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Indonesia

Grain and Feed

Annual

2003

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Report Highlights:
As a protectionist move, the GOI imposed a 5 percent import duty on flour from all origins, effective May 1, 2003 until December 31, 2004, in response to alleged dumping. Because of higher demands from Indonesia's wheat-based food industries, wheat and wheat flour imports are forecast to increase from 4.7 MMT in MY02 to 4.8 MMT in MY03. Demand for corn continues to increase in line with growth in the poultry and animal feed sectors. Post forecasts corn production is expected to increase from 6.1 MMT in MY02 to 6.2 MMT in MY03, while imports are forecast to remain flat at 1.2 MMT in MY03 . Rice production is estimated to increase slightly from 51.3 MMT in MY02 to 51.5 MMT in MY03 and imports are forecast to increase from 3.2 MMT in MY02 to 3.5 MMT in MY03, to meet consumption demands and provide Bulog with the flexibility to maintain and control rice prices.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

WHEAT

PSD Table						
Country:	Indonesia					
Commodity:	Wheat					
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		07/2001		07/2002		07/2003
Area Harvested	0	0	0	0	0	0
Beginning Stocks	1000	221	800	568	650	663
Production	0	0	0	0	0	0
TOTAL Mkt. Yr. Imports	3677	4700	4000	4700	0	4800
Jul-Jun Imports	3677	4700	4000	4700	0	4800
Jul-Jun Import U.S.	187	346	0	350	0	350
TOTAL SUPPLY	4677	4921	4800	5268	650	5463
TOTAL Mkt. Yr. Exports	50	3	0	5	0	5
Jul-Jun Exports	50	3	0	5	0	5
Feed Dom. Consumption	0	100	50	100	0	100
TOTAL Dom. Consumption	3827	4350	4150	4600	0	4900
Ending Stocks	800	568	650	663	0	558
TOTAL DISTRIBUTION	4677	4921	4800	5268	0	5463

Unit: in 1,000 Metric Tons.

Note: Data in the "Old" column reflect FAS/Washington data. For Post's previous PS&D refer to report ID2017.

Note: Table includes data for unprocessed wheat and wheat flour - converted into grain equivalent.

Production

Indonesia's wheat milling extraction rate is between 74 to 75 percent for flour depending on the quality of the grain, producing around 3.3 MMT of flour per annum. In order to meet wheat-based food industry demands for flour, local flour mills produce flour with high protein (>12%), medium protein (10%-11%), and low protein (8%-9%) content. Approximately 75 percent of the Indonesia's domestic flour production is made up of high-protein flour that is used for instant noodle and bakery products, while the remainder consists of medium and low protein flour used for wet noodle and cake products. Despite increasing utility and freight costs, the expansion of noodle and biscuit industries are promising, which encourages Indonesia's flour millers to increase their milling activities. Imported flour makes up 10 percent of the flour market in Indonesia.

Consumption

Indonesia's per capita consumption of flour is approximately 16 kg flour per year, quite low compared to other Asia countries like the Philippines-24 kg and Singapore-71 kg per capita per annum. The demand for flour is increasing at an average rate of 6 percent per year. Total wheat grain consumption is forecast to reach 4.6 MMT in MY02/03 and slightly increase to 4.9 MMT in MY03/04. Consumption of flour has bee on the rise, as Indonesians are adapting wheat-based food products (noodles, breads etc.) into their daily diets.

Trade

U.S. wheat sales to Indonesia have be hampered by high prices and the lack of a GSM credit program for Indonesia. In FY02, U.S. wheat exports to Indonesia dropped 60 percent, because of these constraints. Meanwhile, Australia, Canada and India picked up the bulk of the lost market share for U.S. wheat. For the first quarter of FY03, U.S. wheat exports showed promise, as trade picked up by nearly 85 percent ($13.8 million in value) compared to the same period in FY02 ($11.2 million). Additionally, wheat flour trade increased significantly for China in MY02, because of cheap prices (see policy section). Indonesia's flour industry claims that dumping practices from European Union, United Arab Emirate, Australia, and China have disrupted the ability of local flour to fairly compete in the market. The average imported flour price from China is US$ 175.55/MT; from Belgium US$ 200.45/MT and from Australia US$ 216.41/MT. Low priced wheat available in the region are likely to remain a contributing factor to stagnant growth for U.S. wheat exports in MY02/03 and MY03/04 which are estimated at 350,000 MT for each period. Overall, wheat and wheat flour imports are expected to reach 4.7 MMT (including around 289,000 MT flour or 390,000 MT grain equivalent) in MY02/03 and increase slightly to 4.8 MMT in MY03/04.

