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# Report Name: Coffee Annual

**Country:** Indonesia

**Post:** Jakarta

**Report Category:** Coffee

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**Report Highlights:**

Post forecasts Indonesia coffee production at 9.7 million bags in 2023/24, a decline of 18 percent from the previous year as excessive rainfall disrupted the cherry development stage, lowering yield in major Robusta producing areas. Subsequently, 2023/24 Indonesia green bean exports are projected to decrease 32 percent from the previous year to 5.2 million bags on lower exportable supplies.

## Crop Area

Indonesia's 2023/2024 coffee crop area remains stable at 1.2 million hectares (ha). Based on Ministry of Agriculture (MOA) data, a marginal increase of up to 3,000 ha is expected in 2023. Indonesian coffee plantations are mostly smallholder farms around 1-2 ha in size. Geographically, about 60-70 percent of total coffee plantation area is located in Sumatera. Other areas include Java, Sulawesi, and other smaller islands. Arabica crops dominate in Northern Sumatra and some mountainous areas in Java, while Robusta is grown mostly in Southern Sumatra and lower lands in Java.

In West Java, Arabica crops are likely to expand as state-owned companies controlling forest lands continue to provide expansion support under the government's agroforestry initiative. Under this initiative, growers are allowed to grow coffee crops on state-owned company-controlled lands so long as they keep existing trees on this land intact.

**Figure 1. Agroforestry Coffee in Pengalengan, West Java**

*Source: FAS Jakarta (2023)*

## Production

Post forecasts Indonesia's 2023/24 coffee production at 9.7 million bags, an 18-percent decrease from 10.5 million bags the previous year on heavy rainfall that disrupted the cherry development stage in major producing areas. The weather also caused sub-optimal pollination and increased humidity which affected bean quality. The main harvesting period started in several areas in the region in April and is expected to peak in June 2023.

Post forecasts Arabica production for 2023/24 at 1.3 million bags, a slight decrease from 1.35 million bags in 2022/23 on expected weather-related issues. Robusta production for 2023/24 is projected to decline by 20 percent from the previous year to 8.4 million bags. Estimates for 2022/23 Robusta bean production are revised up 5 percent to 10.5 million bags on a higher-than-expected “fly crop,” a typically low-volume harvest period that precedes the main harvest period, in the Southern Sumatera region.

The local weather agency (BMKG) predicts the onset of the dry season to be between April and June 2023, affecting more than 60 percent of coffee area. The dry season is arriving earlier this year and is expected to peak around July or August 2023.

**Table 1. Indonesia Coffee Production (million 60-kg bags)**

| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|---|---|---|---|---|---|
| Arabica | 1.3 | 1.3 | 1.3 | 1.4 | 1.3 |
| Robusta | 9.5 | 9.4 | 9.3 | 10.5 | 8.4 |
| Total | 10.7 | 10.7 | 10.6 | 11.9 | 9.7 |

*Source: Ministry of Agriculture*

### Inputs

Most Indonesia coffee crops are maintained with minimal inputs. Smallholder farmers may receive fertilizer or pesticide from village-level collectors on a financed basis as needed, while larger plantations may use fertilizers once a year. Smallholder growers rely on family labor for non-harvest activities such pruning, while cooperative labor arrangements are often made during harvest. Harvesting is often carried out by women who rotate between farms and divide labor costs.

### Yields

Indonesia coffee crop yields are commonly low in terms of potential and compared with other major producing countries. Robusta yields vary by region, but generally range between 700-1,000 kg per ha. Arabica crop yields are higher relative to Robusta due to better inputs and planting materials from price premiums for Arabica. The lower yields of Robusta crops are often the result of the limited use of fertilizer or crop protection inputs, the poor quality of planting materials, and the absence of extension services in many areas. Weather also plays an important factor, as heavy rainfall and strong winds may threaten various stages of development.

