

Voluntary Report – Voluntary - Public Distribution
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Report Name: Indonesia Freezes Two-Thirds of Palm Oil Exports to
Secure Domestic Cooking Oil Supplies Ahead of Ramadan

Country: Indonesia

Post: Jakarta

Report Category: Oilseeds and Products

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Report Highlights:

On February 6, the Government of Indonesia (GOI) announced it would suspend two-thirds of palm oil exports in order to shore up domestic cooking oil supplies ahead of Ramadan and Eid festivities. The GOI has set a target of increasing domestic cooking oil supplies by 50 percent. A projected 400,000 to 800,000 metric tons (MT) of Indonesian palm oil are expected to be blocked from the global market over the next three months.

The GOI suspended two-thirds of Indonesia's palm oil export permits in an effort to secure sufficient domestic cooking oil supplies ahead of Ramadan and Eid festivities. On February 6, 2023, the Coordinating Minister for Maritime and Investment Affairs (Marves) Luhut Pandjaitan [announced](#) that 66 percent of palm oil export permits (i.e. export permits already issued to companies that complied with the GOI's Domestic Market Obligation policy) will be suspended immediately until May 1, 2023.

The GOI's decision to suspend two-thirds of palm oil exports was made in response to rising cooking oil prices. In addition to rising prices, consumers in several regions of Indonesia reported difficulty in finding subsidized cooking oil, even after the Ministry of Trade imposed a 5-kg per person purchase limit. The average price of subsidized cooking oil increased 7 percent from IDR 14,019 (\$0.93) per liter in December 2022 to IDR 15,047 (\$0.99) per liter. In early February 2023, the GOI set a target of increasing domestic cooking oil supplies by 50 percent to 450,000 MT a month over next three months.

Exporters may still ship the remaining 34 percent of authorized palm oil exports, while the suspension of the 66 percent may be lifted in early May 2023 pending a GOI review. In early January 2023, the GOI already tightened restrictions on palm oil exports by reducing its Domestic Market Obligation (DMO) ratio to 1:6 from 1:8, meaning for every metric ton of palm oil sold domestically, exporters will receive export permits for only 6 MT of palm oil instead of 8 MT.

This latest GOI policy to curb palm oil exports to shore up domestic cooking oil supplies is likely to impact global palm oil supplies for the first quarter of 2023. A projected 400,000 to 800,000 MT of palm oil are expected to be blocked from the global market from February 6 to May 1, 2023.

Attachments:

No Attachments.