Trade Matrices of Wheat and Flour

Trade Matrices of Wheat

Import Trade Matrix			
Country:	Indonesia	Units:	1,000 MT
Commodity:	**Wheat**		
Time period:	July-June		July-June
Imports for	2000/2001		2001/2002
U.S.	840	U.S.	346
Others		Others	
Australia	2,387	Australia	1,340
Canada	840	Canada	335
India	203	India	166
France	50	France	46
Argentina	50	China	45
		Argentine	15
Total for Others	3,530	Total for Others	1,947
Others not listed	1	Others not listed	1
Grand Total	4,371	Grand Total	2,294
Source: Center of Statistics Agency (Badan Pusat Statistik), Jakarta, Indonesia.			

Trade Matrices of Wheat Flour

Import Trade Matrix			
Country:	Indonesia	Units:	1,000 MT
Commodity:	**Wheat Flour**		
Time period:	July-June		July-June
Imports for	2000/2001		2001/2002
U.S.		U.S.	
Others		Others	
United Arab Emirates	83	China	79
Australia	67	Australia	68
China	36	United Arab Emirates	23
Belgium	30	Belgium	22
Netherlands	20	Malaysia	20
Korea	16	Singapore	19
France	14	India	18
Japan	13	South Korea	12
Turkey	12	Germany	7
Oman	12	Japan	6
Total for Others	303	Total for Others	274
Others not listed	35	Others not listed	15
Grand Total	338	Grand Total	289
Grain Equivalent	457	Grain Equivalent	390
Source: Center of Statistics Agency (Badan Pusat Statistik), Jakarta, Indonesia.			

Note: due to irregularities in GOI data, there is a significant difference in between the trade data for MY01/02 and the import number in the PS&D table. Irregularities in GOI data are usually caused by misused HS codes.

Stocks

Ending stocks are kept in factory's silos (concrete and metal) at nominal levels compared to the countries annual demand, as storage is costly for traders and millers. Stocks in MY02/02 and MY03/04 are estimated at approximately 663,000 MT and 558,000 MT respectively.

Prices

Comparative Table of Wheat and Flour Prices

WHEAT PRICES (CIF - US$/MT)		
COUNTRY OF ORIGIN	Jan-Nov (2001)	Jan-Nov (2002)
Australia	145.51	146.91
Canada	156.97	158.86
India	127.25	119.78
United States	152.38	161.93
Argentina	n/a	130.97

Source: Official BPS Statistics Indonesia.

FLOUR PRICES (CIF - US$/MT)		
COUNTRY OF ORIGIN	Jan-Nov (2001)	Jan-Nov (2002)
China	175.56	195.33
Australia	216.41	220.85
India	n/a	188.98
Belgium	200.47	208.54
Malaysia	191.55	202.99
United Arab Emirates	171.82	196.69

Average Monthly Retail Prices of Indonesian Wheat Flour (*traditional markets*) 1/
(Rupiah per Kilogram)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2002	3,070	2,980	2,970	2,970	2,968	2,960	2,960	2,985	3,113	3,108	3,203	3,235
2003	3,240	3,250										
% chg	6	9	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)

Source: Center for Market Information (PIP), the Ministry of Industry & Trade; http://www.dprin.go.id/pip.

1/ Prices apply to Wheat Flour (Blue Triangle Brand, medium-protein, all-purpose) sold at Jakarta Traditional Markets.

"% chg" refers to year- to-year percent change (2001 vs. 2002).

Average Monthly Retail Prices of Wheat Flour (*supermarket level*) 1/

(Rupiah per Kilogram)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2002	4,162	4,433	4,234	4,254	4,241	4,255	4,164	4,135	4,110	4,152	4,067	4,052
2003	4,135	4,189										
% chg	(1)	(6)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)

Source: Center for market Information (PIP), the Ministry of Industry & Trade;
http://www.dprin.go.id/pip.

1/ Prices apply to Wheat Flour (Blue Triangle Brand, medium-protein, all-purpose) sold at Jakarta Supermarkets.
"% chg" refers to year- to-year percent change (2001 vs. 2002).

