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**Prepared By:** Arif Rahmanulloh

**Approved By:** Jasmine Osinski

**Report Highlights:**

Indonesia palm oil production is expected to reach 46 million metric tons (MMT) in 2022/23 on favorable weather and higher producer profit margins. Palm oil exports for 2021/22 are revised down from the previous update due to the Government of Indonesia's domestic market obligation (DMO) requirement, which increased to 30 percent from 20 percent. Soybean imports for 2021/22 are revised downward due to anticipated weaker demand from tempeh and tofu producers as result of rising soybean retail prices.

**Commodity:**

*Oil, palm*

**Production**

Indonesia palm oil production is forecast at 46 million metric tons (MMT) in 2022/23, up 500,000 MT from the previous year on favorable weather and higher prices for producers. According to Indonesia's national weather agency [BMKG](#), rainfall levels in most of the key palm production areas of Sumatra and Kalimantan are forecast to be normal to high for 2022/23. In March 2022, BMKG also [reported](#) ground water availability for plants on both islands is sufficient.

Despite higher fertilizer prices and export taxes, large plantations and smallholder farmers stand to earn a greater margin in the first half of 2022/23 than in the first half of 2021/22. Although the price of CPO rose to \$1,522/MT in February 2022 (49 percent higher year-on-year), the reference price for both the export tax and levy have remained at \$1,250/MT and \$1,000/MT respectively, since November 2021.

Palm seed sales increased from a low of 57 million seeds in 2019 to 106 million seeds in 2021. Indonesia's palm seed industry is currently prioritizing research to develop seeds with higher yields and improved oil quality, including seeds with resistance to the pathogenic fungus, Ganoderma. There are currently 22 palm varieties being developed by 19 seed producers.

Taking into consideration Ministry of Agriculture (MOA) data on 2019 palm area (see [ID2020-001](#)) and seeds sales data between 2015 and 2021, Post forecasts a slight increase in harvested area for 2022/23 to 15.4 million hectares. For 2021/22, harvested area is estimated at 15.3 million. Seed sales data estimate immature oil palm area in 2021/22 at 1.7 million hectares and forecast 2022/23 immature oil palm area at 1.8 million hectares, assuming 110 million palm seeds are sold in 2022.

**Consumption**

Indonesia palm oil consumption is forecast up 2 percent to 16.6 MMT in 2022/23 from 16.3 MMT in 2021/22 on industrial growth and recovering food sector demand. Post forecasts industrial consumption at 9.7 MMT in 2022/23, a slight increase from 2021/22 based on higher biodiesel industry demand. Assuming blending rates remain steady at 30 percent, biodiesel use is expected to rise on higher diesel fuel consumption as more pandemic-related restrictions are lifted.

The Indonesia biodiesel mandate program is supported by CPO funds collected from the export levy on palm oil products. As of February 2022, the export levy remains maxed out at \$175/MT (the ceiling amount charged if the price for palm oil products is at or above \$1,000/MT), as prices for palm oil products remain well above the \$1,000/MT reference price.

Post revises up 2021/22 food sector consumption to 6.4 MMT following the Government of Indonesia's (GOI) recent decision to increase the domestic market obligation (DMO) allocation requirements to 30 percent from 20 percent, meaning exporters are now required to sell 30 percent of their export volume to the domestic market. This policy was enacted in reaction to

complaints the GOI received from several regions of a shortage of cooking oil in the retail sector. The Ministry of Trade (MOT) blamed the shortage on consumers' panic-buying. Media reports show Indonesian consumers lining up for hours to purchase cooking oil at government-fixed retail prices (HET). The DMO policy, which was first enacted on January 27, 2022, was initially only supposed to last up to six months, but the MOT later stated that the policy would remain in place until "the situation returns to normal." The GOI has also fixed the price of CPO sold to cooking oil manufacturers (see [ID2022-0004](#)).

On March 15, 2022, the GOI announced it would subsidize generic, bulk cooking oil with CPO funds to cap its retail price at 14,000 IDR (\$0.98) per liter. This unbranded, bulk cooking oil is often informally repackaged in plastic bags and distributed through wet markets to low and middle-income consumers and small businesses. Name brand cooking oil sold in modern retail stores will not be subsidized.

