

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 7/27/2018

GAIN Report Number: ID1821

Indonesia

Oilseeds and Products Update

Indonesia Oilseeds and Products Update July 2018

Approved By:

Garrett McDonald

Prepared By:

Arif Rahmanulloh

Report Highlights:

Indonesian soybean imports decreased 17 percent through April 2017/18 due to a weakening rupiah and price uncertainty over tariffs imposed by China on U.S. soybeans. Indonesian palm oil consumption is expected to increase due to increased biodiesel production and expanded blending for industry and non-public sector transportation.

Post:
Jakarta

Oil, Palm

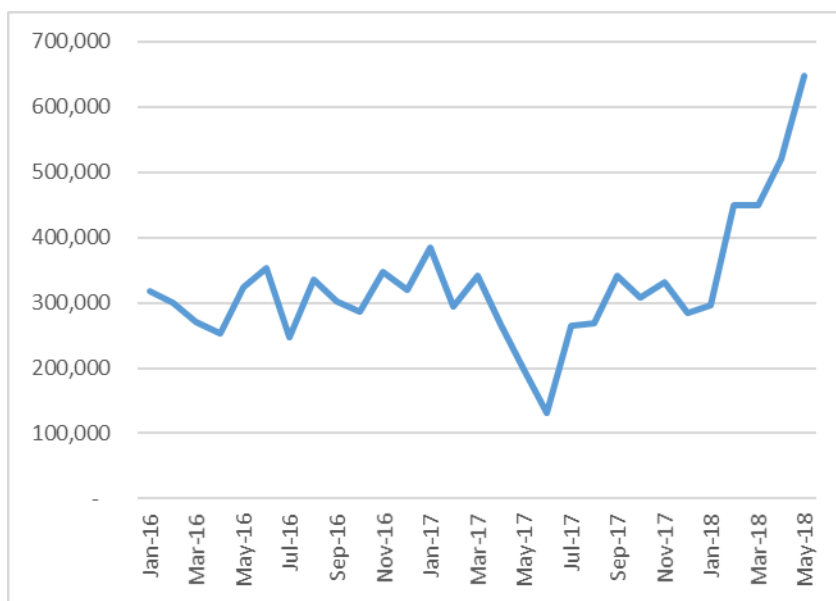
Production

Post maintains 2017/18 palm oil production at 38.5 million tons, increasing 5 percent to 40.5 million tons in 2018/19. The projected increase is based on trend yield growth and revised area, as previously reported [here](#).

Consumption

After a drop in 2017, Indonesian biodiesel production and consumption are expected to increase in 2018. The re-opening of the EU market for biodiesel exports in March, increasing crude oil and gasoline prices and government plans to expand biodiesel blending to the mining and non-public transport sector will increase industrial consumption of palm oil. Accordingly, Post revises industrial consumption to 4.2 million tons in 2017/18 and 4.5 million tons in 2018/19.

Figure 1 Indonesia biodiesel production (KL)



Source: MEMR

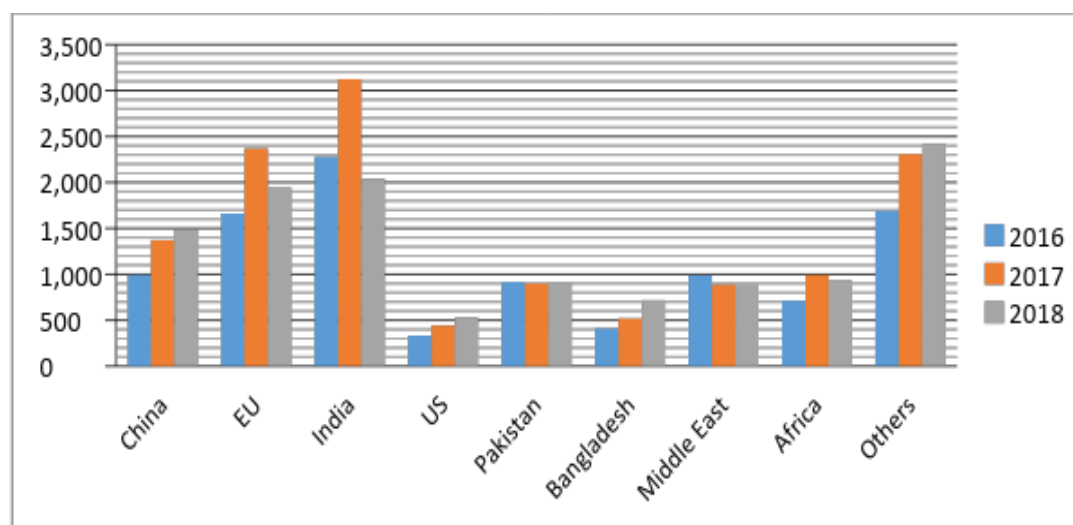
Post maintains food use domestic consumption at 5.5 million tons in 2018/19, in line with population growth. Total consumption is expected to reach 10.36 million tons in 2018/19, about 4 percent above 2017/18 level.

