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Coffee

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Report Highlights:

Discouraged by low price for Robusta, inputs remain low and management practices are less intensive, which has led to declining productivity. Total production is forecast to decline from 6,140 (60 kg bags) tbags in marketing year 2002/03 to 5,700 tbags in 2003/04. As a result of the expected lower domestic supplies, coffee bean exports are forecast to decline about 15 percent in 2003/04.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Jakarta [ID1]
[ID]

SECTION I - SITUATION AND OUTLOOK

Production

Due to declining profits, farmers continue to abandon coffee plantations and reduce area planted. As a result, 2002/03 area has been reduced, and the forecast for 2003/04 has been lowered to 950 HA, about 11 percent below that estimated for 2002/03. Harvested area has similarly been lowered accordingly. However, the estimate for overall production in 2002/03 has been increased to reflect the mild weather that occurred during the blooming season, and the resultant higher yields. Due to the unusually long dry season that was prevalent in some coffee producing areas such as East Java, Lampung, North Sumatra and continued inadequate crop maintenance (as a result of farmers' financial difficulties), yields are expected to decline in 2003/04, and total output is forecast to fall to 5,700 tbags.

Consumption and Prices

Domestic coffee consumption remains relatively low, accounting for only about 25 percent of domestic production. In addition, only lower quality coffee is generally held for the domestic market, with the higher qualities destined for export. However, consumption continues to rise, albeit slowly. A more diverse array of locally produced canned, boxed, and bottled coffee beverages are now available in retail outlets, and a number of modern coffee shops have recently opened, helping to boost domestic consumption.

In mid September 2003, prices of arabica coffee prices in the production areas of North Sumatra ranged from Rp. 14,000 to Rp. 15,000/kg, and in Java from Rp. 18,500 to Rp. 18,750/kg. Robusta coffee is sold in Lampung at a bench prices ranging from Rp. 5,200 to Rp. 5,300/kg.

Stocks

Limited by space availability and pressured by the increasing utility costs, stock holding is kept to a minimum. Following the recent coffee export agreement signed by the Indonesian Coffee Exporters association and its Vietnam counterpart, exporters are being encouraged to hold stocks until the average price increase to around US\$ 800/mt. With fairly stable domestic consumption and slower exports expected, stocks are forecast to increase to 211 tbags in 2003/04.

Trade

Based on the pace during the first three-quarters of the years, exports in 2002/03 are estimated at 4,755 tbags, slightly above the previous year. In 2002/03, exports are forecast to decline to 4,039 tbags due to lower domestic supplies and continued fierce competition.

Currently, about 75 percent of Indonesia's coffee production is exported. To improve export performance, all stakeholders (government, industries and farmers) intend to enhance bean quality in accordance with the International Coffee Organization's Resolution No. 407.

To fulfill demand from the rapidly developing coffee beverage sector (coffee shops, hotels, restaurants and boxed/bottled/mixed coffee drinks) Indonesia requires imported beans (green and roasted) to blend with local/other coffee varieties. Vietnam and Brazil are the top suppliers to Indonesia. The average green coffee import price during the first five months of 2003 was recorded at US\$ 912.5/ton compared to US\$ 505.1/ton (cif) in 2002. Roasted coffee was recorded at US\$ 1,369.3/ton compared to US\$ 1,761/ton (cif) in 2002.

Green coffee (combined Arabica and Robusta) export prices increased from an average of 643.7/ton in 2002 to US\$ 810.2/ton during Jan-May, 2003. Roasted bean export prices are also increasing, from an average of US\$ 1,861/ton in 2002 to US\$ 2,318.3/ton during Jan-May, 2003. The average of all grades of Arabica export prices (recorded during October 2002 - April 2003) US\$ 2.02/kg while the average export prices of Robusta during the same period was US\$ 0.81/kg.

Policy, General

Indonesia is an International Coffee Organization member.

Attempts have been made to improve quality and enhance productivity, but to date these efforts have been mostly ineffective.

On June 26, 2003 the Association of Indonesian Coffee Exporters signed a technical agreement with its counterpart from Vietnam (Vicofa) for promoting better prices for coffee (only robusta). The two parties agreed that they will be more selective in choosing higher quality beans for export.

