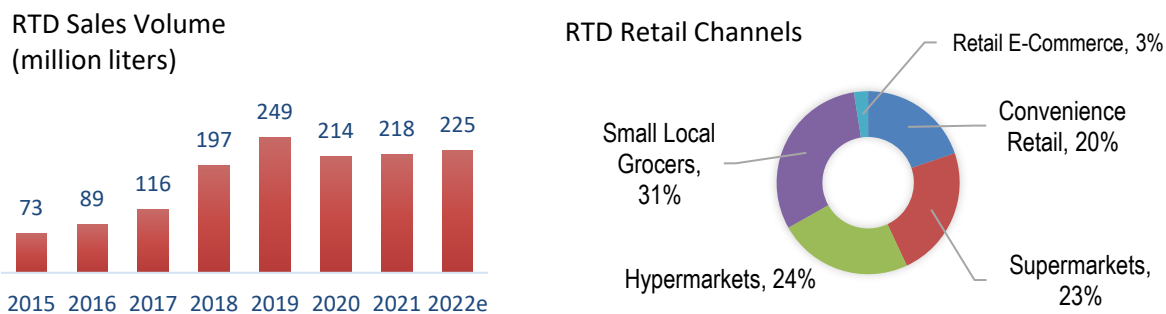
**Photo 1. Mobile Instant Coffee Vendor Known as “Starbuck Keliling” or “Starling” for Short**



*Source: FAS Jakarta*

However, Indonesia coffee consumption has generally been on the rise since last year when pandemic-related restrictions had closed down many coffee outlets in urban areas. Increased at-home coffee drinking during the pandemic was unable to offset the decline of out-of-home coffee consumption. Sales of ready to drink (RTD) coffee, a segment of coffee products associated with consumer mobility, are expected to rebound in 2023 to pre-pandemic levels.

**Figure 1. Ready to Drink (RTD) Coffee Sales Volume and Its Retail Channels 2021**



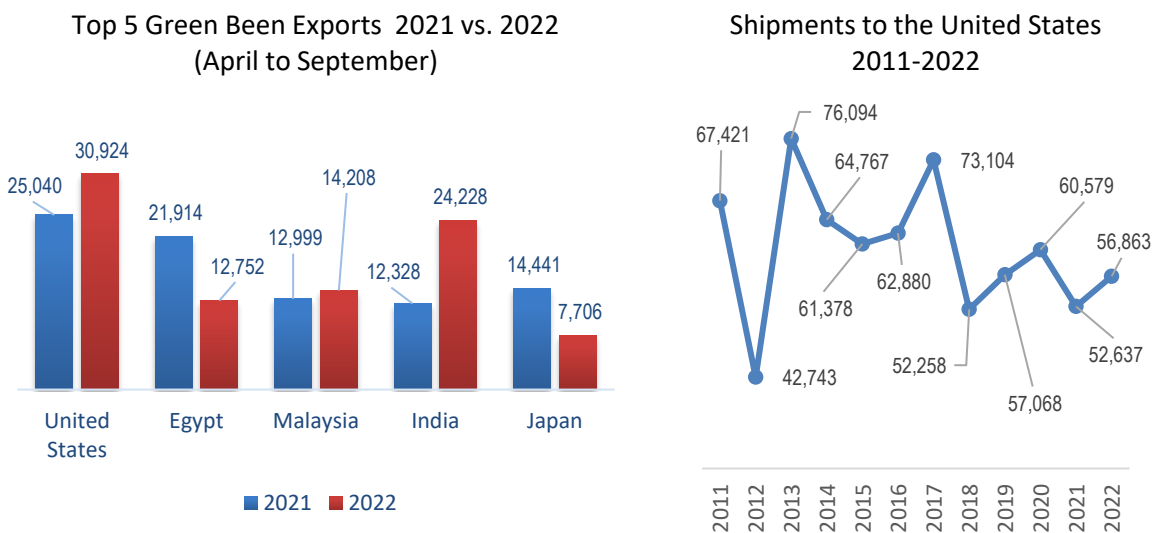
Source: Euromonitor

### Trade

Indonesia 2022/23 green bean exports are revised up 100,000 bags from the last update to 6.6 million bags with higher shipments to the Germany, India, the United Kingdom, Belgium, and the United States that more than offset lower shipments to Egypt, Japan, Thailand, and Spain. Increased global demand and the depreciation of the Indonesia rupiah (IDR) against U.S. dollar (USD) boosted green bean exports from April to September 2022 to 3.5 million bags, a 30 percent increase compared to the corresponding period last year. The rupiah has fallen 9 percent against the U.S. dollar since January 2022.

The United States remains the top export destination for Indonesia green beans, representing 15 percent of total shipments both in Marketing Year (MY) 2021/22 and from April to September 2022. Indonesia shipped 948,000 bags of green beans to the United States last year, 34 percent lower than its peak shipments to the United States in 2012/13 of 1.2 million bags.

**Figure 2. Indonesia Green Bean Exports (MT)**



Source: Trade Data Monitor

Indonesia's green bean shipments to the Black Sea region in the first half of MY 2022/23 have mostly recovered from trade disruptions caused by the Russia-Ukraine conflict. Shipments in the first half of 2022/23 to all port destinations in the region, except for Ukraine, are expected to surpass the previous year's levels. The Black Sea region represented only about 6 percent of total Indonesian green bean exports in 2021/22.