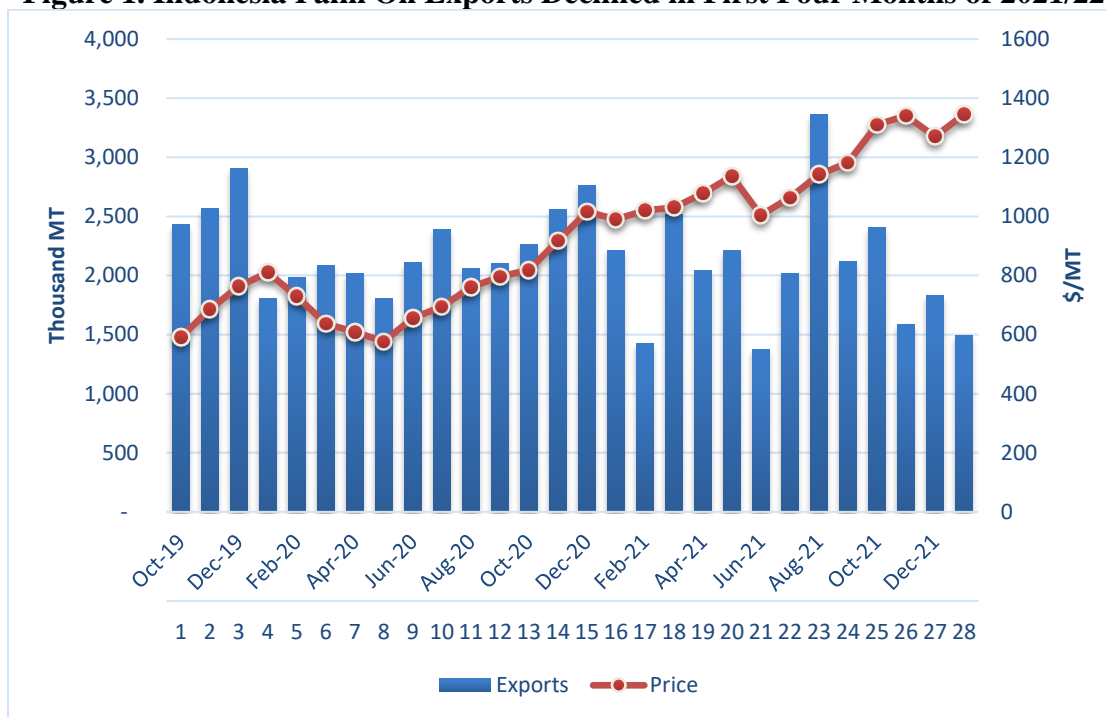
### **Trade**

Post expects Indonesian palm oil exports to reach 30 MMT in 2022/23, an increase from 29 MMT in 2021/22 on continued demand from major markets, such as India and the People's Republic of China (PRC). As more countries are expected to recover from the COVID-19 pandemic, the food service sector will continue to drive palm oil demands in these markets. In fact, India, the world's biggest buyer of edible oil, has already formally requested Indonesia to increase palm oil supplies in light of the halt in sunflower oil exports from the Black Sea region due to the conflict in Ukraine. However, Indonesia's highest priority is curbing the inflation of cooking oil prices at home through its DMO policy.

Due to the increased DMO requirement, Post revises down 2021/22 palm oil exports to 29 MMT. Between February 14 to March 8, 2022, the MOT issued 126 export approvals for 54 exporters for a total of 2.8 MMT of exports of palm oil and its derivative. MOT export approval can be issued only after exporters meet the DMO requirement.

Trade data show Indonesia palm oil exports from October 2021 to January 2022 reached 7.3 MMT, 25 percent lower than during the same period the previous year.

**Figure 1. Indonesia Palm Oil Exports Declined in First Four Months of 2021/22**



Source: Trade Data Monitor, World Bank

**Table 1. Production Supply and Distribution for Palm Oil, 2020/21-2022/23**

Oil, Palm	2020/2021		2021/2022		2022/2023	
Market Begin Year	Oct-20		Oct-21		Oct-22	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	11,950	11,950	12,100	15,300		15,400
Beginning Stocks	4,626	4,626	5,977	5,977		6,177
Production	43,500	43,500	44,500	45,500		46,000
MY Imports	-	-	-	-		-
Total Supply	48,126	48,126	50,477	51,477		52,177
MY Exports	26,874	26,874	28,000	29,000		30,000
Industrial Dom. Cons.	8,800	8,800	9,100	9,600		9,700
Food Use Dom. Cons.	6,200	6,200	6,570	6,400		6,650
Feed Waste Dom. Cons.	275	275	307	300		310
Total Dom. Cons.	15,275	15,275	15,977	16,300		16,660
Ending Stocks	5,977	5,977	6,500	6,177		5,517
Total Distribution	48,126	48,126	50,477	51,477		52,177
	0	0	0	0		0

(1000 HA) ,(1000 TREES) ,(1000 MT)

Source: FAS Jakarta estimates

**Commodity:***Oilseed, palm kernel***Production**

Post estimates palm kernel output at 12 MMT in 2021/22 and 12.1 MMT in 2022/23 based on 6 percent of fresh fruit bunch (FFB) production.

**Consumption**

Local millers are expected to crush 11.9 MMT of palm kernel in 2021/22 and 12 MMT in 2022/23, producing palm kernel oil (PKO) and palm kernel meal (PKM).

**Trade**

Post expects palm kernel export to reach 35,000 MT in 2022/23 on higher exportable volumes and demand. Palm kernel exports in 2021/22 are revised down to 20,000 MT on lower demand from Malaysian crushing plants.

**Table 2. Production Supply and Distribution for Palm Kernel, 2020/21-2022/23**

Oilseed, Palm Kernel Market Begin Year	2020/2021		2021/2022		2022/2023	
	Oct-20		Oct-21		Oct-22	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Indonesia</b>						
<b>Beginning Stocks</b>	29	29	41	41	-	61
<b>Production</b>	11,460	11,460	11,700	12,000	-	12,120
<b>MY Imports</b>	-	-	-	-	-	-
<b>Total Supply</b>	11,489	11,489	11,741	12,041	-	12,181
<b>MY Exports</b>	23	23	30	20	-	35
<b>Crush</b>	11,345	11,345	11,590	11,880	-	12,000
<b>Food Use Dom. Cons.</b>	-	-	-	-	-	-
<b>Feed Waste Dom. Cons.</b>	80	80	80	80	-	80
<b>Total Dom. Cons.</b>	11,425	11,425	11,670	11,960	-	12,080
<b>Ending Stocks</b>	41	41	41	61	-	66
<b>Total Distribution</b>	11,489	11,489	11,741	12,041	-	12,181
	-	-	-	-	-	-

(1000 HA) ,(1000 TREES) ,(1000 MT)

Source: FAS Jakarta estimates

**Commodity:***Oil, palm kernel***Production**

Post forecasts palm kernel oil (PKO) production will reach 5.2 MMT in 2022/23, an increase from 5.2 MMT in 2022/23 on increased PK crushed.

**Consumption**

Indonesia's industrial sector is expected to consume almost 3 MMT of PKO in 2022/23, an increase of 50,000 MT on higher demand from the personal care and health products industry. Oleo-chemical industries are the main consumers of PKO, producing personal home-care products such as butters, soaps, and cosmetics. Industrial uses also include lubricants and pharmaceuticals.

In the food sector, PKO serves as a cheaper replacement for coconut oil and a substitute for cocoa butter in chocolate confectionary. Post expects PKO use in the food sector to reach 530,000 MT in 2022/23, a marginal increase from 2021/22 on increased food sector demand.

**Trade**

Post forecasts PKO exports at 1.9 MMT in 2022/23, a rebound from 1.7 MMT in 2021/22.

Shipments of PKO during October 2021 to January 2022 reached only 494,000 MT, 27 percent lower than during the same period the previous year. Indonesia shipped PKO mainly to the PRC, the United States, Brazil, and Malaysia.