SECTION II - STATISTICAL INFORMATION AND TABLES

Table 1. Production, Supply and Demand: Coffee, Green

PSD Table

Country Commodity	Indonesia		(1000 60 KG BAGS)			
	Coffee, Green		(1000 HA)(MILLION TREES)			
Market Year Begin	2002	Revised	2003	Estimate	2004	Forecast
	Old	New	Old	New	Old	New
	04/2001			04/2002		04/2003
Area Planted	1100	1100	1150	1050	1150	950
Area Harvested	880	880	890	840	895	800
Bearing Trees	1250	1250	1265	1175	1270	1270
Non-Bearing Trees	180	180	215	215	215	215
TOTAL Tree Population	1430	1430	1480	1390	1485	1485
Beginning Stocks	86	86	186	188	131	131
Arabica Production	495	495	500	500	500	500
Robusta Production	5665	5665	5500	5640	5550	5550
Other Production	0	0	0	0	0	0
TOTAL Production	6160	6160	6000	6140	6050	5700
Bean Imports	129	129	130	74	130	70
Roast & Ground Imports	5	7	5	10	5	5
Soluble Imports	0	0	0	0	0	0
TOTAL Imports	134	136	135	84	135	75
TOTAL SUPPLY	6380	6382	6321	6412	6316	5775
Bean Exports	4700	4700	4650	4755	4650	4039
Roast & Ground Exports	29	29	35	46	30	30
Soluble Exports	0	0	0	0	0	0
TOTAL Exports	4729	4729	4685	4801	4680	4069
Rst,Ground Dom. Consur	1430	1430	1465	1440	1475	1450
Soluble Dom. Consum.	35	35	40	40	50	45
TOTAL Dom. Consumptic	1465	1465	1505	1480	1525	1495
Ending Stocks	186	188	131	131	111	211
TOTAL DISTRIBUTION	6380	6382	6321	6412	6316	5775

Note: "Old" column is FAS/Washington data. For FAS/Jakarta's previous PS&D see ID3011.

Table 2:

TOTAL ROBUSTA and ARABICA COFFEE AREA AND PRODUCTION */
2001 **/ and 2002 */**

Province	2001*/		2002**	
	Area (Ha)	Production (MT)	Area (Ha)	Production (MT)
Special Territory Aceh	101,134	41,623	101,110	41,708
North Sumatra	62,713	39,038	62,738	39,067
West Sumatra	31,509	13,267	31,509	13,273
South Sumatra	272,856	141,079	272,840	143,079
Bengkulu	90,909	47,820	90,909	47,860
Lampung	203,280	100,185	203,281	100,207
SUMATRA	802,948	390,347	802,946	392,532
Central Java	36,903	14,528	36,916	14,567
East Java	105,402	53,133	105,433	53,217
JAVA	166,039	74,501	166,079	74,637
Bali	40,109	18,560	40,280	18,575
East Nusa Tenggara	57,890	13,447	57,902	13,451
West Nusa Tenggara	10,965	3,685	10,976	3,692
NUSA TENGGARA	108,964	35,692	109,158	35,718
KALIMANTAN	39,343	10,809	39,380	10,832
South Sulawesi	94,710	39,683	94,729	39,758
SULAWESI	133,873	52,647	133,922	52,739
MALUKU + NORTH MALUKU	7,368	1,137	7,391	1,150
IRIAN JAYA	10,489	1,501	10,517	1,508
TOTAL INDONESIA	1,269,024	566,634	1,269,393	569,116

Source: Estate Crops Statistics, DG of Estate Crops Production, Department of Agriculture, Coffee, Jakarta 2002.

Note: */ To describe major producing areas of coffee.
 Doesn't reflect the figure in the PS&D table.