Policy

Because of pressure and petitioning by Indonesian flour millers concerning competition with imported and "dumped" flour, the GOI imposed a 5 percent import duty on flour imports from all origins, effective May 1, 2003 until December 31, 2004 (Ministry of Finance Decree No. 127/KMK.01/2003 dated April 10, 2003). Import tariffs for wheat grain remains at zero. The Indonesia Flour Producers Association (Aptindo) submitted a formal filing to the Indonesia Anti Dumping Committee (Kadi-Komite Anti Dumping Indonesia) about alleged dumping of Chinese flour into the Indonesian market. The Ministry of Industry and Trade recommended a filing with the WTO and MOF to admit the case and propose specific tariff for certain country of origins to the WTO and the Minister of Finance.

Wheat flour imports are required to meet the national standard (SNI No. 01-3751-2000)-- requiring flour for human consumption to be fortified with vitamins and minerals, and pay the 5 percent import duty, 10 percent value added tax, and 2.5 percent sales tax. According to the GOI, much of the flour imported does not meet the SNI. Flour that does not meet GOI requirements are still able to come into the country, as import documents are easily manipulated and falsified, so trade of such products can continue.

CORN

PSD Table						
Country:	Indonesia				Unit: 1,000 MT	
Commodity:	Corn					
		2001		2002		2003
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Area Harvested	3000	3000	3050	3050	0	3100
Beginning Stocks	711	582	610	433	610	463
Production	6000	6000	6100	6100	0	6200
TOTAL Mkt. Yr. Imports	1149	1068	1200	1200	0	1200
Oct-Sep Imports	1149	1068	1200	1200	0	1200
Oct-Sep Import U.S.	75	102	0	100	0	100
TOTAL SUPPLY	7860	7650	7910	7733	610	7863
TOTAL Mkt. Yr. Exports	100	17	100	20	0	20
Oct-Sep Exports	100	17	100	20	0	20
Feed Dom. Consumption	4150	3250	4200	3450	0	3600
TOTAL Dom. Consumption	7150	7200	7200	7250	0	7300
Ending Stocks	610	433	610	463	0	543
TOTAL DISTRIBUTION	7860	7650	7910	7733	0	7863

Note: Data in the "Old" column reflect FAS/Washington data. For Post's previous PS&D refer to report ID2016.

Production

Taking advantage of marginal land, such as unproductive forest areas, Indonesia has been increasing its planting area for corn at a rate of approximately 1.6 percent per year. In addition, farmers have also made slight increases in their utilization of hybrid corn seeds. Nevertheless, these changes have only provided for insignificant growth in Indonesia's overall corn production. The high costs associated with production and living, declines in the availability of extension services, as well as the lack of special credits for farmers, have hampered farmers capacities to improve their farming practices. Corn production in MY02/03 is estimated to increase only slightly to 6.1 MMT (dry corn kernel basis) and the forecast for 2003/04 is 6.2 MMT.

A new corn wet milling facility in the Banten province, which has a capacity of 350,000 MT per annum, currently imports corn to produce corn starch (using 67% of its capacity). However, by mid year, the facility plans to increase its current capacity to include processing of corn gluten feed (20% capacity), corn gluten meal (5% capacity) and germ (8% capacity).

Corn Production: Area & Production by Region
First Estimate Figures by the Government of Indonesia for 2003*)

Province	Harvest Area (Ha)	Production in Metric Ton		Yield (100Kg/Ha)
		(wet basis)	(dry basis)	
North Sumatra	204,722	661,049	462,734	32.29
Lampung	364,757	1,138,128	796,690	31.20
Sub Total: Sumatra	697,673	2,098,048	1,468,634	30.07
West Java	109,710	406,394	284,476	37.04
Central Java	466,463	1,410,675	987,472	30.24
East Java	1,130,787	3,769,271	2,638,490	33.33
Sub Total: Java	1,784,395	5,798,265	4,058,786	32.49
East Nusa Tenggara	206,664	481,959	337,371	23.32
Sub Total: Bali & Nusa Tenggara	270,200	631,596	442,117	23.38
West Kalimantan	22,455	52,853	36,997	23.54
South Kalimantan	18,930	34,490	24,143	18.22
Sub Total Kalimantan	53,277	108,440	75,908	20.35
North Sulawesi	66,929	147,692	103,384	22.07
South Sulawesi	202,131	587,313	411,119	29.06
Sub Total Sulawesi	390,772	1,010,047	707,033	25.85
Other Provinces/Islands	10,187	15,679	10,975	15.39
TOTAL INDONESIA	3,206,504	9,662,075	6,763,452	30.13

Source: BPS - Statistics Indonesia
Note: *) GOI First Estimate (2003).

