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Report Highlights:

Indonesian cotton imports in 2023/24 are forecast to marginally increase by 5.9 percent to 1.8 million bales compared to 1.7 million bales in 2022/23 assuming spinners will use more inventory on hand before making new purchases. Global demand slowdowns and tight competition from cheap, illegally imported clothing in the domestic market led to lower cotton utilization which will increase 2023/24 ending stocks to 379,000 bales.

Glossary:

BPS : Indonesian Statistics Agency
CCI : Cotton Council International
MT : Metric Tons

Production

Cotton cultivation remains unattractive to Indonesian farmers due to lower profit margins and a lack of government incentives compared to other crops. Consequently, Indonesia's domestic cotton production is on the decline, meeting less than one percent of local industry demand. Production for 2022/23 and 2023/24 are estimated to be stagnant at 2,000 bales as farmers continue to turn to producing other crops. Cotton in Indonesia is mostly produced in South Sulawesi (34.5 percent), Central Java (21.7 percent), Yogyakarta (20.3 percent), East Java (15.9 percent), and East Nusa Tenggara (7.5 percent). Most Indonesian cotton farmers are small-holder farmers. There is no interest from Indonesia's state-owned enterprises nor private sector companies to get involved in cotton production.

Consumption

Indonesian Statistics Agency (*BPS, Badan Pusat Statistik*) reported that during the third quarter of 2023, the Indonesian manufacturing industry grew 5.20 percent (year on year), exceeding the economic growth of 4.94 percent in the same period last year. Nonetheless, unimproved global economic conditions that led to lower demand from Indonesia's textile and textile products export destination countries, combined with depressed consumer purchasing power and fierce competition from illegal, cheaper imports in the domestic market continue to halt the growth of the Indonesian textile and textile products manufacturing sector. Additionally, increased interest rates weakened the Indonesian rupiah against the U.S. dollar, further dampening cotton imports. These pessimistic conditions are forecast to continue into 2024.

Demand for consumer goods in Indonesia usually rise during the upcoming season of back-to-back festivities (e.g., Chinese New Year in February, Ramadhan in March, and Eid'l Fitr in April), and the general elections taking place throughout 2024 will likely also lead to overall increased spending. However, despite the expected uptick in consumer spending coming around the corner, the textile industry does not expect any significant increase in cotton consumption. Robust demand for political party t-shirts for campaigns, which increased cotton demand during past elections, is unlikely to happen again this election year. Factories producing these t-shirts have opted to use cheaper materials such as imported polyester blended with a small amount of cotton or import cheaper synthetic fiber t-shirts. Prominent spinners continue to lay off workers indicating lower utilization of the textile manufacturing sector's capacity.

Considering the above-mentioned factors, 2022/23 cotton consumption is estimated to decrease by 32.7 percent to 1.75 million bales compared to 2.6 million bales consumed in 2021/22. Assuming Indonesian economic growth in 2024 and marginal increased demand from the political year, Post forecasts 2023/2024 domestic consumption to increase by 1.4 percent to 1.774 million bales.

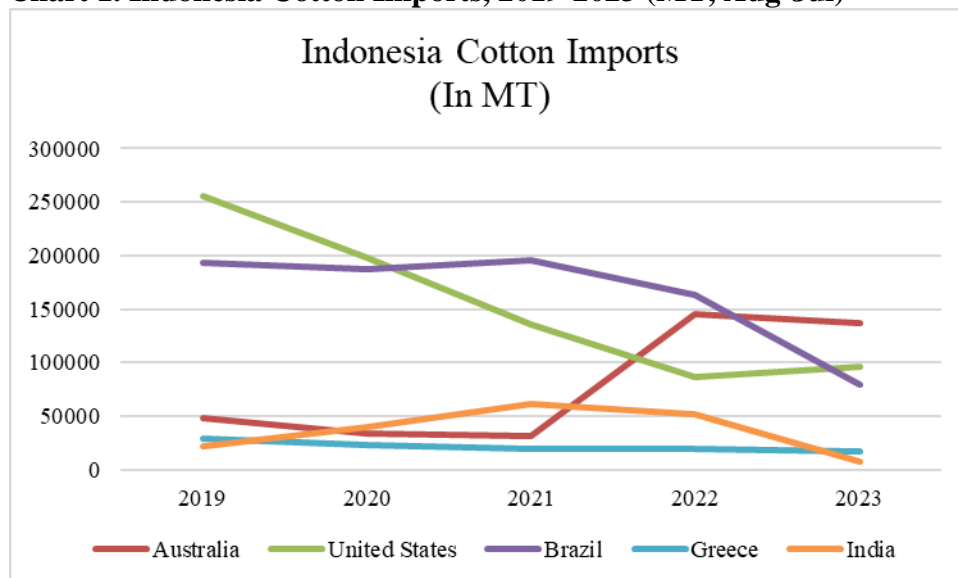
Trade

In line with decreased consumption, 2023/24 cotton imports are revised down 21.7 percent to 1.8 million bales from the previous forecast of 2.3 million bales. Spinners continue to use stocks on hand before making new purchases. Despite softening cotton futures prices in the international market, the weakening rupiah and spinners' large remaining inventories of cotton yarn and cotton fabrics will impede cotton import growth.