**/ Preliminary figure

***/ Estimate

**Table 3-a: Coffee (Green) Export
Calendar Year (January-May) 2002 and 2003**

Export Trade Matrix			
Country	Indonesia		
Commodity	Coffee, Green		
Time Period	Jan-May	Units:	K 60 Kg Bags
Exports for:	2002		2003
U.S.	321	U.S.	300
Others		Others	
Japan	438	Japan	336
Germany	363	Germany	331
United Kingdom	130	Italy	160
Italy	99	Poland	98
Singapore	95	United Kingdom	83
Poland	94	South Africa	75
Malaysia	85	Singapore	58
Romania	61	Romania	51
South Africa	57	Algeria	50
Morocco	56	Malaysia	49
Belgium	54	Morocco	47
Bulgaria	54	Korea, South	45
Korea, South	50	Bulgaria	40
Georgia	43	Egypt	37
Spain	30	Spain	35
Egypt	30	Georgia	30
Total for Others	1739	Total for Others	1525
Others not Listed	291	Others not Listed	237
Grand Total	2351	Grand Total	2062

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

Table 3-b: Coffee (Green) Export
Marketing Year (April-March) MY01/02 and MY02/03

Export Trade Matrix

Country	Indonesia		
Commodity	Coffee, Green		
Time Period	Apr-Mar	Units:	K 60 Kg Bags
Exports for:	2001/02		2002/03
U.S.	702	U.S.	747
Others		Others	
Japan	1020	Germany	901
Germany	615	Japan	881
Italy	207	Italy	321
Poland	199	Poland	284
Singapore	180	Korea, South	264
Malaysia	175	Singapore	188
United Kingdom	155	Romania	176
Bulgaria	137	United Kingdom	149
Belgium	132	Malaysia	137
South Africa	107	South Africa	128
Romania	102	Belgium	115
Morocco	101	Bulgaria	106
Egypt	76	Morocco	97
Netherlands	67	Algeria	86
Rep. of Korea	59	Egypt	74
Georgia	57	Georgia	71
Total for Others	3389	Total for Others	3978
Others not Listed	609	Others not Listed	30
Grand Total	4700	Grand Total	4755

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

**Table 4-a: Coffee (Roasted) Export
Calendar Year (January-May) 2002 and 2003**

Export Trade Matrix

Country	Indonesia			
Commodity	Roasted Coffee			
Time Period	Jan-May	Units:	K 60 Kg Bags	
Exports for:	2002		2003	
U.S.	4	U.S.	0	
Others		Others		
Taiwan	3	Taiwan	5	
Japan	2	Malaysia	4	
Singapore	2	Poland	2	
Poland	1	Japan	2	
Malaysia	1	Australia	2	
Vietnam	1	Singapore	1	
Uruguay	1	Uruguay	1	
		Thailand	1	
		Uganda	1	
		Hong Kong	1	
Total for Others	11	Total for Others	20	
Others not Listed	0	Others not Listed	0	
Grand Total	15	Grand Total	20	

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

**Table 4-b: Coffee (Roasted) Export
Marketing Year (April-March) MY01/02 and MY02/03**

Export Trade Matrix

Country	Indonesia			
Commodity	Roasted Coffee			
Time Period	Apr-Mar	Units:	K 60 Kg Bags	
Exports for:	2001/02		2002/03	
U.S.	1	U.S.	4	
Others		Others		
Taiwan	6	Taiwan	10	
Japan	4	Poland	7	
Malaysia	4	Malaysia	7	
Singapore	4	Japan	4	
Poland	4	Singapore	2	
Korea, South	1	Uruguay	2	
Vietnam	1	Thailand	1	
Saudi Arabia	1	United Arab Emirate	1	
Uruguay	1	Hong Kong	1	
		Korea, South	1	
Total for Others	26	Total for Others	36	
Others not Listed	2	Others not Listed	6	
Grand Total	29	Grand Total	46	

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

**Table 5-a: Coffee (Green) Import
Calendar Year (January-May) 2002 and 2003**

Import Trade Matrix

Country	Indonesia			
Commodity	Coffee, Green			
Time Period	Jan-May	Units:	K 60 Kg Bags	
Imports for:	2002		2003	
U.S.	1	U.S.	0	
Others		Others		
Vietnam	64	Vietnam	7	
Batam, Indonesia	7	Batam, Indonesia	6	
Laos	5	East Timor	3	
East Timor	3	Brazil	1	
Brazil	1	China	1	
Japan	1			
Germany	1			
Malaysia	1			
Total for Others	83	Total for Others	18	
Others not Listed	0	Others not Listed	0	
Grand Total	84	Grand Total	18	