Trade

Indonesia palm oil exports for the October 2017 to May 2018 period are 1.2 million tons lower compared with the corresponding 2016/17 period. In February 2018, India increased tariffs on crude palm oil (CPO) from 30 percent to 44 percent and on refined palm oil products from 40 percent to 54 percent. As a result, exports to India (the largest market for Indonesian palm oil) decreased 35 percent during the period of January to May 2018 compared with 2017. Though exports to Bangladesh

increased 38 percent during the same period, India's increased duties negatively affected overall export volumes. Post revises 2017/18 exports downward to 26.5 million tons and 2018/19 exports to 28.5 million tons.

Figure 2 Indonesia palm oil and lauric exports by destination, Jan-May period (thousand ton)



Source: GAPKI

Production, Supply and Distribution Data Statistics

Oil, Palm Market Begin Year	2016/2017		2017/2018		2018/2019	
	Oct-16		Oct-17		Oct-18	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Indonesia						
Area Planted		0	0	0	0	0
Area Harvested	9200	10600	9500	11000		11300
Trees	0	0	0	0		0
Beginning Stocks	2958	2958	2255	2255		4315
Production	36000	36000	38500	38500		40500
MY Imports	0	0	0	0		0
Total Supply	38958	38958	40755	40755		44815
MY Exports	27633	27633	28000	26500		28500
Industrial Dom. Cons.	3450	3450	3600	4200		4500
Food Use Dom. Cons.	5300	5300	5400	5400		5500
Feed Waste Dom. Cons.	320	320	350	340		360
Total Dom. Cons.	9070	9070	9350	9940		10360
Ending Stocks	2255	2255	3405	4315		5955
Total Distribution	38958	38958	40755	40755		44815
	0	0	0	0		0

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

Oilseeds, Soybean

Production

Post maintains 2018/19 soybean production at 520,000 tons, a decline of 20,000 from 2017/18. Despite various seed distribution schemes and subsidies, most farmers favor more lucrative crops such as corn and rice.

Consumption

Indonesia's human consumption of soybeans is expected to increase following population growth trends. Nearly all soybean consumption is tied to production of tempeh and tofu, Indonesian food staples that provide a relatively affordable protein-source compared to meat or fish.

Soybean use in the feed sector is expected to reach 170,000 thousand tons in 2018/19, as some feed mills will continue to use full fat soybeans in feed rations that have reduced the amount of corn in favor of cheaper feed wheat. Post expects soybean consumption to reach 3.14 million tons in 2018/19.

Trade

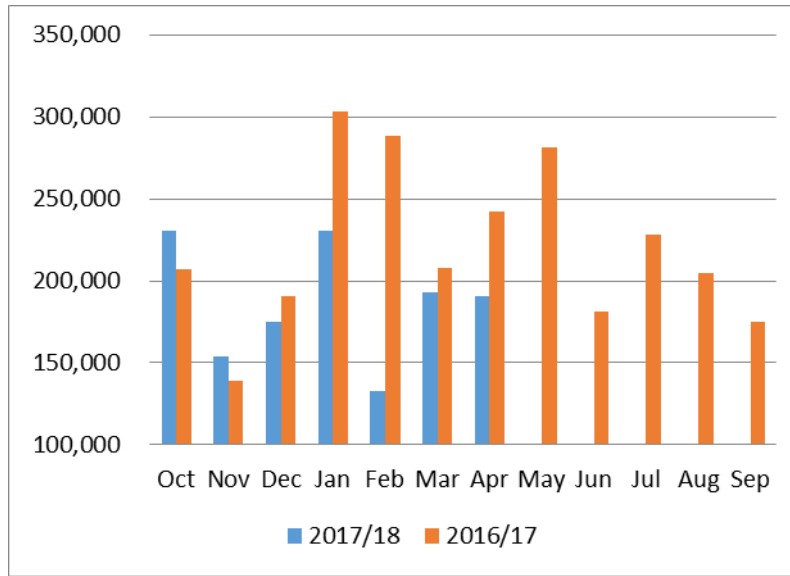
Indonesian soybean imports for the October 2017 to April 2018 period decreased 17 percent compared with the corresponding 2016/17 period, based on GTA data. However, U.S. export data, which reflects when commodities ship rather than arrive, suggests that this number may be closer to 14 percent once May and June arrivals are considered. Industry sources suggest the decline is the result of a weakening Indonesian rupiah as well as expectations of cheaper soybeans following the imposition of tariffs by China. The U.S. still accounts for over 90 percent of Indonesia's soybean imports.