During the period of August to October 2023, Australia remained the largest supplier of cotton to Indonesia with a total market share of 52.1 percent and a volume of 268,000 bales. Brazil and the United States followed with 21.1 percent (111,000 bales) and 16.5 percent (86,000 bales) respectively. The United States' market share continues to decline due to less competitive prices and Australia's proximity advantage.

Indonesia's cotton yarn exports during the period of January to October 2023 declined by 5.4 percent to 77,420 MT from 81,828 MT during the same period in 2022. In 2023, the People's Republic of China (PRC) received the majority of Indonesia's cotton yarn exports (49.6 percent), followed by Bangladesh (16.1 percent), Japan (10.5 percent), and South Korea (5.1 percent). Meanwhile, Indonesia's cotton fabric exports during the period of January to October 2023 declined by 20 percent due to slower demand from Japan, the United States, Malaysia, the PRC, and the United Kingdom. Exports of cotton fabrics during the period of January to October 2023 reached a total of 6,078 MT, lower than 7,602 MT exported during the same period of 2022. The main destinations for Indonesian cotton fabric exports in 2023 were Japan (52.5 percent), the United States (17.9 percent), the PRC (4 percent), and Malaysia (2.2 percent).

Chart 1. Indonesia Cotton Imports, 2019-2023 (MT, Aug-Jul)



Source: Trade Data Monitor, December 2023.

Stocks

Spinners continue to source raw materials on an as-needed basis. Higher imports for 2023/24 are forecast to increase ending stocks by 4.9 percent to 379,000 bales compared to 361,000 bales ending stocks in 2022/23.

Marketing

Cotton Council International (CCI) continues to remain active in Indonesia. CCI has held several events to promote the use of U.S. cotton and provide updates on the quality and sustainability of U.S. cotton as well as on global fashion trends. The events are expected to build and strengthen the relationship between U.S. cotton suppliers and Indonesian consumers. CCI's new approach includes conducting more frequent visits to consumers to provide a better understanding of market dynamics and increase their preference for high quality U.S. cotton.

I. Statistical Tables

Table 1. Production, Supply, and Distribution: Cotton (HS Code 5201) in Bales

Cotton Market Year Begins	2021/2022		2022/2023		2023/2024	
	Aug 2021		Aug 2022		Aug 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Indonesia						
Area Harvested (1000 HA)	1	1	1	1	1	1
Beginning Stocks 1000 480 lb. Bales	496	496	462	462	361	361
Production 1000 480 lb. Bales	2	2	2	2	2	2
Imports 1000 480 lb. Bales	2577	2577	1664	1664	2300	1800
Total Supply 1000 480 lb. Bales	3075	3075	2128	2128	2663	2163
Exports 1000 480 lb. Bales	13	13	17	17	5	10
Use 1000 480 lb. Bales	2600	2600	1750	1750	2200	1774
Loss 1000 480 lb. Bales	0	0	0	0	0	0
Total Dom. Cons. 1000 480 lb. Bales	2600	2600	1750	1750	2200	1774
Ending Stocks 1000 480 lb. Bales	462	462	361	361	458	379
Total Distribution 1000 480 lb. Bales	3075	3075	2128	2128	2663	2163
Stock to Use % (PERCENT)	17.68	17.68	20.43	20.43	20.77	21.24
Yield (KG/HA)	435	435	435	435	435	435
(1000 HA) ,1000 480 lb. Bales ,(PERCENT) ,(KG/HA)						

Note: Last column of each Marketing Year is not official USDA data.

Table 2. Production, Supply, and Distribution: Cotton (HS Code 5201) in MT

Cotton	2021/2022		2022/2023		2023/2024	
Market Begin Year	Aug 2021		Aug 2022		Aug 2023	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1	1	1	1	1	1
Beginning Stocks	107,992	107,992	100,590	100,590	78,599	78,599
Production	435	435	435	435	435	435
Imports	561,081	561,081	362,297	362,297	500,771	391,908
Total Supply	669,509	669,509	463,322	463,322	579,805	470,942
Exports	2,830	2,830	3,701	3,701	1,089	2,177
Domestic Use	566,089	566,089	381,021	381,021	478,998	386,247
Loss	-	-	-	-	-	-
Total Dom. Cons.	566,089	566,089	381,021	381,021	478,998	386,247
Ending Stocks	100,590	100,590	78,599	78,599	99,719	82,518
Total Distribution	669,509	669,509	463,322	463,322	579,805	470,942
Stock to Use %	17.68	17.68	20.43	20.43	20.77	21.24
Yield	94,711	94,711	94,711	94,711	94,711	94,711

Note: Last column of each Marketing Year is not official USDA data.