**Table. 2 Indonesia Coffee Yield (kg/ha)**

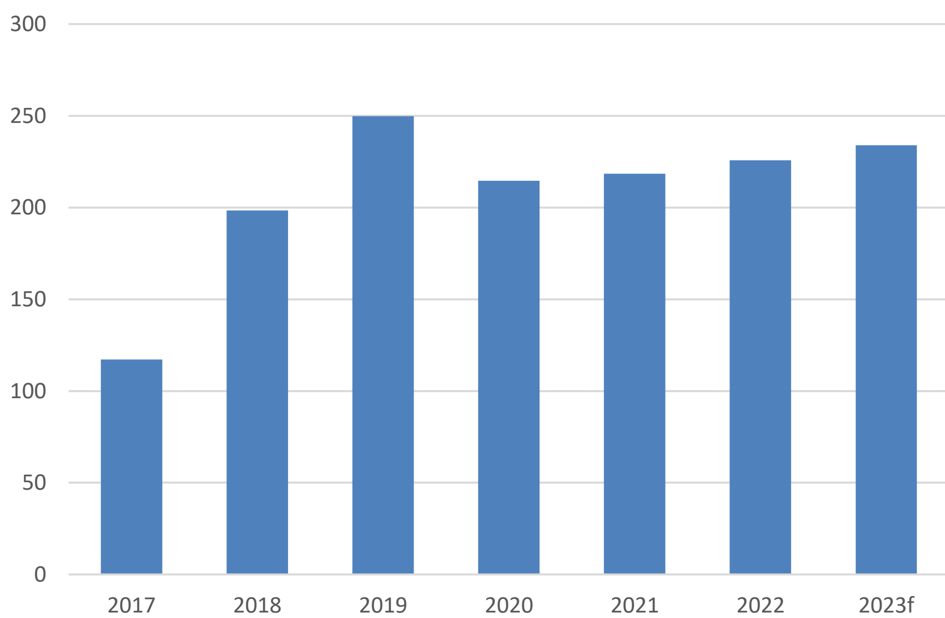
| | 2019 | 2020 | 2021 | 2022e | 2023f |
|---|---|---|---|---|---|
| Northern Sumatera | 931 | 934 | 957 | 991 | 955 |
| Southern Sumatera | 872 | 891 | 888 | 901 | 886 |

*Source: Ministry of Agriculture*

## Consumption

Post forecasts coffee consumption in 2023/24 at 4.79 million bags, an increase of 20,000 bags from the previous year on continued increased demand from retail and foodservices as the economy continues to recover from the COVID-19 pandemic. Coffee outlets are now operating at normal working hours, including in shipping centers and transportation hubs. In 2022/23, weakened purchasing power due to rising prices for fuel and other goods in 2022 limited consumption growth. Sales of ready-to-drink (RTD) coffee products are expected to rise slightly by 4 percent to 234 million liters in 2023, but still below pre-pandemic levels.

