

**Voluntary Report** – Voluntary - Public Distribution

**Date:** December 17,2019

**Report Number:** ID2019-0027

**Report Name:** Indonesia Plans to Export Rice

**Country:** Indonesia

**Post:** Jakarta

**Report Category:** Grain and Feed, Grain and Feed

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**Report Highlights:**

Indonesia’s new Minister of Agriculture Syahrul Yasin Limpo has stated a goal of exporting 100,000 – 500,000 tons of “premium” rice in 2020. In recent years Indonesia has been a net importer of rice as expensive local supplies have struggled to meet demand for the staple commodity. It remains unclear how the proposed export volumes will be realized.

Following a meeting on December 4<sup>th</sup> with President Jokowi, Minister of Agriculture Syahrul Yasin Limpo was quoted widely in local press stating that Indonesia would aim to export 100,000 – 500,000 tons of “premium” rice in 2020. Separately, media reports indicate that Saudi Arabia may be the main destination for exports as the country prepares to meet higher demand as thousands of Indonesians prepare to visit Mecca for Hajj (August 2020) and Umrah pilgrimages.

A net importer of rice in recent years, it remains unclear where and when exports would occur and how Indonesia’s expensive local rice would be able to compete with similar quality less-expensive rice from Thailand and Vietnam. From January to October 2019, Indonesia only exported 202 tons of rice. An industry source involved in exports of premium quality rice to the U.S., which accounted for 50 percent of Indonesia’s rice exports, advised difficulty in securing even 10-20 tons of rice per month. Current prices for premium quality rice in the local market range from Rp. 11,825/kg (\$846/ton) to Rp. 13,425/kg (\$960/ton). By comparison, FOB prices of 5 percent broken rice from major rice exporters in November 2019 were recorded at \$422/ton for Thai rice and \$341/ton for Vietnamese rice.

Assuming competitive prices can be achieved, there may be potential to export premium rice following the main harvest in March – April as stocks are expected to increase from the current level of 4.64 million tons to 6.75 million tons. However, according to the National Statistics Agency (BPS), Indonesia’s total rice consumption is expected to reach 34.3 million tons<sup>1</sup> in 2020 or an average of 2.9 million tons per month. Therefore, even the additional surplus of 2.11 million tons added during the main harvest would fall short of meeting one month of consumption during the second crop cycle off-season period. Additionally, 2.3 million tons of the current 4.64 million tons are stocks held by State-owned logistics and procurement company BULOG. As BULOG has struggled to distribute stocks due to revised regulations impacting various programs for poor families, stocks of rice previously imported in 2018 have remained at warehouses and now account for an estimated 2 million tons. Some of these stocks have begun to deteriorate. Given BULOG’s ongoing problems in securing local distribution channels, there may be an opportunity to re-process and repackage some of the current stocks for the export market, although such a program would incur its own additional costs.

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<sup>1</sup> BPS consumption data is based on household consumption.

**Attachments:**

No Attachments.