

**Required Report:** Required - Public Distribution

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## **Report Name:** Oilseeds and Products Update

**Country:** Indonesia

**Post:** Jakarta

**Report Category:** Oilseeds and Products

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### **Report Highlights:**

Indonesia's B40 biodiesel blending mandate program, which is expected to roll out in 2025, is projected to increase palm oil use by 3 percent to 22 million metric tons in 2024/25. Soybean consumption recovered in 2023/24 as soybean retail prices continue to decrease. Weak performance in the feed mill industry reduced 2023/24 soybean meal use lower than previously expected. Due to lower prices, Indonesia's imports of U.S. soybean meal rose an estimated 43 percent to 167,000 MT in 2023/24.

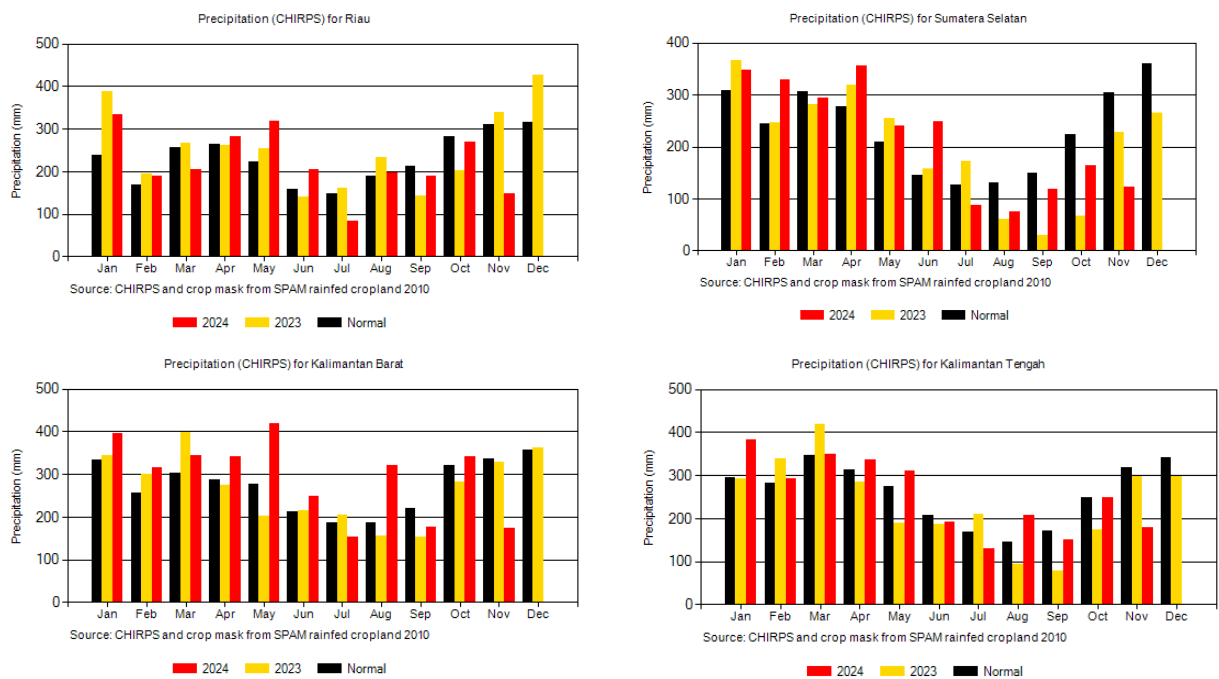
Commodity:  
Oil, Palm

**Production**

Post’s 2024/25 Indonesian palm oil production forecast remains unchanged at 47 million metric tons (MMT), an increase of 1.4 MMT from 2023/24 on favorable weather from July to October 2024 in Sumatera and Kalimantan. Some areas in South Sumatera region experienced less severe drought from July to August 2024 compared to the second half of 2023, suggesting a possible yield recovery for 2024/25.

The local weather agency (BMKG) [reported](#) that sea surface temperatures indicated a weak La Nina in October 2024. Typically, La Nina events increase the chance of higher-than-average rainfall. The BMKG also noted extreme rainfall hit several major palm oil producing regions in Sumatera, such as Aceh, North Sumatera, Riau and Central and West Kalimantan.