**Table 3. Production Supply and Distribution for Palm Kernel Oil, 2020/21-2022/23**

Oil, Palm Kernel Market Begin Year	2020/2021		2021/2022		2022/2023	
	Oct-20		Oct-21		Oct-22	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Indonesia						
<b>Crush</b>	11,345	11,345	11,590	11,880		12,000
<b>Extr. Rate, 999.9999</b>	0.44	0.44	0.44	0.44	-	0.44
<b>Beginning Stocks</b>	335	335	466	466	-	521
<b>Production</b>	4,958	4,958	5,065	5,175	-	5,220
<b>MY Imports</b>	-	-	-	-	-	-
<b>Total Supply</b>	5,293	5,293	5,531	5,641	-	5,741
<b>MY Exports</b>	1,527	1,527	1,875	1,700	-	1,900
<b>Industrial Dom. Cons.</b>	2,800	2,800	2,750	2,900	-	2,950
<b>Food Use Dom. Cons.</b>	500	500	550	520	-	530
<b>Feed Waste Dom. Cons.</b>	-	-	-	-	-	-
<b>Total Dom. Cons.</b>	3,300	3,300	3,300	3,420	-	3,480
<b>Ending Stocks</b>	466	466	356	521	-	361
<b>Total Distribution</b>	5,293	5,293	5,531	5,641	-	5,741
	-	-	-	-	-	-

(1000 MT) ,(PERCENT)

*Source: FAS Jakarta estimates*

**Commodity:***Meal, palm kernel***Production**

Post expects palm kernel meal (PKM) production to reach 6.3 MMT in 2022/23, based on 12.1 MMT of PK crushed.

**Consumption**

PKM consumption is projected to reach 850,000 MT in 2022/23, an increase of 50,000 from 2021/22 on higher demand from the feed industry. PKM for domestic consumption is limited to ruminant feed.

**Trade**

Post forecasts PKM exports to increase by 50,000 MT to 5.45 MMT in 2022/23 on continued demand from in the livestock feed sector. Key markets for PKM exports included the PRC, South Korea, New Zealand, and EU region.

**Table 4. Production Supply and Distribution for Palm Kernel Meal, 2020/21-2022/23**

Meal, Palm Kernel Market Begin Year Indonesia	2020/2021		2021/2022		2022/2023	
	Oct-20		Oct-21		Oct-22	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Crush</b>	11,345	11,345	11,590	11,880	-	12,100
<b>Extr. Rate, 999.9999</b>	0.53	0.53	0.53	0.53	-	0.52
<b>Beginning Stocks</b>	385	385	501	501	-	541
<b>Production</b>	5,967	5,967	6,096	6,240	-	6,300
<b>MY Imports</b>	-	-	-	-	-	-
<b>Total Supply</b>	6,352	6,352	6,597	6,741	-	6,841
<b>MY Exports</b>	5,101	5,101	5,420	5,400	-	5,450
<b>Industrial Dom. Cons.</b>	-	-	-	-	-	-
<b>Food Use Dom. Cons.</b>	-	-	-	-	-	-
<b>Feed Waste Dom. Cons.</b>	750	750	800	800	-	850
<b>Total Dom. Cons.</b>	750	750	800	800	-	850
<b>Ending Stocks</b>	501	501	377	541	-	541
<b>Total Distribution</b>	6,352	6,352	6,597	6,741	-	6,841
	-	-	-	-	-	-

(1000 MT) ,(PERCENT)

*Source: FAS Jakarta estimates*

**Commodity:**

*Oilseed, soybean*

**Production**

Indonesia soybean production is forecast at 400,000 MT in 2022/23, down by 25,000 MT from 2021/22 on reduced harvested area. Land conversion to non-agricultural use continues to reduce food crop production including soybeans. Farmers' preference for more lucrative crops, such as corn and rice, are limiting soybean plantings. Most Indonesian farmers who plant soybeans do so as part of their crop rotation management to retain soil quality, not as their main cash crop.

**Consumption**

Soybean consumption is expected to grow to 3.01 MMT in 2022/23, a slight increase from 2021/22 on continued demand from the food sector, in line with population growth. Post is revising down 2021/22 consumption in the food sector to 2.99 MMT due to weakened demand following soybean price surges in the first five months of 2021/22.

**Figure 2. Small-Scale, Home-Based Tempeh Production in Central Java, March 2022**



*Source: FAS Jakarta*

Nearly all soybean use in Indonesia is in the food sector, mainly for tempeh and tofu production. Tempeh and tofu are the least expensive protein sources available to Indonesian consumers and are consumed almost daily. These soy-based foods are produced by small-scale, home-based industries with a production capacity of around 100-300 kg per day. Indonesian tempeh producers prefer U.S. soybean for its consistent supplies, high quality, and yellow color. Black soybeans are preferred by the soy-sauce industry.

A smaller quantity of soybeans is used for full-fat soy (FFS) production for the feed sector. Post expects soybean imports of FFS to reach 160,000 MT in both 2021/22 and 2022/23.

**Trade**

Soybean imports are forecast at 2.8 MMT in 2022/23, higher than 2021/22 on continued demand from the food sector. Post revises down 2021/22 imports to 2.7 MMT due to weakened demand from tempeh and tofu industry from rising soybean prices. In February 2022, the tempeh and tofu industry halted production for three days to spur the government to take action regarding the



soybean price hike. In response to rising soybean prices, producers typically reduce the size of their tempeh portions instead of raising the selling price.

Industry sources indicate the high volatility of commodity prices in February-March 2022 caused some importers to refrain from procuring soybeans during this period. U.S. soybeans are expected to continue to account for the majority of Indonesia's soybean imports in 2022/23. Global supply chain issues with containerized shipments of soybean have extended shipping times from the United States to Indonesia to more than 45 days. About half of total soybean shipments to Indonesia are containerized.