**Figure 2. Sales of Ready-to-Drink Coffee, 2017-2023 (million liters)**



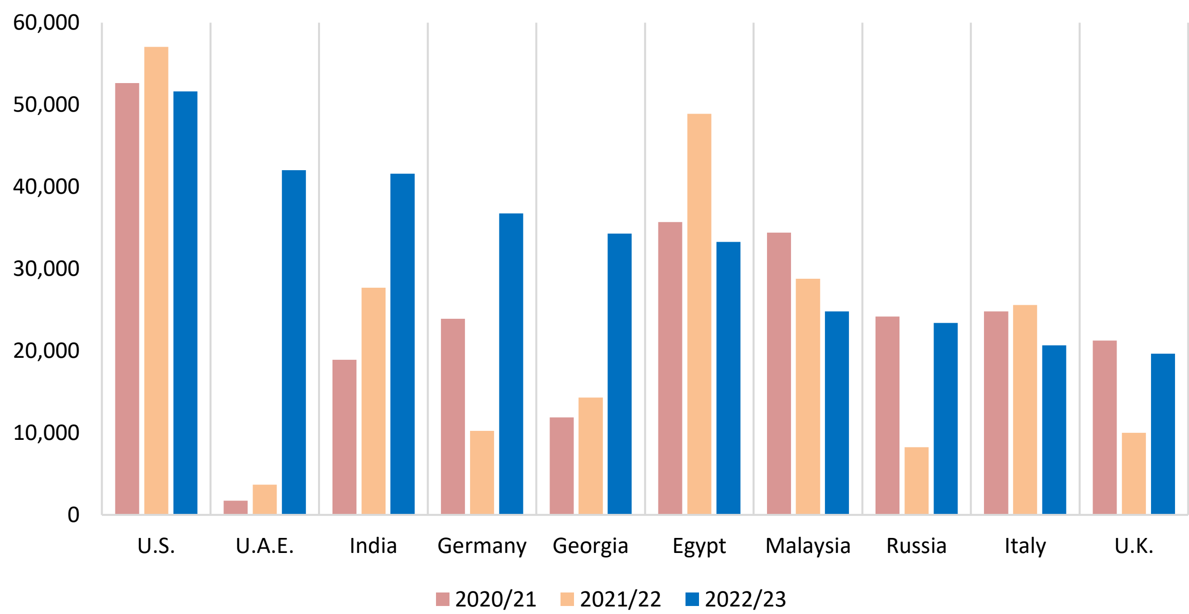

*Source: Euromonitor*

## Trade

Demand growth for Robusta is likely stronger than for Arabica, as the Robusta price traded 2 percent higher during the January to March 2023 period compared to the same period in 2022. Arabica prices continued to decline in early 2023, decreasing 24 percent from peak prices in February 2022. Post forecasts Indonesia green bean exports at 5.2 million bags for 2023/24, a decrease of 32 percent compared to 2022/23 exports of 7.7 million bags on lower exportable supplies. The United States is expected to remain a major market for Indonesian green beans, followed by European countries, India, and Middle Eastern countries. A spike in shipments to the United Arab Emirates (UAE) more than offset the combined decrease in shipments to the United States, Egypt, and Malaysia in 2022/23. Shipments to Japan decreased by 42 percent, possibly due to chemical contamination detected in several green bean shipments.

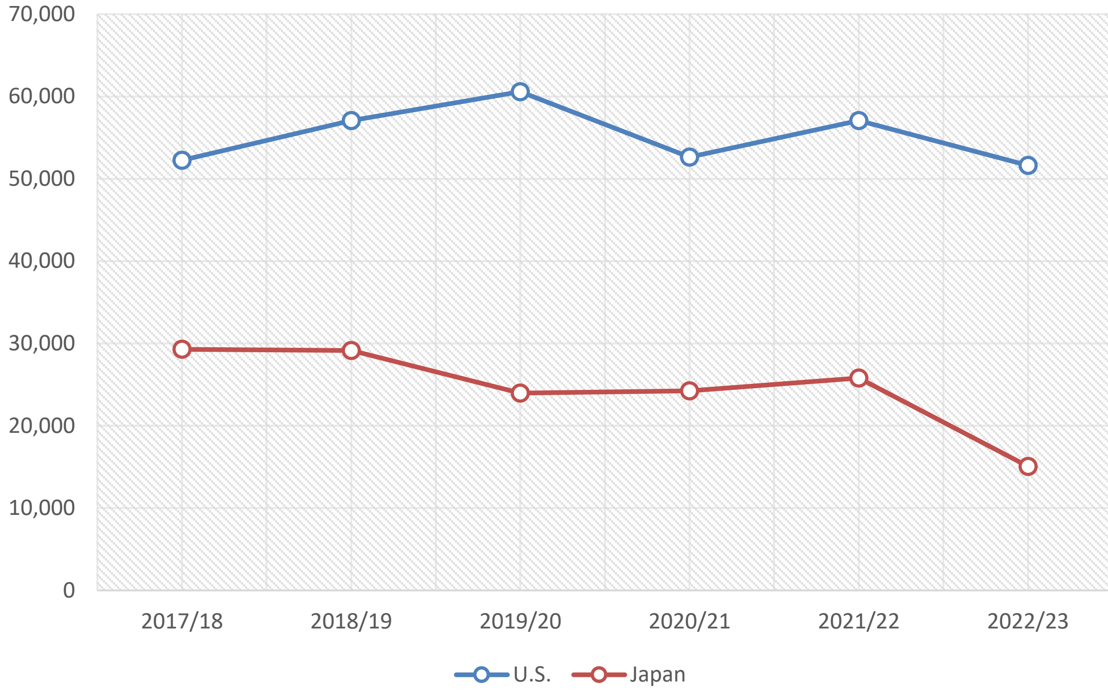
Green bean imports for 2023/24 are projected at 1.44 million bags, up 7 percent from 1.34 million bags in 2022/23 on continued increased domestic demand and lower domestic production. Typically, green bean imports take place between December and March, following the end of the main harvesting period in Robusta areas.