Corn Production by Season

Year and Time Frames	Production *		Percentage %
	(wet basis)	(dry basis)	
2000 January - December	9,677	6,774	100
January - April	5,575	3,902	58
May - August	2,192	1,534	23
September - December	1,910	1,337	20
2001 January - December	9,347	6,543	168
January - April	5,040	3,528	54
May - August	2,158	1,511	23
September - December	2,149	1,504	23
2002 January - April **	5,095	3,566	101

Source: Economic Indicators, September 2002. Processed by FAS/Jakarta.
Note: * Production data based on wet basis (30% moisture content)
dry basis (14%-15% moisture content).
** GOI Preliminary Figures (2nd Forecast of 2002).

Consumption

Nearly 50 percent of all Indonesian corn is used for silage in making traditional meals and dishes (as a rice substitute) and the remaining 50 percent is used for animal feed (hybrid corn). Approximately 80 percent of imported corn is used by the feed mill industry for poultry and broiler production and the balance is used for swine and aqua culture feed production. Small poultry farmers also self mix their own poultry feed for their back yard farm.

The amount of corn used by the feed industry has been increasing over the past few years, reflecting the growth in Indonesia's feed industry. Feed corn consumption is expected to grow about 6 percent to 3.45 MMT in MY02/03 and 4 percent to 3.6 MMT in MY03/04.

Trade

Despite strong efforts to increase corn production, the substantial demand from the growing animal feed industries has forced Indonesia to maintain importing its corn requirements. In MY02/03 and MY03/04 imports are forecast to reach 1.2 MMT in each marketing year. The market share for U.S. corn declined significantly to zero in MY02, due to higher prices (US$140/MT CNF Gulf) than competitive suppliers like China (US$115 to

US$118/MT CNF), and lack of a GSM 102 credit program.

Trade Matrices of Corn

Import Trade Matrix

Import Trade Matrix			
Country:	**Indonesia**	**Units:**	1000 MT
Commodity:	**Corn**		
Time period:	**Oct/Sep**		Oct-Sep
Imports for or from??	**2000/01**		2001/02
U.S.	**539**	**U.S.**	102
Others		**Others**	
China	**508**	**China**	852
Thailand	125	Thailand	53
Vietnam	98	South Korea	18
Argentina	24	Cameroon	18
Myanmar	19	India	9
Malaysia	15	Singapore	7
		Myanmar	3
Total for Others	**789**	**Total for Others**	**960**
Others not listed	**9**	**Others not listed**	**6**
Grand Total	**1337**	**Grand Total**	**1068**

Source: Central Statistics Agency, BPS-Badan Pusat Statistik, Jakarta, Indonesia.

Export Trade Matrix

Export Trade Matrix			
Country:	Indonesia	Units:	1000 MT
Commodity:	Corn		
Time period:	Oct-Sep		Oct-Sep
Exports for	2000/01		2001/02
U.S.	0	U.S.	0
Others		Others	
Hong Kong	68	Malaysia	9
Japan	11	Japan	7
Malaysia	7	Hong Kong	1
South Korea	1		
Total for Others	87	Total for Others	17
Others not listed	1	Others not listed	0
Grand Total	88	Grand Total	17

Source: Central Statistics Agency, BPS-Badan Pusat Statistik, Jakarta, Indonesia.

Prices

During the current corn harvest season (March-April), farmgate prices of local corn in major producing areas (East Java and Lampung) range from Rp. 850/kg to Rp. 1,100/kg (US$ 95.5/MT to US$ 123.6/MT)--East Java and Rp. 900/kg (US$ 101.1/MT)--Lampung. Domestic prices depend on quality, moisture content, the availability of corn in the area. Small farmers sell sun-dried stalks at significantly lower prices (around Rp. 500/kg or US$ 56.2/MT), and traders carry out cleaning and drying before they sell it to feed mills at a much higher profit (Rp. 1,100/kg to Rp. 1,150/kg or US$ 123.6/MT to US$ 129.2/MT). Local corn is preferred to imported, because feed mills can buy the commodity in smaller volumes.