**Table 5. Production Supply and Distribution for Soybean, 2020/21-2022/23**

<b>Oilseed, Soybean</b>	<b>2020/2021</b>		<b>2021/2022</b>		<b>2022/2023</b>	
<b>Market Begin Year</b>	<b>Oct-20</b>		<b>Oct-21</b>		<b>Oct-22</b>	
<b>Indonesia</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Harvested</b>	390	390	350	350		330
<b>Beginning Stocks</b>	185	185	144	144		117
<b>Production</b>	475	475	425	425		400
<b>MY Imports</b>	2,617	2,617	2,650	2,700		2,800
<b>Total Supply</b>	3,277	3,277	3,219	3,269		3,317
<b>MY Exports</b>	3	3	2	2		2
<b>Crush</b>	0	0	0	0		0
<b>Food Use Dom. Cons.</b>	2,980	2,980	2,950	2,990		3,010
<b>Feed Waste Dom. Cons.</b>	150	150	150	160		160
<b>Total Dom. Cons.</b>	3,130	3,130	3,100	3,150		3,170
<b>Ending Stocks</b>	144	144	117	117		145
<b>Total Distribution</b>	3,277	3,277	3,219	3,269		3,317
	0	0	0	0		0

(1000 HA) ,(1000 MT)

*Source: FAS Jakarta estimates*

**Commodity:**

*Meal, soy*

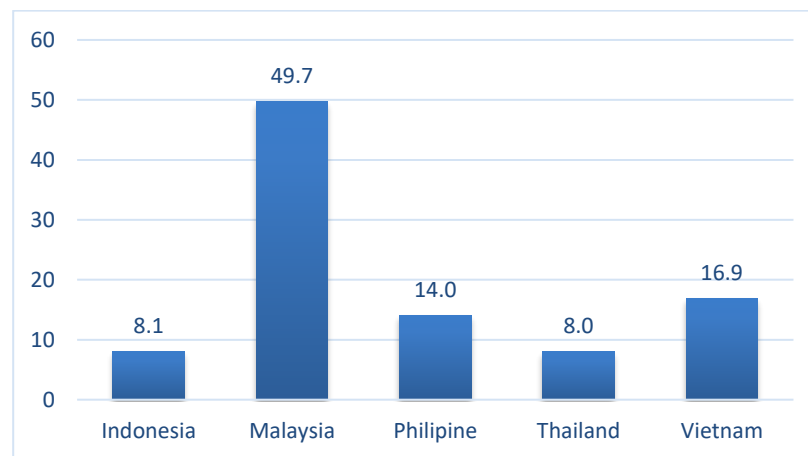
**Production**

Indonesia does not produce soybean meal.

**Consumption**

Post forecasts soybean meal consumption at 5.4 MMT in 2022/23, a slight increase from 5.35 MT in 2021/22 on continued demand from the feed industry. Feed industry performance, driven mainly by the poultry industry which consumes about 90 percent of Indonesia's animal feed, is expected to grow along with the increased poultry meat consumption. Among ASEAN countries, Indonesia's annual poultry meat consumption is still quite low, reaching only 8.1 kg/capita in 2021.

**Figure 3. Poultry Meat Consumption in Several ASEAN Countries, 2021 (kg/capita)**



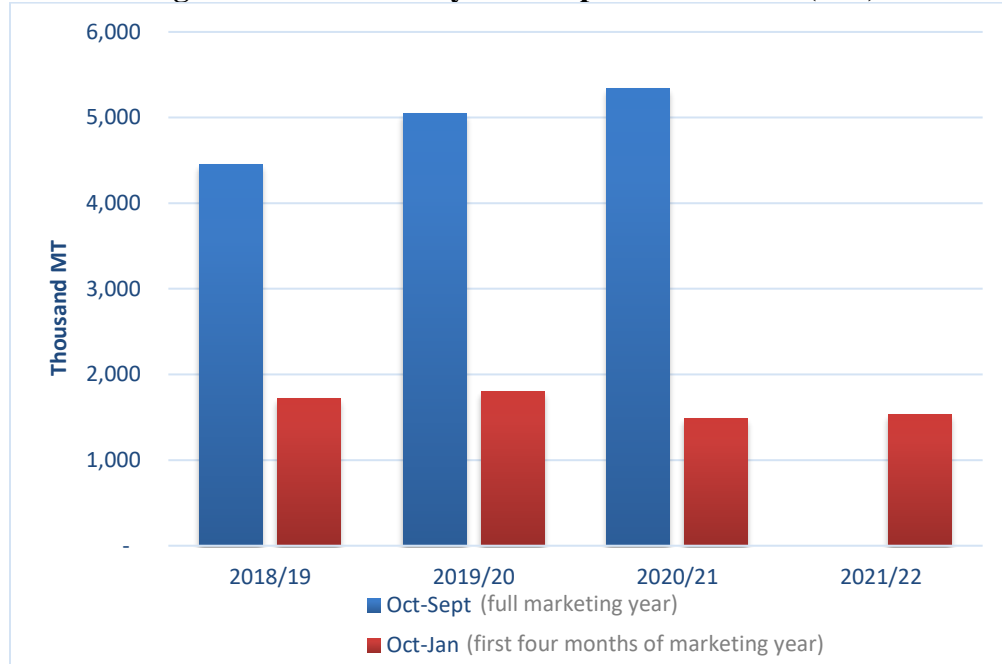
Source: [OECD](#)

Indonesia's feed industry typically utilizes soybean meal at an inclusion rate of 20 to 25 percent for poultry feed production. The soybean meal inclusion rate is even higher for Indonesia's aquaculture industry (30 to 40 percent). For swine feed, soybean meal makes up around 15 percent of feed production.

**Trade**

Post projects soybean meal imports will increase from 5.3 MMT in 2021/22 to 5.4 MMT in 2022/23. South America will likely continue to dominate the market on price competitiveness.