**Figure 3. Indonesia Green Bean Exports Top Destinations, 2020-2023 (MT)**




*Source: Trade Data Monitor, LLC*

**Figure 4. Green Bean Shipments to U.S. and Japan 2017-2023**




*Source: Trade Data Monitor, LLC*

**Table 2. Arabica Spot Price at Medan, 2017-2023 (IDR/kg)**

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|
| Jan | 57,733 | 57,495 | 52,101 | 54,862 | 60,558 | 115,135 | 83,195 |
| Feb | 57,135 | 56,625 | 49,683 | 50,733 | 61,201 | 120,659 | 94,239 |
| Mar | 55,772 | 56,591 | 48,342 | 55,802 | 64,574 | 109,210 | 94,299 |
| Apr | 54,384 | 55,820 | 46,849 | 62,087 | 66,070 | 110,717 | 90,631 |
| 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 | 88,805 | |
| Dec | 56,846 | 52,077 | 62,365 | 59,127 | 114,524 | 88,384 | |

*Source: Commodity Futures Trading Regulatory Agency (Bappebti)*

**Table 3. Robusta Spot at Lampung, 2017-2023 (IDR/kg)**

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|
| Jan | 26,655 | 24,930 | 22,528 | 18,529 | 19,208 | 36,713 | 31,831 |
| Feb | 25,741 | 25,855 | 22,462 | 17,980 | 19,635 | 35,316 | 33,933 |
| Mar | 25,723 | 26,317 | 22,226 | 18,352 | 20,693 | 34,569 | 35,219 |
| Apr | 24,812 | 25,265 | 20,628 | 18,195 | 20,555 | 32,441 | 36,812 |
| 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 | 31,026 | |
| Dec | 24,787 | 22,758 | 20,238 | 20,593 | 36,428 | 32,143 | |

*Source: Commodity Futures Trading Regulatory Agency (Bappebti)*

**Table 4. Exchange Rate 2017-2023 (IDR/$)**

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|
| Jan | 13,359 | 13,380 | 14,163 | 13,732 | 14,062 | 14,341 | 15,267 |
| Feb | 13,341 | 13,590 | 14,035 | 13,776 | 14,044 | 14,350 | 15,138 |
| Mar | 13,346 | 13,758 | 14,211 | 15,195 | 14,417 | 14,348 | 15,288 |
| Apr | 13,307 | 13,803 | 14,143 | 15,867 | 14,551 | 14,375 | 14,937 |
| 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 | 15,665 | |
| Dec | 13,557 | 14,497 | 14,017 | 14,166 | 14,327 | 15,608 | |

*Source: Bank of Indonesia*

| Coffee, Green | 2021/22 | | 2022/23 | | 2023/24 | |
|---|---|---|---|---|---|---|
| Market Begin Year | Apr-21 | | Apr-22 | | Apr-23 | |
| Indonesia | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Beginning Stocks** | 1,669 | 1,669 | 1,072 | 1,072 | | 707 |
| **Arabica Production** | 1280 | 1,280 | 1,350 | 1,350 | | 1,300 |
| **Robusta Production** | 9,300 | 9,300 | 10,000 | 10,500 | | 8,400 |
| **Other Production** | - | - | | | | |
| **Total Production** | 10,580 | 10,580 | 11,350 | 11,850 | | 9,700 |
| **Bean Imports** | 244 | 244 | 240 | 347 | | 420 |
| **Roast & Ground Imports** | 16 | 16 | 15 | 17 | | 20 |
| **Soluble Imports** | 725 | 725 | 780 | 983 | | 1,000 |
| **Total Imports** | 985 | 985 | 1,035 | 1,347 | | 1,440 |
| **Total Supply** | 13,234 | 13,234 | 13,457 | 14,269 | | 11,847 |
| **Bean Exports** | 6,319 | 6,319 | 6,600 | 7,695 | | 5,200 |
| **Rst-Grnd Exp.** | 43 | 43 | 50 | 57 | | 40 |
| **Soluble Exports** | 1,050 | 1,050 | 1,100 | 1,040 | | 1,000 |
| **Total Exports** | 7,412 | 7,412 | 7,750 | 8,792 | | 6,240 |
| **Rst,Ground Dom. Consum** | 3,250 | 3,250 | 3,260 | 3,260 | | 3,270 |
| **Soluble Dom. Cons.** | 1,500 | 1,500 | 1,510 | 1,510 | | 1,520 |
| **Domestic Consumption** | 4,750 | 4,750 | 4,770 | 4,770 | | 4,790 |
| **Ending Stocks** | 1,072 | 1,072 | 937 | 707 | | 817 |
| **Total Distribution** | 13,234 | 13,234 | 13,457 | 14,269 | | 11,847 |
| | - | - | - | - | - | - |
| (1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS) | | | | | | |

## Attachments:

No Attachments