Comparative Table of Corn Prices

CORN PRICES (CIF - US$/MT)		
COUNTRY OF ORIGIN	Jan-Nov 2001	Jan-Nov 2002
China	120.68	113.79
United States	117.32	123.09
Thailand	120.08	n/a
Korea, South	n/a	115.00
Cameroon	n/a	115.00
Malaysia	113.62	128.39
Indonesia (Local): in Rupiah/Kilogram		
East Java	1,180.00	1,089.45
Lampung	1,193.18	1,209.80
Jakarta	1,245.45	1,202.27

Source: Official BPS Statistics Indonesia and USGC/Jakarta.

Domestic Producer and Wholesale Prices

CORN PRICES - Paid by Feedmills (Rupiah per kilogram)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Medan (North Sumatra)												
2001	1,060	1,015	1,150	1,187	1,350	1,492	1,400	1,138	1,108	1,142	1,192	1,100
2002	1,025	1,127	1,138	1,162	1,183	1,183	1,133	1,200	1,242	1,300	1,317	1,325
2003	1,333	1,267	1,200*)									
Lampung (Sumatra)												
2001	958	955	1,075	1,183	1,350	1,333	1,367	1,217	1,200	1,275	1,212	1,158
2002	1,100	1,117	1,122	1,100	1,140	1,117	1,075	1,150	1,183	1,233	1,300	1,275
2003	1,275	1,200	1,050*)									
Jakarta (Java)												
2001	958	1,025	1,175	1,300	1,438	1,412	1,392	1,233	1,242	1,258	1,267	1,250
2002	1,173	1,192	1,186	1,188	1,194	1,167	1,158	1,200	1,217	1,267	1,283	1,300
2003	1,300	1,233	1150*)									
Surabaya (East Java)												

2001	992	950	1,150	1,250	1,375	1,344	1,344	1,100	1,133	1,192	1,150	1,167
2002	1,075	1,056	1,094	1,050	1,067	1,058	1,050	1,067	1,117	1,183	1,167	1,162
2003	1,150	1,117	1100*)									
FEED PRICES - Paid by Poultry Farmers (Rupiah per kilogram)												
Type of Feed	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Broiler Feed												
2001	2,000	2,000	2,000	2,100	2,150	2,300	2,350	2,350	2,350	2,350	2,350	2,350
2002	2,350	2,350	2,350	2,350	2,375	2,400	2,400	2,400	2,283	2,217	2,200	2,200
2003	2,150	2,150	2,150*)									
Layer Feed												
2001	1,500	1,500	1,550	1,600	1,750	1,767	1,800	1,800	1,800	1,800	1,800	1,800
2002	1,800	1,800	1,800	1,800	1,825	1,850	1,850	1,850	1,800	1,850	1,850	1,850
2003	1,800	1,800	1,800*)									

Source: USGC/Jakarta
Note: *) For the first week of March 2003.

Average Monthly Corn Producers Prices for East Java 1/
(Rupiah per Kilogram)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2001	1038	1039	1072	1176	1264	1372	1386	1358	1361	1358	1360	1374
2002	1306	1302	1310	1328	1338	1329	1307	1320	1352	1401	1435	1437
% chg	26	25	22	13	6	(3)	(6)	(3)	(1)	3	6	5

Source: Central Statistics Agency, BPS-Badan Pusat Statistik, Jakarta, Indonesia.
1/ Prices apply to purchases of corn kernel, 14% moisture.
Percent change refers to year-to-year percent change (2001 vs. 2002).

RICE, MILLED

PSD Table						
Country:	Indonesia					
Commodity:	Rice, Milled				Unit:	1,000 MT
		2001		2002		2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2002		01/2003		01/2004
Area Harvested	11500	11600	11500	11500	0	11600
Beginning Stocks	4605	4886	4836	4683	4496	4572
Milled Production	33089	32960	33200	33089	0	33218
Rough Production	51301	51500	51473	51301	0	51500
Milling Rate(.9999)	6450	6400	6450	6450	0	6450
TOTAL Imports	3500	3200	3250	3300	0	3500
Jan-Dec Imports	3500	3200	3250	3300	0	3500
Jan-Dec Import U.S.	0	178	0	100	0	100
TOTAL SUPPLY	41194	41046	41286	41072	4496	41290
TOTAL Exports	0	3	0	0	0	0
Jan-Dec Exports	0	3	0	0	0	0
TOTAL Dom. Consumption	36358	36360	36790	36500	0	36650
Ending Stocks	4836	4683	4496	4572	0	4640
TOTAL DISTRIBUTION	41194	41046	41286	41072	0	41290

Note: Unit in 1,000 Ha and 1,000 MT.
Data in the "Old" column reflect FAS/Washington data. For Post's previous PS&D refer to report ID3002.