**Figure 4. Indonesia Soymeal Imports 2018-2022 (MT)**



Source: Trade Data Monitor

**Table 6. Production Supply and Distribution (PSD) for Soybean Meal, 2020/21-2022/23**

Meal, Soybean	2020/2021		2021/2022		2022/2023	
	Oct-20		Oct-21		Oct-22	
Market Begin Year	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Indonesia						
Crush	-	-	-	-	-	-
Extr. Rate, 999.9999	-	-	-	-	-	-
Beginning Stocks	207	207	270	270		220
Production	-	-				
MY Imports	5,336	5,336	5,250	5,300		5,400
Total Supply	5,543	5,543	5,520	5,570		5,620
MY Exports		-		-		-
Industrial Dom. Cons.		-		-		-
Food Use Dom. Cons.		-		-		-
Feed Waste Dom. Cons.	5,273	5,273	5,313	5,350		5,400
Total Dom. Cons.	5,273	5,273	5,313	5,350		5,400
Ending Stocks	270	270	207	220		220
Total Distribution	5,543	5,543	5,520	5,570		5,620
	-	-	-	-		-

(1000 MT) ,(PERCENT)

Source: FAS Jakarta estimates

**Commodity:**

*Oil, soy*

**Production**

Indonesia does not produce soy oil.

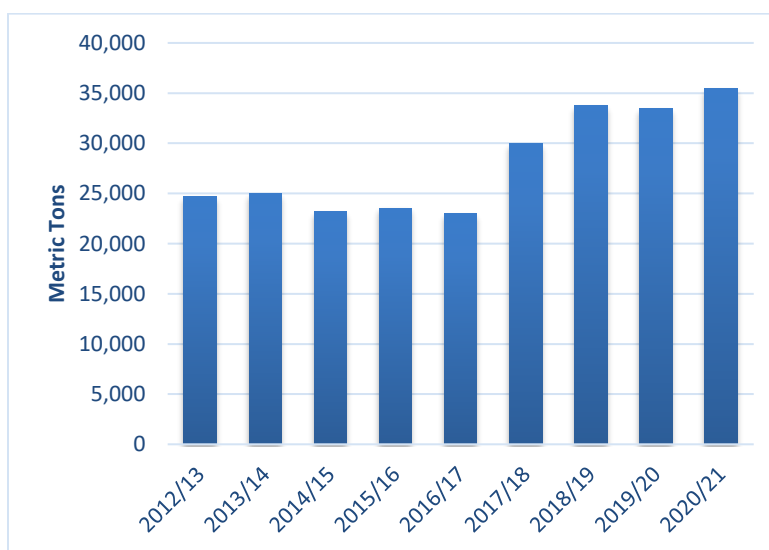
**Consumption**

Indonesia soy oil consumption is expected to remain stable at 36,000 MT both in 2021/22 and 2022/23. Soy oil is mainly used by the food service sector as an alternative to other cooking oils for middle and high-end consumers. The food service sector's demand for soy oil increased about 3 percent in 2021/22 from the previous year, as more restaurants and catering business began to operate closer to pre-pandemic levels.

**Trade**

Soy oil imports are forecast at 37,000 MT for both 2021/22 and 2022/23 based on stable demand from the food sector. Trade data indicates soy oil imports have risen gradually from an average of 25,000 MT before 2017 to 35,000 MT after 2017 (see Figure 5). More than 80 percent of soy oil imports were shipped from Thailand or Malaysia.

**Figure 5. Indonesia Soybean Oil Imports 2012-21 (MT)**



*Source: Trade Data Monitor*

**Table 7. Production Supply and Distribution for Soy Oil, 2020/21-2022/23**

<b>Oil, Soy</b>	<b>2020/2021</b>		<b>2021/2022</b>		<b>2022/2023</b>	
<b>Market Begin Year</b>	<b>Oct-20</b>		<b>Oct-21</b>		<b>Oct-22</b>	
<b>Indonesia</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Crush</b>	0	0	0	0		0
<b>Extr. Rate, 999.9999</b>	0.00	0.00	0.00	0.00		0.00
<b>Beginning Stocks</b>	0	0	0	0		1
<b>Production</b>	0	0	0	0		0
<b>MY Imports</b>	35	35	35	37		37
<b>Total Supply</b>	35	35	35	37		38
<b>MY Exports</b>	0	0	0	0		0
<b>Industrial Dom. Cons.</b>	0	0	0	0		0
<b>Food Use Dom. Cons.</b>	35	35	35	36		36
<b>Feed Waste Dom. Cons.</b>	0	0	0	0		0
<b>Total Dom. Cons.</b>	35	35	35	36		36
<b>Ending Stocks</b>	0	0	0	1		2
<b>Total Distribution</b>	35	35	35	37		38
	0	0	0	0		0

(1000 MT) ,(PERCENT)

Source: FAS Jakarta estimates

**Commodity:**  
*Oilseed, copra*

### Production

Post expects Indonesia copra production to be around 1.68 MMT for both 2021/22 and 2022/23. Despite favorable weather, yield improvement was insignificant due to the majority of coconut plantations not being well-maintained by smallholders. Coconut trees continue to age with no massive replanting program being implemented. Indonesia's copra production industry relies entirely on domestic coconut availability, competing with non-copra use demand and whole coconut exports. Copra producers utilizing sun-drying methods experienced degraded copra quality during the 2021 rainfall season, causing them to have to sell their copra at a discount.