**Figure 1. Precipitation in Palm Oil Producing Areas, 2023-2024**



Source: [IPAD Crop Explorer](#)

**Consumption**

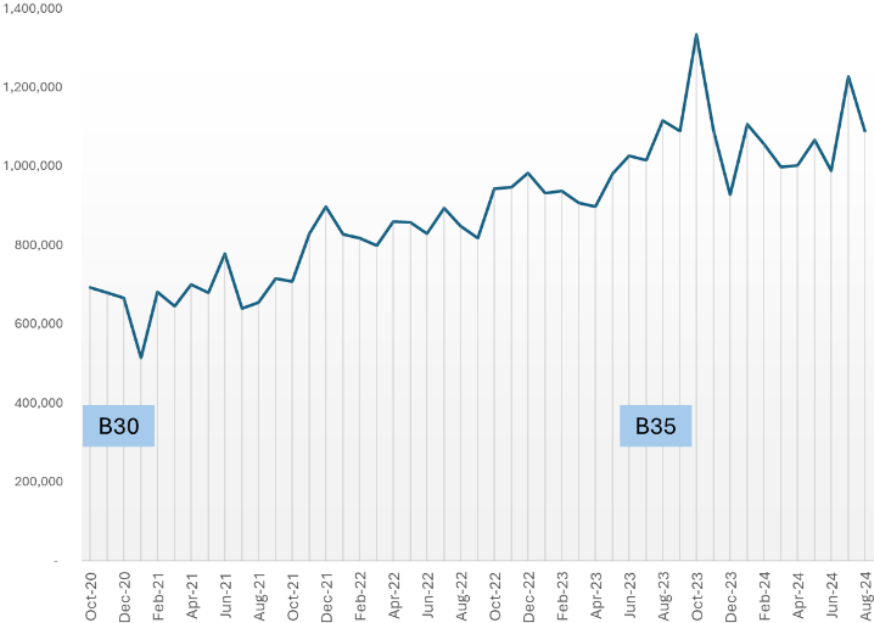
Palm oil consumption for 2024/25 is revised up to 22 MMT, an increase of 3 percent from 2023/24 on expected higher industrial use for the anticipated B40 blending mandate program and demand from waste-based biofuel feedstock processors.

On higher waste-based biofuel feedstock demand, Post revised up Indonesia palm oil consumption for 2022/23, 2023/24, and 2024/25. Increased exports of biofuel feedstocks from

palm waste from 2023-2024 have incentivized moving more palm oil supply chain resources into biofuel feedstocks processing. Environmental policies in major importing countries, such as the EU’s green fuel laws outlined in its Renewable Energy Directive (RED), favor the use of waste-based feedstocks for biodiesel production. In addition, the export levy for palm oil waste feedstock such as POME was low relative to the levy for crude palm oil (CPO) prior to the September 2024 revisions to the levy structure (see [ID2024-0025](#)), which helped to push up exports of palm oil waste-based biofuel feedstocks for 2023/24. After the revisions to the levy structure, the levies for CPO and palm oil waste feedstock were more or less at parity, lessening that particular advantage of exporting palm waste.

As for the biodiesel mandate program, the Government of Indonesia (GOI) is expected to raise the biodiesel blending mandate from the current 35 percent (B35) to 40 percent (B40) in 2025. The Ministry of Energy and Mineral Resources (ESDM) estimated that the implementation of B40 will require a total of 16 billion liters of biodiesel, an additional 2.6 billion liters than what is currently needed for B35. However, based on the roll out of the B35 blending mandate in 2023, Post anticipates Indonesia will need additional time to upgrade fuel retailers’ distribution infrastructure in preparation of B40 implementation. Therefore the B40 blending mandate will likely not be fully rolled out nationwide until the second half of 2025. Considering these factors, Post revises 2024/25 palm oil consumption for industrial use up 4 percent to 14.7 MMT.