**Table 1. Indonesia Green Bean Shipments to Black Sea Region (MT)**

<b>Black Sea Country</b>	<b>2021/22</b>	<b>2022/23 (April-Sept)</b>
Romania	357	300
Bulgaria	479	365
Georgia	14,221	7,664
Russia	8,236	8,203
Ukraine	170	0
	23,458	16,532

*Source: Trade Data Monitor*

Indonesia's 2022/23 green bean imports are projected at 240,000 bags, reflecting a stable demand from both industry-based coffee products and premium outlet chains. The coffee processing industry sourced green beans from Vietnam for its competitive Robusta prices, while Brazil is a major supplier of premium grade beans destined for high-end outlet chains.

**Table 2. Robusta Spot Price at Lampung 2017-2022 (IDR/kg)**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Jan	26,655	24,930	22,528	18,529	19,208	36,713
Feb	25,741	25,855	22,462	17,980	19,635	35,316
Mar	25,723	26,317	22,226	18,352	20,693	34,569
Apr	24,812	25,265	20,628	18,195	20,555	32,441
May	23,318	26,219	19,829	17,701	22,043	32,504
Jun	23,976	25,686	20,469	16,943	24,333	32,950
Jul	25,981	26,674	20,135	18,353	27,666	31,702
Aug	25,873	25,311	18,998	21,951	28,552	34,919
Sep	24,289	24,104	18,812	22,606	32,259	36,132
Oct	24,545	26,943	17,862	19,073	33,041	34,302
Nov	24,704	25,346	19,491	20,089	35,249	31,639
Dec	24,787	22,758	20,238	20,593	36,428	

*Source: Indonesia's Commodity Futures Trading Supervisory Body (Bappebti)*

**Table 3. Arabica Spot Price at Medan 2017-2022 (IDR/kg)**

	2017	2018	2019	2020	2021	2022
Jan	57,733	57,495	52,101	54,862	60,558	115,135
Feb	57,135	56,625	49,683	50,733	61,201	120,659
Mar	55,772	56,591	48,342	55,802	64,574	109,210
Apr	54,384	55,820	46,849	62,087	66,070	110,717
May	53,420	57,515	47,156	55,112	73,426	108,798
Jun	51,575	56,509	51,637	49,194	76,932	115,627
Jul	51,989	54,738	52,010	52,600	83,641	110,862
Aug	52,139	53,079	48,415	60,338	89,133	112,860
Sep	52,359	52,032	49,328	62,736	92,147	115,505
Oct	53,223	60,281	49,062	55,339	97,821	105,585
Nov	54,154	57,451	53,557	55,249	107,508	94,723
Dec	56,846	52,077	62,365	59,127	114,524	

Source: Indonesia's Commodity Futures Trading Supervisory Body (Bappebti)

**Table 4. Exchange Rate (IDR/\$)**

	2017	2018	2019	2020	2021	2022
Jan	13,359	13,380	14,163	13,732	14,062	14,341
Feb	13,341	13,590	14,035	13,776	14,044	14,350
Mar	13,346	13,758	14,211	15,195	14,417	14,348
Apr	13,307	13,803	14,143	15,867	14,551	14,375
May	13,323	14,060	14,393	14,906	14,334	14,615
Jun	13,297	14,049	14,227	14,196	14,351	14,702
Jul	13,342	14,415	14,044	14,582	14,507	14,983
Aug	13,342	14,560	14,242	14,725	14,390	14,850
Sep	13,303	14,869	14,111	14,848	14,258	14,989
Oct	13,526	15,179	14,118	14,758	14,191	15,435
Nov	13,527	14,697	14,069	14,237	14,270	15,682
Dec	13,557	14,497	14,017	14,166	14,327	

Source: Bank of Indonesia

**Table 5. Production, Supply, and Distribution**

<b>Coffee, Green</b>	<b>2020/2021</b>		<b>2021/22</b>		<b>2022/23</b>	
<b>Market Begin Year</b>	<b>Apr-20</b>		<b>Apr-21</b>		<b>Apr-22</b>	
<b>Indonesia</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Beginning Stocks</b>	2,298	2,298	1,669	1,669	1,009	1,072
<b>Arabica Production</b>	1300	1,300	1280	1,280	1,350	1,350
<b>Robusta Production</b>	9400	9,400	9,300	9,300	10,000	10,000
<b>Other Production</b>	-	-	-	-		
<b>Total Production</b>	10,700	10,700	10,580	10,580	11,350	11,350
<b>Bean Imports</b>	230	230	225	244	300	240
<b>Roast &amp; Ground Imports</b>	12	12	10	16	15	15
<b>Soluble Imports</b>	751	751	675	725	800	780
<b>Total Imports</b>	993	993	910	985	1,115	1,035
<b>Total Supply</b>	13,991	13,991	13,159	13,234	13,474	13,457
<b>Bean Exports</b>	6,466	6,466	6,300	6,319	6,500	6,600
<b>Rst-Grnd Exp.</b>	56	56	50	43	50	50
<b>Soluble Exports</b>	1,350	1,350	1,050	1,050	1,100	1,100
<b>Total Exports</b>	7,872	7,872	7,400	7,412	7,650	7,750
<b>Rst,Ground Dom. Consum</b>	3,000	3,000	3,250	3,250	3,280	3,260
<b>Soluble Dom. Cons.</b>	1,450	1,450	1,500	1,500	1,520	1,510
<b>Domestic Consumption</b>	4,450	4,450	4,750	4,750	4,800	4,770
<b>Ending Stocks</b>	1,669	1,669	1,009	1,072	1,024	937
<b>Total Distribution</b>	13,991	13,991	13,159	13,234	13,474	13,457
	-	-	-	-	-	-

(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)

**Attachments:**

No Attachments