Production

The first rice harvest of 2003, which normally takes place from January-February, was delayed by two months, due to the long dry season in 2002. Post's rice production estimate for MY2002 is 51.3 MMT (33.1 MMT milled basis), slightly lower than MY2001, when Indonesian paddies yielded better rain conditions. However, a slightly higher harvested area is expected in MY2003 (11.6 million ha) and reduced pest and irrigation problems, rough rice production is estimated at 51.5 MMT (33.2 MMT milled rice). As a substitute for usual planting areas, the GOI encourages planting in marginal land areas, to increase the countries overall harvest. Despite abundant precipitation during the harvest period in several producing area, overall crop quality has been good, although there has been no significant improvement on yields. The utilization of certified seeds have increased slowly, however, traditional harvest practices continue to curb increases in yield. Average yields range between 4.4 MT/ha and 4.5 MT/ha. While the availability and the use of agriculture equipment are increasing, the high cost of production, unavailability of special credit for farmers (KUT-Kredit Usaha Tani) and lack of extension services hamper the development of farm practices. Farmers are also facing increases in the cost of living, as the government cut subsidies on fuel and electricity.

Consumption

Rice consumption has increased only slightly, as Indonesian's continue to be exposed to alternative food products that include wheat-based foods--noodles (instant and wet) and bakery goods etc. In addition, in various parts of Indonesia, rice is substituted with other local crops, like corn, cassava, and sago. Total annual rice consumption for MY2002 is estimated at 36.5 MMT and forecast to increase slightly to 36.7 MMT in MY2003.

The GOI through the National Logistic's Agency (Bulog) continues to maintain its rice-for-poor program–enabling poor Indonesian's to buy 20 kg of rice per family per month at Rp. 1,000/kg. For 2003, the GOI has allocated Rp. 4.8 trillion or US$ 533.33 million (at Rp. 9,000/US$1) for this subsidy program, so that rice can be sold to beneficiaries at Rp. 1,000/kg. According to a Joint Decree of the Ministry of Agriculture and Bulog No. 01/SKB/BPPHP/TP.830/2003 and No. Kep-07/UP/01/2003, dated and effective January 16, 2003, Bulog's rice purchasing price is Rp. 2,790/kg (for locally produced rice), compared to Rp. 2,740/kg in 2002. Another program called, "Raskin", which Bulog is charged with, distributes rice rations to the police, military, prisoners and civil servants (located in remote areas). Bulog is expected to secure approximately 2.2 MMT of rice from local rice producers and imports for both in 2003, to carry our its social welfare activities and stabilize prices, as needed.

Trade

Post estimates imports (by Bulog, private importers, and illegal/smuggled rice trade) to reach 3.3 MMT in MY2002 and 3.5 MMT in MY2003. The estimated breakdown of imports is as follows: Bulog (1 MMT), private traders (2 MMT) and illegal/smuggled trade (500,000 MT). From Nov02-Apr03, Indonesia received approximately 90,100 MT of rice under an FY02 PL-480 Title I program and 10,000 MT from the World Food Program in 2003. For FY03, USDA has recently announced an allocation of $20 million (approximately 96,000 MT) for rice for Indonesia. However, the GOI has not yet accepted this allocation.

In its new status as a State Trading Enterprise, Bulog retains its role of distributing subsidized rice to low-income consumers under the "Raskin" and "food-for-poor" programs. At the same time Bulog may engage in "market operations", to control/stabilize commodity prices, by releasing stocks on the domestic market. Bulog continues to have a domestic procurement function and defend the established domestic floor price. As a result, Bulog possesses the same old public service function as in previous years--using state funds to procure domestic and imported rice to sell at subsidized prices to the needy, and will continue its market management function of purchasing rice from farmers when prices fall below the floor price (Rp 2,790/kg) and release rice when prices get too high. It is only for other agriculture products (soybeans, corn, sugar, soybean meal, wheat) that Bulog has assumed the new role of a profit generating entity.