**Figure 2. Indonesia Biodiesel Distribution (KL), 2020-24**



Source: APROBI

Indonesia’s biodiesel subsidies for 2024 are estimated to exceed 2023 levels and are projected to increase even more in 2025 to support the launch of the B40 blending mandate program. In October 2024, the plantation fund management agency (BPDPKS) reported that from January to

September 2024 biodiesel subsidies had already reached 17 trillion Indonesian rupiah (IDR) (\$1 billion) covering 7.7 billion liters of biodiesel compared to 16 trillion IDR (\$983 million) during the same time period in 2023. The increase in biodiesel subsidies is largely due to the approximately 28 percent rise in palm oil prices between January and October 2024 and simultaneous 5 percent decrease in fossil diesel prices. These trends rendered palm oil biodiesel more expensive relative to fossil diesel, requiring a larger subsidy to cover the spread.

Post maintains palm oil food use at 7.1 MMT for 2024/25, a slight increase from the previous year on stable demand from the food sector and households. The GOI continues to sustain domestic palm cooking oil supplies through its Domestic Market Obligation (DMO) policy which has been in place since early 2022. The policy requires exporters to sell price-capped palm oil to the domestic market for cooking oil production in order to gain authorization to export. However, the rise of palm oil prices in 2024 caused prices of DMO-supported cooking oil, branded as *Minyakita* (our oil), to soar in several regions despite the price cap.

In September 2024, the GOI increased the ceiling price of DMO cooking oil amidst weak palm oil exports. The increased ceiling price is expected to offset exporters' losses from decreased palm oil exports and increase domestic cooking oil supplies, ultimately stabilizing cooking oil prices. In October 2024, the GOI also obligated exporters of processed palm oil waste products (i.e., palm oil mill effluent (POME), high acid palm oil residue (HAPOR), and empty fruit bunch oil (EFB oil)) to comply with the DMO policy aiming to increase DMO-cooking oil supplies by expanding types of feedstocks for compulsory domestic use.

## **Trade**

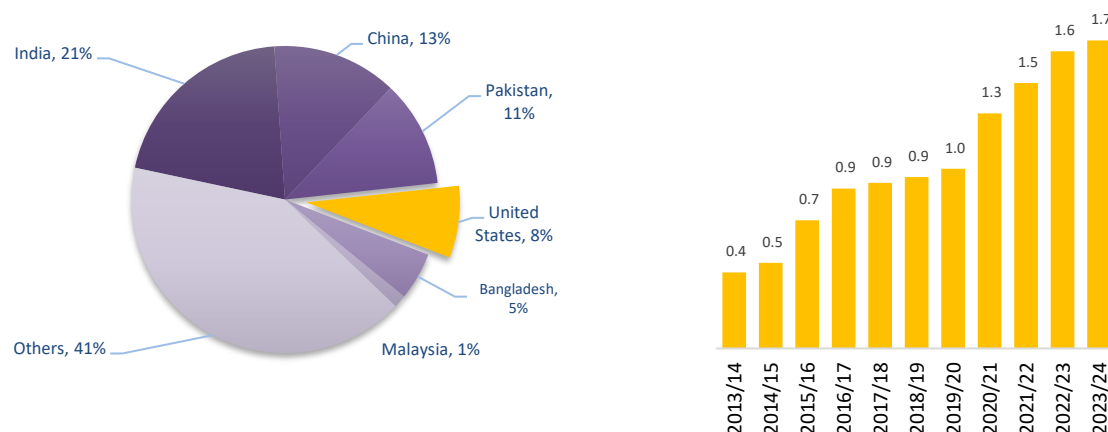
Indonesia's 2024/25 palm oil exports are forecast at 26 MMT, recovering from 2023/24 on expected higher exportable supplies. Despite higher projected exports, Post's current 2024/25 export forecast is lower than the previous report's estimate based on lower realized 2023/24 exports. The simplifying of Indonesia's export levy scheme for palm oil products (see [GAIN ID2024-0025](#)) in September 2024, which effectively reduced the export levy rate for most palm oil products, is expected to accelerate palm oil shipments for early 2024/25.

In 2024/25, South Asia and China are expected to remain the largest export destinations for Indonesian palm oil exports, while shipments to the United States are showing steady continued growth. Palm oil shipments to China declined 36 percent to 2.9 MMT on weaker demand from the instant noodle industry and household and food service use in 2023/24, largely due to ample supplies of domestically-produced, competitively priced vegetable oils. In 2024/25, Post expects Indonesia's palm oil exports to China will recover to between 4 to 4.9 MMT, about 70 percent of China's projected total palm oil import demand, on higher supplies and expected lower prices (see [CH2024-0140](#)).