Based on aforementioned factors, Post revises down soybean imports to 2.75 million tons in 2017/18 and 2.8 million tons in 2018/19.

Policy

In recent comments to local media Indonesia's Minister of Trade advised that the government would not impose new import duties on soybeans. Import duties up to 19 percent had been proposed by the Ministry of Agriculture through a draft regulation that would also have limited soybean imports to when domestic supply was deemed insufficient, restricted imports during the domestic soybean harvest, and banned private companies from importing soybeans in favor of state-owned procurement agency BULOG.

Figure 3 Indonesia Soybean Imports (ton)



Source: GTA

Production, Supply and Distribution Data Statistics

Oilseed, Soybean	2016/2017		2017/2018		2018/2019	
Market Begin Year	Oct-16		Oct-17		Oct-18	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	480	480	450	470		460
Area Harvested	430	430	420	420		410
Beginning Stocks	63	63	145	25		24
Production	565	565	540	540		520
MY Imports	2649	2649	2700	2750		2800
Total Supply	3277	3277	3385	3315		3344
MY Exports	2	2	2	1		1
Crush	0	0	0	0		0
Food Use Dom. Cons.	3100	3100	3200	3130		3140
Feed Waste Dom. Cons.	30	150	40	160		170
Total Dom. Cons.	3130	3250	3240	3290		3310
Ending Stocks	145	25	143	24		33
Total Distribution	3277	3277	3385	3315		3344
	0	0	0	0	0	0

(1000 HA) ,(1000 MT)

Meal, soybean

Production

Indonesia does not produce any soybean meal. All soybean meal is imported.

Consumption

Soybean meal contributes significantly to Indonesia’s growing feed industry, driven by the local poultry sector. Commercial poultry feed consumption is expected to grow over 5 percent in 2017/18, due to growing demand for processed poultry meat products. Post maintains soybean meal consumption at 4.45 million tons in 2017/18 and 4.6 million tons in 2018/19.

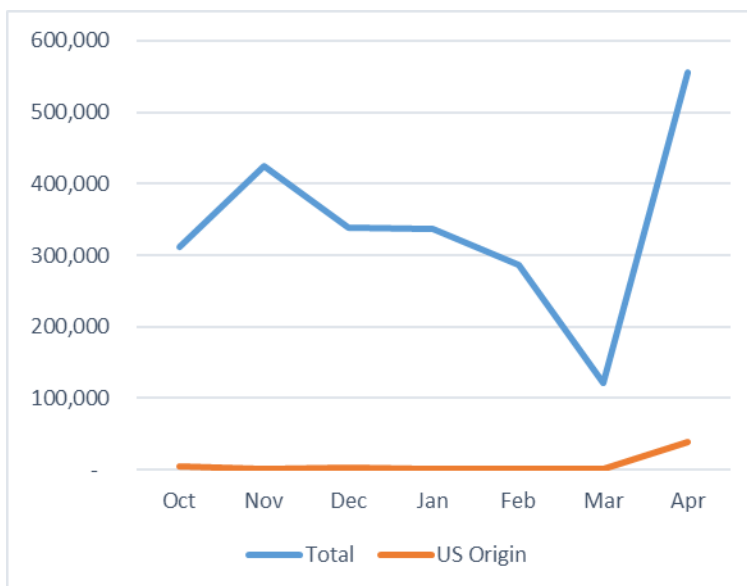
Trade

Soybean meal imports for the period October 2017 to April 2018 have increased 8 percent over the same period in 2016/17. Combined soybean meal from Brazil and Argentina continue to account for 95 percent of total supplies.

Recent drought in Argentina has narrowed the price gap between U.S. and South American meal, leading some Indonesian buyers to switch sources. U.S. soybean meal exports to Indonesia reached 50,000 tons from October 2017 to April 2018, compared with only 17,000 tons during the same period of 2016/17.

Post revises soybean meal imports up to 4.5 million tons in 2017/18 and 4.6 million tons in 2018/19.

Figure 4 Indonesia soybean meal imports



Source: GTA

Production, Supply and Distribution Data Statistics

Meal, Soybean Market Begin Year	2016/2017		2017/2018		2018/2019	
	Oct-16		Oct-17		Oct-18	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Indonesia						
Crush	0	0	0	0		
Extr. Rate, 999.9999	0	0	0	0		
Beginning Stocks	267	267	258	258		308
Production	0	0	0	0		0
MY Imports	4245	4245	4400	4500		4600
Total Supply	4512	4512	4658	4758		4908
MY Exports	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	4254	4254	4350	4450		4600
Total Dom. Cons.	4254	4254	4350	4450		4600
Ending Stocks	258	258	308	308		308
Total Distribution	4512	4512	4658	4758		4908
	0	0	0	0		0
(1000 MT) ,(PERCENT)						