TRADE MATRIXES

Table 3. Cotton Export Trade Matric (MY 2021 - 2023)

Time Period	Aug-Jul	Units:	MT
Exports for:	2022/23		2023/24*
U.S.	0	U.S.	0
Others		Others	
Philippine	2066	Philippine	496
Bangladesh	1026	Bangladesh	460
Saudi Arabia	241	Thailand	56
Thailand	131		
Cameroon	60		
India	51		
China	36		
Total for Others	3611		1012
Others not Listed	25		3
Grand Total	3636		1015

Source: Trade Data Monitor

Note: *Only for the period of Aug - October 2023

Table 4. Cotton Import Trade Matric (MY 2021 – 2023)

Time Period	Aug - Jul	Units:	1,000 MT
Imports for:	2022/23	Imports for:	2023/24*
U.S.	96	U.S.	19
Others		Others	
Australia	137	Australia	58
Brazil	79	Brazil	24
Greece	17	Turkey	3
India	8	Pakistan	3
Argentina	5	Greece	2
Mexico	4	Argentina	1
Turkey	2	India	1
Mali	2	Mexico	1
Benin	2		
Pakistan	1		
Total for Others	257	Total for Others	93
Others not Listed	9	Others not Listed	2
Grand Total	362	Grand Total	114

Source: Trade Data Monitor

Note: *Only for the period of Aug - October 2023

Table 5. Cotton Yarn Export Trade Matrix (CY 2022 – 2023)

Units:	MT		
Time Period	Jan-Dec		
	2022		2023*
U.S.	1341	U.S.	1090
Others		Others	
Japan	4650	Japan	3189
Malaysia	350	Malaysia	132
China	347	China	246
United Kingdom	301	Netherland	183
Netherland	220	Singapore	124
Total for Others	5868	Total for Others	3874
Others not Listed	1577	Others not Listed	1114
Grand Total	8786	Grand Total	6078

Source: Trade Data Monitor

Note: *Only for the period of Jan - Oct 2023

Table 6. Cotton Yarn Import Trade Matrix (CY 2022 – 2023)

Time Period	Jan-Dec	Units:	1,000 MT
Exports for:	2022		2023*
U.S.	0	U.S.	0
Others		Others	
Vietnam	6	Vietnam	5
China	6	China	5
India	3	India	2
Pakistan	1	Pakistan	1
Thailand	1		
Total for Others	17	Total for Others	13
Others not Listed	1	Others not Listed	1
Grand Total	18	Grand Total	14

Source: Trade Data Monitor

Note: *Only for the period of Jan - Oct 2023

Table 7. Cotton Fabric Export Trade Matrix (CY 2022 – 2023)

Units:	1,000 MT		
Time Period	Jan-Dec		
	2022		2023*
U.S.	0	U.S.	0
Others		Others	
China	44	China	33
India	3	Vietnam	4
Hong Kong	3	Hong Kong	3
Vietnam	3	India	2
Pakistan	3	Pakistan	2
South Korea	3	South Korea	1
Total for Others	59	Total for Others	45
Others not Listed	2	Others not Listed	1
Grand Total	61	Grand Total	46

Source: Trade Data Monitor

Note: *Only for the period of Jan - Oct 2023

Table 8. Cotton Fabric Import Trade Matrix (CY 2022 – 2023)

Units:	1,000 MT	Units:	
Time Period	Jan - Dec		
Exports for:	2022	Exports for:	2023*
U.S.	0	U.S.	0
Others		Others	
China	44	China	33
India	3	Hong Kong	3
Hong Kong 3	3	Vietnam	3
Vietnam	3	India	2
Pakistan	3	Pakistan	2
South Korea	3	South Korea	1
Taiwan	1	Taiwan	1
Total for Others	60	Total for Others	45
Others not Listed	1	Others not Listed	1
Grand Total	61	Grand Total	46

Source: Trade Data Monitor

Note: *Only for the period of Jan – Oct 2023

Table 9. Exchange Rate (IDR/USD)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	14,084	14,229	14,459	14,453	14,292	14,452	14,548	14,306	14,321	14,171	14,320	14,278
2022	14,392	14,369	14,306	14,480	14,592	14,848	14,990	14,853	15,232	15,596	15,668	15,619
2023	14,992	15,240	15,418	14,661	15,003	15,000	15,026	15,237	15,487	15,708	15,484	15,500

Source: Bank of Indonesia

Note: Exchange rate was Rp. 15,500/\$1 in December 2023

Attachments:

No Attachments