Combined, India, Pakistan, and Bangladesh represented 37 percent of total market share for Indonesia palm oil exports in 2023/24. Shipments to India reached 4.5 MMT in 2023/24, 22 percent lower than the previous year but higher than two years prior. Shipments to India are

projected to recover to at least 5 MMT in 2024/25 on expected heightened global competitiveness among edibles oils in 2024/25.

**Figure 3. Indonesia 2023/24 Palm Oil Exports by Destinations and Palm Oil Shipments to the United States 2013-2024 (MMT)**



Source: Trade Data Monitor, LLC

### Stocks

Indonesia’s 2024/25 palm oil stocks are forecast at 5.8 MMT, lower than 2023/24 on continued higher domestic use and expected increased exports.

**Table 1. Production, Supply, and Distribution (PSD) for Palm Oil, 2022/23-2024/25**

Oil, Palm	2022/2023		2023/2024		2024/2025	
Market Begin Year	Oct-22		Oct-23		Oct-24	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Area Harvested</b> (1000 HA)	13,500	14,800	13,800	14,600	14,000	14,500
<b>Beginning Stocks</b> (1000 MT)	7,309	7,309	5,107	5,042	5,335	6,895
<b>Production</b> (1000 MT)	45,000	46,500	44,000	45,600	46,500	47,000
<b>MY Imports</b> (1000 MT)	-	-	1	1		-
<b>Total Supply</b> (1000 MT)	52,309	53,809	49,108	50,643	51,835	53,895
<b>MY Exports</b> (1000 MT)	28,077	28,077	22,273	22,273	25,200	26,000
<b>Industrial Dom. Cons.</b> (1000 MT)	11,900	13,400	13,500	14,100	13,900	14,700
<b>Food Use Dom. Cons.</b> (1000 MT)	6,950	7,000	7,300	7,050	7,550	7,100
<b>Feed Waste Dom. Cons.</b> (1000 MT)	275	290	700	325	310	325
<b>Total Dom. Cons.</b> (1000 MT)	19,125	20,690	21,500	21,475	21,760	22,125
<b>Ending Stocks</b> (1000 MT)	5,107	5,042	5,335	6,895	4,875	5,770
<b>Total Distribution</b> (1000 MT)	52,309	53,809	49,108	50,643	51,835	53,895
	0	0	0	0	0	0

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

Commodity:

*Oilseed, Soybean*

### **Production**

Post maintains its Indonesian soybean production forecast at 350,000 MT for 2024/25, a slight decrease from 360,000 MT in 2023/24 on reduced harvested areas (see USDA GAIN Report [ID2024-0004](#)).

### **Consumption**

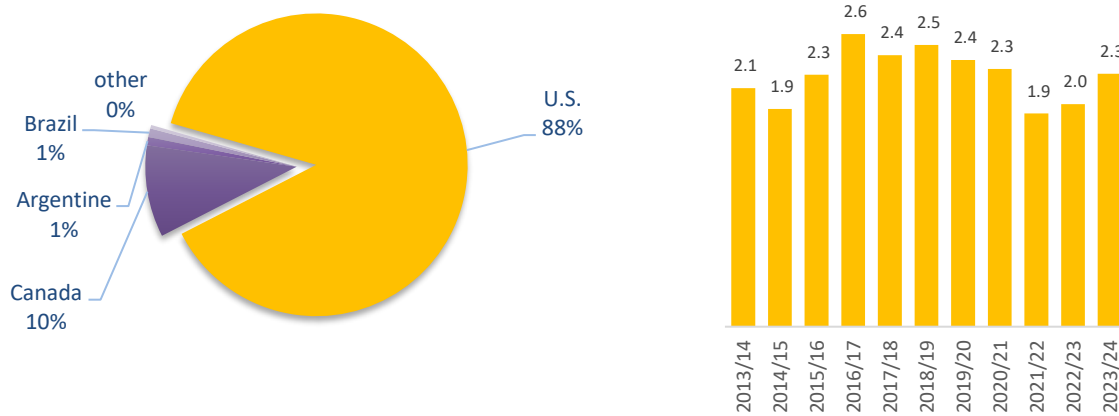
Post revises its 2024/25 forecast for Indonesian soybean consumption to 2.75 MMT, up from the previous report's forecast of 2.7 MMT and up 5 percent from 2023/24 estimated consumption on continued growing demand from soy-based food processors. Soybeans are mainly used for tempeh and tofu production and are main staples of the Indonesian diet. The planned inclusion of tofu and tempeh in the new government's Free Nutritious Meals Program in 2025 is expected to expand soybean use in the food sector. The Free Nutritious Meals Program aims to provide one free meal a day to around 82 million beneficiaries, mostly school children, with 20 percent of that target expected to be reached during the first year of implementation in 2025. As much of the infrastructure for the program remains to be built and it is yet unclear what quantity of soy-based food will be procured by the program in calendar year 2025, the impact of the Free Nutritious Meals Program on 2024/25 consumption is projected to be modest.