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

**Table 5-b: Coffee (Green) Import
Marketing Year (April-March) MY01/02 and MY02/03**

Import Trade Matrix

Country	Indonesia		
Commodity	Coffee, Green		
Time Period	Apr-Mar	Units:	K 60 Kg Bags
Imports for:	2001/02		2002/03
U.S.	2	U.S.	0
Others		Others	
Vietnam	73	Vietnam	27
East Timor	23	Batam, Indonesia	18
Batam, Indonesia	19	East Timor	13
Laos	4	Brazil	4
Trinidad&Tobago	2	Kenya	3
Brazil	1	Laos	3
Japan	1	Japan	3
Germany	1	Singapore	1
Malaysia	1	China	1
Netherlands	1	Trinidad&Tobago	1
Total for Others	126	Total for Others	74
Others not Listed	1	Others not Listed	1
Grand Total	129	Grand Total	74

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

**Table 6-a: Coffee (Roasted) Import
Calendar Year (January-May) 2002 and 2003**

Import Trade Matrix

Country	Indonesia		
Commodity	Roasted Coffee		
Time Period	Jan-May	Units:	K 60 Kg Bags
Imports for:	2002		2003
U.S.	0	U.S.	0
Others		Others	
		Brazil	6
		Italy	1
Total for Others	0	Total for Others	7
Others not Listed	1	Others not Listed	1
Grand Total	1	Grand Total	8

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

**Table 6-b: Coffee (Roasted) Import
Marketing Year (April-March) MY01/02 and MY02/03**

Import Trade Matrix

Country	Indonesia		
Commodity	Roasted Coffee		
Time Period	Apr-Mar	Units:	K 60 Kg Bags
Imports for:	2001/02		2002/03
U.S.	0	U.S.	1
Others		Others	
Malaysia	5	Brazil	3
Singapore	1	Singapore	2
		Malaysia	1
Total for Others	6	Total for Others	6
Others not Listed	1	Others not Listed	3
Grand Total	7	Grand Total	10

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

Table 7: Indonesia's Export and Import of Coffee
(Calendar Year: January - December)
In Metric Tons/US\$

Year (Jan-Dec)	Export			Import		
	Volume Metric Tons	Value US\$ (FOB)	Unit Price US\$/MT	Volume Metric Tons	Value US\$ (CIF)	Unit Price US\$/MT
1997	316,230.99	529,670,514.00	1,674.95	10,332.13	14,321,189.00	1,386.08
1998	363,015.25	615,778,524.00	1,696.29	3,045.11	4,498,265.00	1,477.21
1999	358,018.25	488,759,506.00	1,365.18	3,045.07	3,778,983.00	1,241.02
2000	345,625.03	339,876,257.00	983.37	3,778.98	12,139,064.00	3,212.26
2001	254,752.83	203,524,255.00	798.91	8,933.33	7,294,347.00	816.53
2002	330,394.77	239,635,106.00	725.30	8,321.52	6,288,427.00	755.68
2003 (Jan-Jul)	159,449.87	133,799,705.00	839.13	2,822.76	3,533,545.00	1,251.81

Source: Trade by SITC, Central Statistics Agency (BPS-Badan Pusat Statistik), Indonesia,
Processed by FAS/Jakarta.

Table 8: Exchange Rate

Exchange Rate (Rp./1US\$) on Period Month Ending Basis

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1997	2,387	2,403	2,418	2,443	2,458	2,450	2,528	2,190	3,350	3,700	3,740	5,700
1998	13,513	9,377	8,740	8,211	10,767	15,160	13,850	11,700	11,314	9,142	7,755	8,100
1999	9,419	8,992	8,778	8,632	8,179	6,750	6,989	7,736	8,571	6,949	7,439	7,161
2000	7,414	7,517	7,598	7,988	8,728	8,742	9,055	8,370	8,891	9,483	9,524	9,385
2001	9,488	9,914	10,460	12,117	11,423	11,436	9,744	9,045	9,696	10,358	10,476	10,450
2002	10,383	10,222	9,779	9,441	9,823	8,741	9,171	8,938	9,057	9,257	9,020	8,929
2003	8,877	8,917	8,957	8,711	8,274	8,259	8,505	8,535	8,389	8,520	8,490	

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

Note: - November 2003 exchange rate is quoted for November 7, 2003

- BPS data available up to June 2003

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