### Consumption

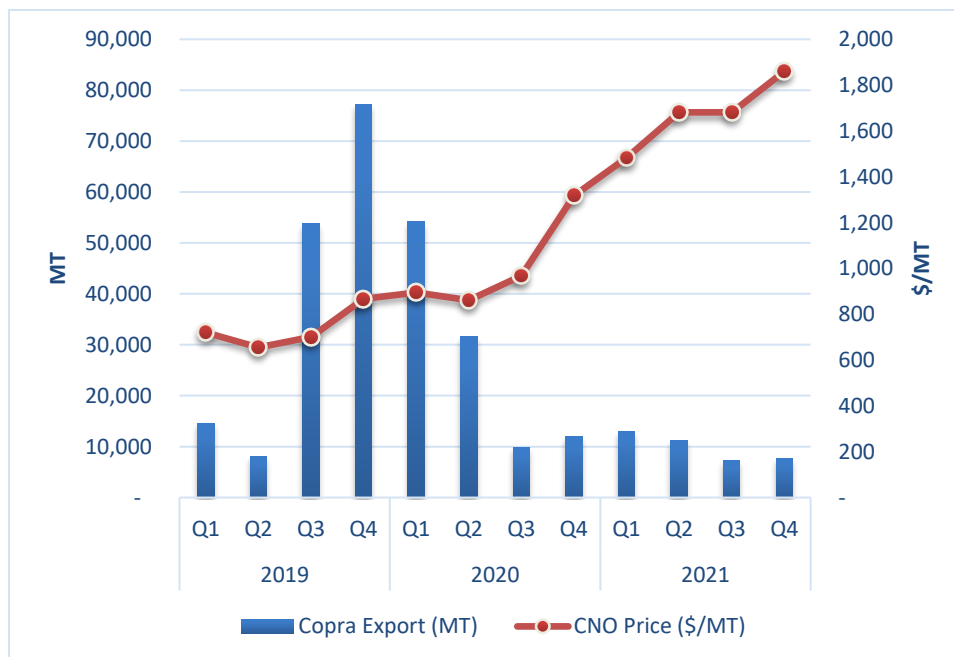
Indonesia's coconut oil (CNO) industry is the main consumer of copra. Post expects copra use for the CNO industry to reach 1.585 MMT in 2022/23, an increase of 10,000 MT from 2021/22 on expected higher demands spurred by strong profit margins.

### Trade

Post estimates 2022/23 copra exports at 90,000 MT, 10,000 MT less than in 2021/22 on reduced exportable volume. Bangladesh and Pakistan are expected to remain top copra export destinations in 2022/23.

Post revises 2021/22 copra exports down by 50,000 MT from the last [Oilseeds Annual](#) on updated trade data indicating a slower pace from October 2021 to January 2022. Local copra miller demands had increased, driven by lucrative coconut oil prices (CNO), diverting coconut exports to the local market and pushing copra imports to reach nearly 2,000 MT in 2021/22.

**Figure 6. Indonesia Copra Exports vs. CNO Prices 2019-2021**



Source: Trade Data Monitor, World Bank

**Production Supply and Distribution for Copra, 2020/21-2022/23**

<b>Oilseed, Copra</b>	<b>2020/2021</b>		<b>2021/2022</b>		<b>2022/2023</b>	
Market Begin Year	<b>Oct-20</b>		<b>Oct-21</b>		<b>Oct-22</b>	
<b>Indonesia</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Beginning Stocks</b>	10	10	10	12		14
<b>Production</b>	1670	1670	1680	1680		1680
<b>MY Imports</b>	0	2	0	2		2
<b>Total Supply</b>	1680	1682	1690	1694		1696
<b>MY Exports</b>	43	43	150	100		90
<b>Crush</b>	1622	1622	1525	1575		1585
<b>Food Use Dom. Cons.</b>	0	0	0	0		0
<b>Feed Waste Dom. Cons.</b>	5	5	5	5		5
<b>Total Dom. Cons.</b>	1627	1627	1530	1580		1590
<b>Ending Stocks</b>	10	12	10	14		16
<b>Total Distribution</b>	1680	1682	1690	1694		1696
	0	0	0	0		0

(1000 HA) ,(1000 TREES) ,(1000 MT)

Source: FAS Jakarta estimates

**Commodity:**

*Oil, coconut*

**Production**

CNO production for 2022/23 is forecast at 1 MMT, 10,000 MT higher than the previous year on greater supplies of copra crush of 1.585 MMT. In 2021/22, CNO manufacturers in Indonesia are expected to crush 1.575 MMT, producing 990,000 MT of CNO.

Major CNO producers are located in Sulawesi, where its coconut plantation area represents about 22 percent of total Indonesia coconut area. Other Java-based CNO producers also procure copra from Sumatera and Sulawesi.

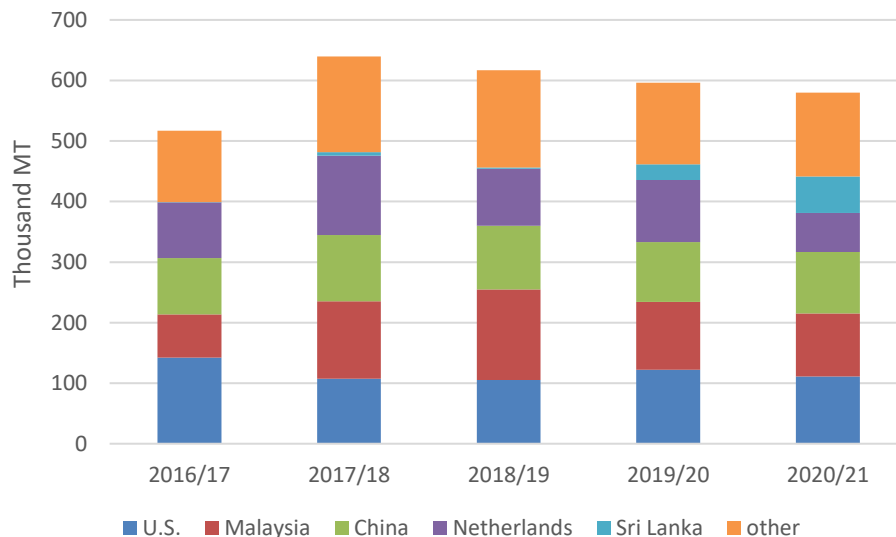
**Consumption**

Post expects CNO consumption in 2022/23 to reach 435,000 MT, a slight increase from 375,000 MT in 2021/22, on increasing industry demand. Food sector use is expected to remain stable at 170,000 MT in both 2021/22 and 2022/23.

**Trade**

Indonesia exports CNO in both crude and refined products. Post forecasts CNO exports at 670,000 MT in 2022/23, a 20,000 MT increase from 2021/22 on higher demand from the food processing sector. Key export destinations include the United States, the PRC, Netherlands, and Malaysia.