Stocks

To guarantee adequate supplies of rice, Bulog maintains approximately one months supply of Indonesia's total rice requirements (3.6 MMT), while remaining stocks (approximately 1 MMT) are retained by millers, warehouses, importers, retailers and private consumers. Post estimates stocks to remain relatively stable at around 4.57 MMT in MY2002 and 4.64 MMT in MY2003.

Policy

With the aim of encouraging rice farmers to increase planting levels and overall production, the Ministry of Agriculture and Bulog issued a joint decree No.01/SKB/BBKP/I/2003 and Kep-08/UP/01/2003 on January 16, 2003, which will increase the rice purchasing price from farmers. Unmilled rice prices are determined by the standard quality set by Bulog, i.e., GKP-Gabah Kering Panen (moisture content 25%), GKS-Gabah Kering Simpan (moisture content 18%), and GKG-Gabah Kering Giling (moisture content 14%). Prices paid by contractors to farmers (at rice milling facilities) is as follows: GKG -- Rp. 1,700/kg; GKS -- Rp. 1,500/kg; and GKP -- Rp. 1,230/kg. The price of GKG paid by Bulog to contractors (at Bulog's warehouses) is Rp. 1,725/kg.

Under the Government Regulation No. 7/2003, the status of Bulog, the National Logistics Agency, has been changed into a state trading enterprise starting January 20, 2003. The new institution named Perusahaan Umum (PERUM) BULOG, continues to administer the distribution for the rice-for-poor and RASKIN programs, as well as functions to stabilize basic food prices and maintaining the GOI's food stocks. Perum Bulog is under the supervision of the Ministry of Finance. The new institution will operate as a private trading company which will concentrate on trading**, sugar, soybeans, corn and other commodities for profit**.

In order to help farmers cope with high costs associated with producing rice, the GOI issued a decree through the Ministry of Industry and Trade, No. 70/MPP/Kep/2/2003) to provide a fertilizer price subsidy, effective February 11, 2003. The decree appoints the responsible institutions (six state fertilizer producers) for preparing and distributing the subsidized fertilizer. The scheme will guarantee the availability of fertilizer at a disrict level and lower priced fertilizer for farmers. The ceiling prices at district level are as follows: Urea fertilizer -- Rp. 1,150/kg; SP-36 super phosphate --Rp. 1,500/kg; ZA - ammonium sulphate --Rp. 1,000/kg; and fertilizer mix of NPK -- Rp. 1,750/kg.

The GOI, as a protectionist move, increased the import tariff for rice (for private traders) from zero percent to Rp. 430/kg **(or 30%),** with hopes that it will boost farmer confidence and provide an incentive to increase production and planting. However, some GOI officials have admitted that continued tariff increase are only likely to encourage heightened illegal trade of rice. The Indonesian Farmers Federation (HKTI-Himpunan Kelompok Tani Indonesia) continues to petition the **Ministry of Industry and Trade and the Ministry of Finance to increase import duties on rice to Rp. 735/kg (or 51%--still with in the WTO bound rate of 160%). There have been discussions within the GOI** to increase the rice import tariff further by an additional 18.6 percent to Rp. 510/kg, although this has not yet materialized. The GOI remain considering the possibility of increase in smuggling should they increase tariff.

Prices

Comparative Table of Rice Prices

RICE PRICES (CIF - US$/MT)		
COUNTRY OF ORIGIN	Jan-Nov (2001)	Jan-Nov (2002)
Vietnam	162.63	201.30
Thailand	180.76	189.51
India	148.38	150.80
China	188.02	202.29
Myanmar	143.89	152.06
United States	996.83	536.07
Indonesia (Local): in Rupiah/Kilogram		
West Java	1,239.81	1,599.45

Average Monthly Producer Rice Prices for West Java 1/ (Rupiah/Kg)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2001	1139	1209	1215	1190	1187	1230	1261	1256	1267	1324	1360	1412
2002	1798	1756	1587	1524	1549	1569	1555	1545	1550	1567	1594	1613
% chg	58	45	31	28	31	28	23	23	22	18	17	14

Source: Central Statistics Agency, BPS-Badan Pusat Statistik, Jakarta, Indonesia.
1/ Prices apply to purchases of dried, unhusked rice (Cere IR-36) in West Java.
Percent change refers to year-to-year percent change (2001 vs. 2002).