Soybean demand from tempeh and tofu producers recovered in Q4 of 2023/24 as retail prices continued to decline 3 percent from the previous quarter. Lower soybean retail prices at local markets provided ample soy-food margins for processors, despite consumer purchasing power showing weak recovery in late 2023/24. Tempeh and tofu as a staple protein source is considerably more affordable compared to animal-based protein sources such as poultry, meat, and fish, rendering demand for tempeh and tofu to be relatively inelastic.

### **Trade**

Post revises its forecast for Indonesia's 2024/25 soybean imports to 2.6 MMT, up two percent from the previous forecast of 2.55 MMT on expected higher demand from the soy-food based industry taking advantage of lower soybean prices. Global soybean prices continue to decrease since early 2022, and were about 21 percent lower in 2023/24 compared to the year before. U.S. soybeans continue to meet most of Indonesia's soybean demand with an approximately 88 percent market share in the current marketing year, followed by Canadian soybeans with a 10 percent market share.

**Figure 4. Indonesia 2023/24 Soybean Imports by Origins and Soybean Imports from the United States, 2013-2024 (MMT)**



Source: Trade Data Monitor, LLC

**Stocks**

The GOI does not retain soybean stocks as market intervention is not deemed necessary for soybeans. Importers, distributors, and traders keep private soybean stocks. Stocks for 2024/25 are forecast at 291,000 MT, 29 percent from the previous forecast on expected higher supplies and competitive soybean prices.

**Table 2. Production, Supply, and Distribution (PSD) for Soybean, 2022/23-2024/25**

Oilseed, Soybean	2022/2023		2023/2024		2024/2025	
Market Begin Year	Oct-22		Oct-23		Oct-24	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	330	330	330	320	310	310
Beginning Stocks	94	94	100	100	129	249
Production	390	390	375	360	360	350
MY Imports	2,308	2,308	2,567	2,567	2,650	2,600
Total Supply	2,792	2,792	3,042	3,027	3,139	3,199
MY Exports	2	2	3	3	2	3
Crush	0	0	0	0	0	0
Food Use Dom. Cons.	2,540	2,540	2,760	2,620	2,800	2,750
Feed Waste Dom. Cons.	150	150	150	155	150	155
Total Dom. Cons.	2,690	2,690	2,910	2,775	2,950	2,905
Ending Stocks	100	100	129	249	187	291
Total Distribution	2,792	2,792	3,042	3,027	3,139	3,199
	0	0	0	0	0	0

(1000 HA) ,(1000 MT)

Commodity:

*Meal, Soybean meal*

### **Production**

Indonesia does not produce soybean meal.

### **Consumption**

Post revised down 2023/24 soybean meal consumption to 5.15 MMT as feed mill industry performance weakened more than previously expected. Soybean meal demand from the feed mill industry contracted as mills scaled down feed production due to higher corn prices. The lower feed production and weaker consumer purchasing power led to a poultry culling mandate in the first semester of 2023/24, bringing feed demand down in line with supply (see [ID2024-0022](#)).