**Figure 7. Indonesia CNO Export Destinations, 2017-2021 (MT)**



*Source: Trade Data Monitor*



**Table 8. Production Supply and Distribution for Coconut Oil, 2020/21-2022/23**

<b>Oil, Coconut</b>	<b>2020/2021</b>		<b>2021/2022</b>		<b>2022/2023</b>	
<b>Market Begin Year</b>	<b>Oct-20</b>		<b>Oct-21</b>		<b>Oct-22</b>	
<b>Indonesia</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Crush</b>	1622	1622	1525	1575		1585
<b>Extr. Rate, 999.9999</b>	0.63	0.63	0.63	0.63		0.63
<b>Beginning Stocks</b>	225	225	300	300		285
<b>Production</b>	1025	1025	964	990		1000
<b>MY Imports</b>	69	69	15	75		50
<b>Total Supply</b>	1319	1319	1279	1365		1335
<b>MY Exports</b>	580	580	640	650		670
<b>Industrial Dom. Cons.</b>	250	250	250	260		265
<b>Food Use Dom. Cons.</b>	189	189	140	170		170
<b>Feed Waste Dom. Cons.</b>	0	0	0	0		0
<b>Total Dom. Cons.</b>	439	439	390	430		435
<b>Ending Stocks</b>	300	300	249	285		230
<b>Total Distribution</b>	1319	1319	1279	1365		1335
	0	0	0	0		0

(1000 MT) ,(PERCENT)

*Source: FAS Jakarta estimates*

**Commodity:***Meal, copra***Production**

Based on the expected availability of 1.585 MMT of copra crush, 2022/23 copra meal (CM) production is forecast at 520,000 MT, slightly higher than the previous year in line with higher CNO production.

**Consumption**

Post expects CM use in the feed sector to reach 280,000 MT in 2021/22 and 285,000 MT in 2022/23 on increasing animal feed production, especially ruminants and swine feed.

**Trade**

CM exports are expected to reach 235,000 MT in 2022/23 on higher demand from the feed sector. The primary destinations for CM were India and South Korea. In South Korea, the feed industry uses CM to produce compound feed for swine.

**Table 9. Production Supply and Distribution for Copra Meal, 2020/21-2022/23**

<b>Meal, Copra</b>	<b>2020/2021</b>		<b>2021/2022</b>		<b>2022/2023</b>	
Market Begin Year	<b>Oct-20</b>		<b>Oct-21</b>		<b>Oct-22</b>	
<b>Indonesia</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Crush</b>	1622	1622	1525	1575		1585
<b>Extr. Rate, 999.9999</b>	0.33	0.33	0.33	0.33		0.33
<b>Beginning Stocks</b>	7	7	7	7		13
<b>Production</b>	535	535	503	515		520
<b>MY Imports</b>	1	1	1	1		1
<b>Total Supply</b>	543	543	511	523		534
<b>MY Exports</b>	222	222	235	230		235
<b>Industrial Dom. Cons.</b>	0	0	0	0		0
<b>Food Use Dom. Cons.</b>	0	0	0	0		0
<b>Feed Waste Dom. Cons.</b>	314	314	269	280		285
<b>Total Dom. Cons.</b>	314	314	269	280		285
<b>Ending Stocks</b>	7	7	7	13		14
<b>Total Distribution</b>	543	543	511	523		534
	0	0	0	0		0

(1000 MT) ,(PERCENT)

*Source: FAS Jakarta estimates*

**Commodity:**  
*Oilseed, peanut*

### **Production**

Post forecasts 2022/23 Indonesia peanut production at 950,000 MT, down 10,000 MT from previous year on reduced harvested area. Land conversions to non-agricultural land have contributed to reduced harvested area, mainly in Java. Farmers cultivate peanut crops as rotational crops to improve soil quality between planting sessions of main crops such as rice. Farmers also plant peanut crops to utilize unused spaces between rice paddy fields.

### **Consumption**

Indonesian peanut consumption is forecast at 1.355 MMT in 2022/23, a slight increase from 2021/22 as food sector demands are expected to continue to recover from COVID-19 pandemic restrictions. In the food sector, snack producers process peanuts into various traditional snacks such as dried peanuts, shelled and unshelled peanuts, and coated products.

Home-based food processing industries use peanuts to make packaged traditional peanut sauce with a shelf life of about six months. A typical peanut sauce home-based industry requires between 100-300 kg of shelled peanuts per week. As half of the peanut sauce product is comprised of palm sugar, peanut producers are able to maintain its selling price despite volatility in the price of peanuts.

**Figure 8. Home-Based Industry Producing Peanut Sauce in Central Java**



*Source: FAS Jakarta (2022)*

### **Trade**

Post projects Indonesia peanut imports in 2022/23 will reach 400,000 MT, a 4 percent increase from 2021/22 following higher demand from the food sector.

Most of the peanut imports come from India, with 83 percent of market share in 2021. In the same year, the PRC supplied about 11 percent and the African region about 6 percent.

**Table 10. Production Supply and Distribution for Peanut, 2020/21-2022/23**

Oilseed, Peanut	2020/2021		2021/2022		2022/2023	
Market Begin Year	Jan-20		Jan-21		Jan-22	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	545	545	540	545	-	540
Beginning Stocks	170	170	114	114	-	102
Production	970	970	960	960	-	950
MY Imports	400	400	450	384	-	400
<b>Total Supply</b>	1,540	1,540	1,524	1,458	-	1,452
MY Exports	6	6	6	6	-	6
Crush	50	50	50	50	-	50
Food Use Dom. Cons.	1,320	1,320	1,325	1,250	-	1,255
Feed Waste Dom. Cons.	50	50	50	50	-	50
<b>Total Dom. Cons.</b>	1,420	1,420	1,425	1,350	-	1,355
Ending Stocks	114	114	93	102	-	91
<b>Total Distribution</b>	1,540	1,540	1,524	1,458	-	1,452
	-	-	-	-		-

(1000 HA) ,(1000 MT)

*Source: FAS Jakarta estimates*

**Commodity:**

*Oilseed, cottonseed*

**Production**

Indonesia cottonseed production is forecast at 1,000 MT, as cotton production is negligible in Indonesia.