Average Monthly Rice Retail Prices for Jakarta (Rupiah per Kilogram) 1/

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2002	3,542	3,625	3,460	3,388	3,383	3,385	3,350	3,310	3,270	3,260	3,353	3,413
2003	3,588	3,595										
% chg	1	(1)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)

Source: Center for Market Information (PIP), the Ministry of Industry & Trade; http://www.dprin.go.id/pip.
1/ Prices for medium grade rice: IR-1
Percent change refers to year-to-year percent change (2002 vs. 2003).

Rainfall in Selected Rice and Corn Areas

Rainfall Pattern at Selected Stations in Rice/Corn Producing Areas
(in millimeters, except where stated)

JATIWANGI (WEST JAVA)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
30 yr avg.	455	380	371	227	151	79	48	36	49	122	269	419
2000	311	146	263	209	138	39	1	11	0	12	n/a	117
2001	147	133	na	na	na	106	11	0	60	64	155	54
2002	252	na	101	207		48	11	0	0	0	180	113
TEGAL (CENTRAL JAVA)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
30 yr avg.	356	335	250	117	116	70	55	36	26	55	112	236
2000	271	240	230	60	25	20	2	0	8	21	184	106
2001	232	253	163	223	27	30	55	1	12	35	292	160
2002	375	106	103	81		42	55	0	0	1	76	39
SURABAYA (EAST JAVA)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
30 yr avg.	310	255	237	145	94	51	23	15	22	45	126	231
2000	422	255	151	223	105	48	0	0	0	101	151	119
2001	231	204	552	232	77	149	91	0	0	91	120	419
2002	544	209	131	121		1	102	0	0	0	36	180
DENPASAR (BALI)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
30 yr avg.	345	274	234	88	83	53	56	25	48	63	179	276
2000	365	412	309	404	177	46	35	0	3	142	331	15
2001	574	209	169	57	5	34	11	1	2	95	29	329
2002	284	398	61	36		2	11	0	3	0	82	207
UJUNG PANDANG (SOUTH SULAWESI)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec

30 yr avg.	734	533	391	235	127	66	66	15	32	83	273	549
2000	496	670	325	157	131	205	27	1	14	123	427	365
2001	724	851	682	218	97	53	0	0	20	216	346	995
2002	523	299	386	398		17	0	0	6	9	103	290
LAMPUNG												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
30 yr avg.	281	299	241	177	99	95	77	83	83	93	171	248
2000	201	267	141	128	14	63	72	107	25	118	124	79
2001	79	156	37	79	123	13	70	39	108	161	114	284
2002	293	26	550	150		14	70	2	0	0	31	131
Source: Meteorological and Geophysical Agency (Badan Meteorologi dan Geofisika - BMG), Ministry of Communications.												

Exchange Rates

Exchange Rate (Rp./1US$) on Period Month Ending Basis												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1997	2387	2403	2418	2443	2458	2450	2528	2190	3350	3700	3740	5700
1998	13513	9377	8740	8211	10767	15160	13850	11700	11314	9142	7755	8100
1,999	9419	8992	8778	8632	8179	6750	6989	7736	8571	6949	7439	7161
2000	7414	7517	7598	7988	8728	8742	9055	8370	8891	9483	9524	9385
2001	9488	9914	10460	12117	11423	11436	9744	9045	9696	10358	10476	10450
2002	10383	10222	9779	9441	9823	8741	9171	8938	9057	9233	8976	8940
2003	8876	8905	9025									

Source: Central Statistics Agency (BPS-Badan Pusat Statistik) and Business Indonesia Daily Newspaper.

Note:
- March 2002 exchange rate is quoted for March 28, 2002
- June 2002 exchange rate is quoted for June 28, 2002
- March 2003 exchange rate is quoted for Mar. 19, 2003
- BPS data available up to Sep. 2002

Producer Price Ratio of Major Agricultural Products

Commodity	Dec. 01	Dec. 02	% Change	Price Ratio	
				2001 1/	2002 1/
Rice	1412	1613	14.24	--	--
Corn	1374	1437	4.63	(0.03)	(0.11)
Soybeans	2470	2719	10.08	0.75	0.69
Peanuts	7130	7397	3.74	4.05	3.59

1/ Price ratio based on selected secondary food crop over rice.
Source: BPS - Statistics Indonesia, processed by FAS/Jakarta.
Note: Rice prices in West Java for dried unhusked rice (unmilled rice).
Other prices in East Java on dry basis.
Units in Rp/kg

May 5, 2003

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