On lower-than-expected consumption in 2023/24, Post revised down its 2024/25 soybean meal consumption forecast to 5.2 MMT, a slight recovery of 2 percent from the year before. An anticipated higher recovery rate is likely in the second semester of 2024/25, assuming the successful roll-out of the new government's Free Nutritious Meals Program in 2025 which is expected to drive up animal protein demand and subsequently feed demand from the local poultry, aquaculture, and dairy industries.

The poultry feed industry remains the key driver for soybean meal use in Indonesia, accounting for approximately 85-90 percent of total feed production. Soybean meal is largely used for poultry feed production at a 20 to 25 percent inclusion rate. Aquafeed production is the second largest soybean meal use and has a soybean meal inclusion rate of between 30 to 40 percent. Dairy cattle feed is expected to slow as the dairy cow population continues to decline in 2024, although the GOI has stated plans to begin rebuilding the herd in 2025 (see [ID2024-0038](#)).

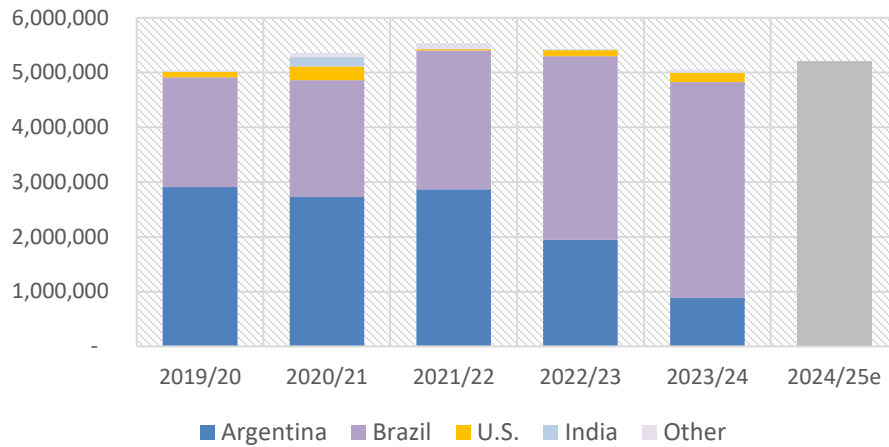
### **Trade**

The forecast for 2024/25 soybean meal imports is revised down to 5.2 MMT, but is slightly higher than 2023/24 imports on continued demand from the feed industry. Post revises 2023/24 soybean meal imports down to 5.1 MMT, reflecting a slower-than-expected feed industry performance.

Brazil is expected to remain Indonesia's major supplier of soybean meal in 2024/25, followed by Argentina and the United States. Due to lower prices of U.S. soybean meal in 2023/24, imports of soybean meal from the United States rose an estimated 43 percent to 167,000 MT in 2023/24.



**Figure 5. Indonesia Soybean Meal Imports by Origin (MT)**



Source: Trade Data Monitor, LLC

**Stocks**

Post estimates soybean meal stocks at 156,000 MT for both 2023/24 and 2024/25 on the feed industry’s anticipated modest performance due to continued weak consumer purchasing power.

**Table 3. Production, Supply, and Distribution (PSD) for Soybean Meal, 2022/23-2024/25**

Meal, Soybean	2022/2023		2023/2024		2024/2025	
	Market Begin Year		Market Begin Year		Market Begin Year	
	Oct-22		Oct-23		Oct-24	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	-	-	-	-	-	-
Extr. Rate, 999.9999	-	-	-	-	-	-
Beginning Stocks	397	397	251	251	106	156
Production	-	-	-	-	-	-
MY Imports	5,434	5,434	5,055	5,055	6,000	5,200
Total Supply	5,831	5,831	5,306	5,306	6,106	5,356
MY Exports	-	-	-	-	-	-
Industrial Dom. Cons.	-	-	-	-	-	-
Food Use Dom. Cons.	-	-	-	-	-	-
Feed Waste Dom. Cons.	5,580	5,580	5,200	5,150	5,740	5,200
Total Dom. Cons.	5,580	5,580	5,200	5,150	5,740	5,200
Ending Stocks	251	251	106	156	366	156
Total Distribution	5,831	5,831	5,306	5,306	6,106	5,356
	-	-	-	-	-	-

(1000 MT) ,(PERCENT)

**Attachments:**

No Attachments