However, some regions in Java harvest kapok trees (*Ceiba pentandra*) for wood and fiber. Collectors harvest kapok seeds to sell to traders and supply the fiber to various local industries to make traditional pillows, mattresses, and insulation. The kapok seeds' properties are similar with those of cotton seed. Kapok trees are often found along roadsides and are also planted as property boundaries. In 2020, a state-owned forest resource management company [Perhutani](#) signed an agreement with an exporter of Kapok-seed products to give it the rights to use kapok seeds from trees being planted on forest land in Madura Island and some regions in Java.

**Figure 9. A Kapok Tree Shedding Its Leaves and Fruits in West Java**

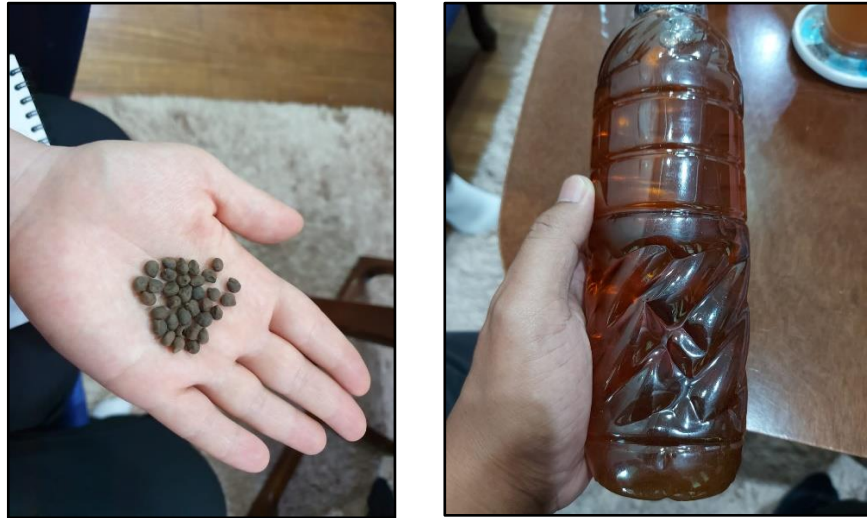


*Source: FAS Jakarta*

**Consumption**

As there is no significant cotton seed production in Indonesia, cottonseeds consumption is also negligible. Any available cottonseeds were either discarded or informally used in feed. However, there are crushing plants operating in Java that produce kapok-seed oil. Oil extracted from the kapok seed is estimated around 14 percent of total weight.

**Figure 10. Kapok Seeds and Kapok Oil**

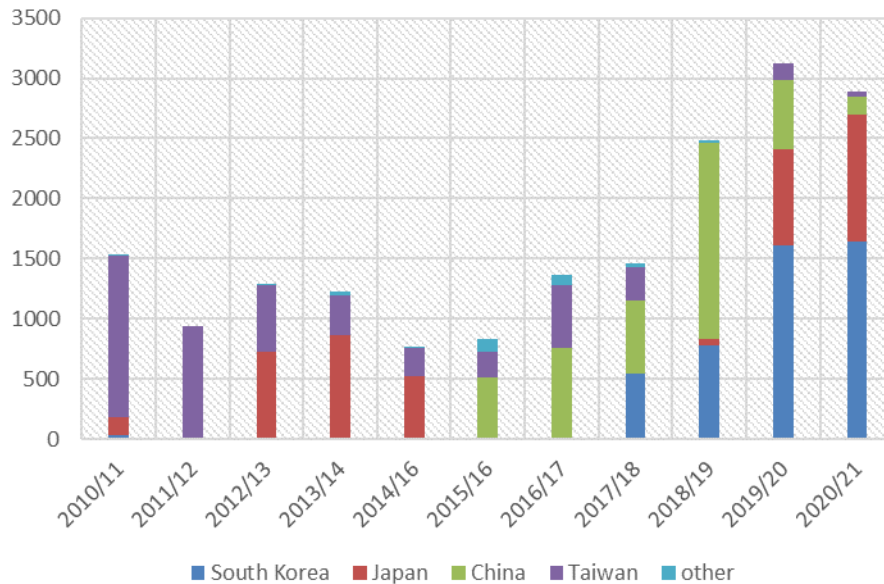


*Source: FAS Jakarta (2022)*

**Trade**

Trade data indicates Indonesia exported a small quantity of seeds under HS code 120720, 120721, and 120729, which were labelled as cotton seeds. Based on the fact that Indonesia produces virtually no cotton seed and Post’s discussions with industry sources, this export record is likely actually for kapok seeds that were incorrectly labelled as cottonseeds, since they are characteristically similar to cotton seeds and have no HS code of their own. South Korea, Japan, and the PRC were the main destinations for these presumed kapok seed exports.

**Figure 11. Indonesia Seeds Exports by Destination under HS Codes 120720, 120721 and 120729 (MT)**



*Source: Trade Data Monitor*

**Table 11. Production Supply and Distribution for Cottonseed, 2020/21-2022/23**

<b>Oilseed, Cottonseed</b>	<b>2020/2021</b>		<b>2021/2022</b>		<b>2022/2023</b>	
Market Begin Year	Apr-20		Apr-21		Apr-22	
<b>Indonesia</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Harvested</b>	2	2	2	2		2
<b>Seed to Lint Ratio</b>	0	0	0	0		0
<b>Beginning Stocks</b>	0	0	0	0		0
<b>Production</b>	1	1	1	1		1
<b>MY Imports</b>	0	0	0	0		0
<b>Total Supply</b>	1	1	1	1		1
<b>MY Exports</b>	0	0	0	0		0
<b>Crush</b>	0	0	0	0		0
<b>Food Use Dom. Cons.</b>	0	0	0	0		0
<b>Feed Waste Dom. Cons.</b>	1	1	1	1		1
<b>Total Dom. Cons.</b>	1	1	1	1		1
<b>Ending Stocks</b>	0	0	0	0		0
<b>Total Distribution</b>	1	1	1	1		1
	0	0	0	0		0

(1000 HA) ,(1000 TREES) ,(1000 MT)

*Source: FAS Jakarta estimates*

**Attachments:**

No Attachments