



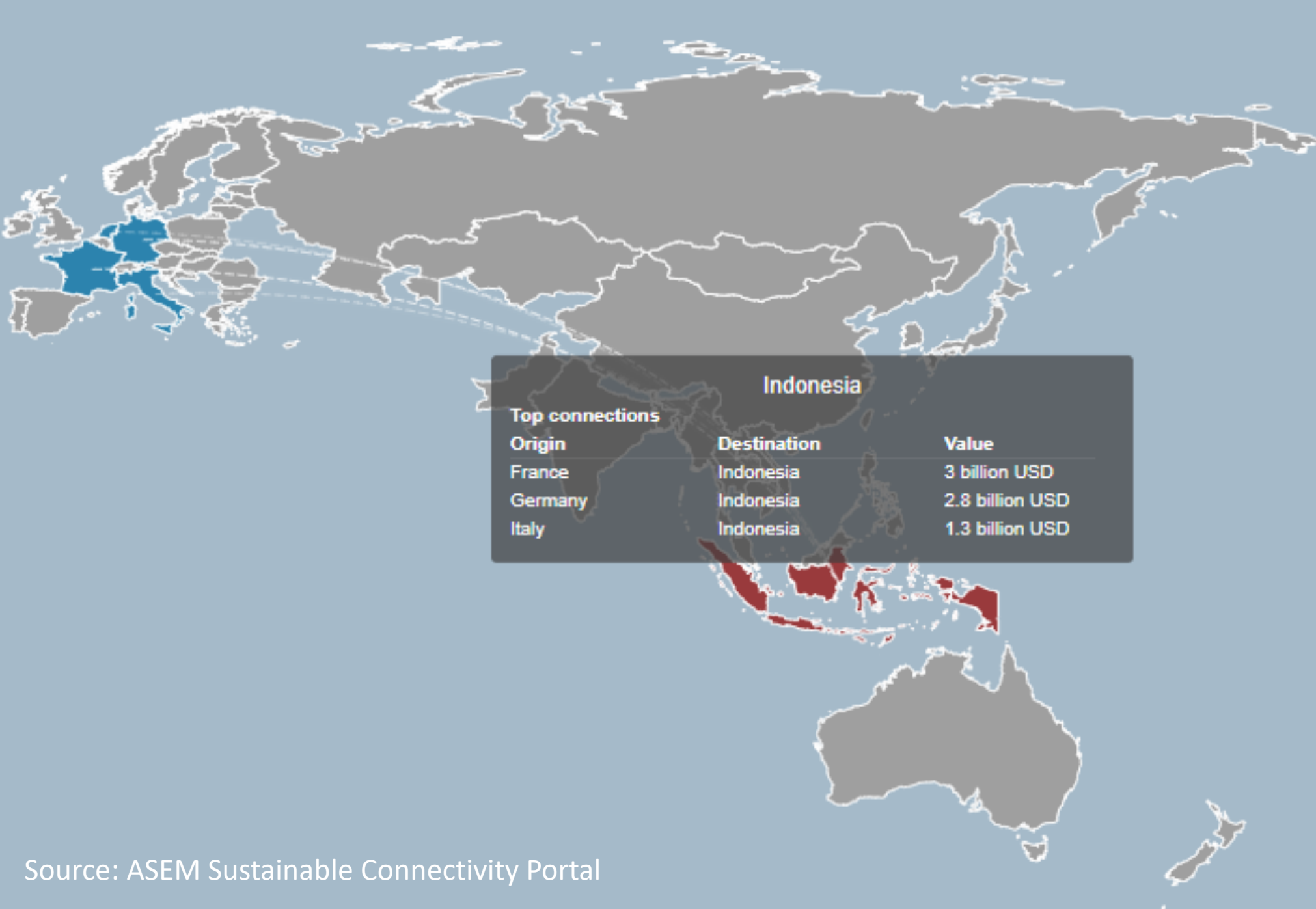
Coffee and Cocoa Connection

Potential Impact of I-EU CEPA to Indonesian Farmers

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Trade in Goods

\$ 11.4B

EU -> Indonesia

\$ 14.5B

Indonesia -> EU

Investments

\$ 2B

EU -> Indonesia

Indonesia		
Top connections		
Origin	Destination	Value
France	Indonesia	3 billion USD
Germany	Indonesia	2.8 billion USD
Italy	Indonesia	1.3 billion USD

I-EU CEPA

- Some key areas of negotiations:
 - Trade in goods -- tariff liberalizations
 - Rules of origin
 - Customs and trade facilitations
 - Sanitary and phytosanitary measures
 - Investment liberalizations
 - Trade and sustainable development
 - Economic cooperation and capacity building





Coffee

Top Producing Country:

1. Brazil
2. Vietnam
3. Colombia
4. **Indonesia**
5. Ethiopia

Coffee Export Value:

\$ 1,175.4 million

↳ 20.8% to EU member states

Farmers:

1,726,359 farmers



Cocoa

Top Producing Country:

1. Côte D'Ivoire
2. Ghana
3. **Indonesia**
4. Ecuador
5. Cameroon

Cocoa Export Value:

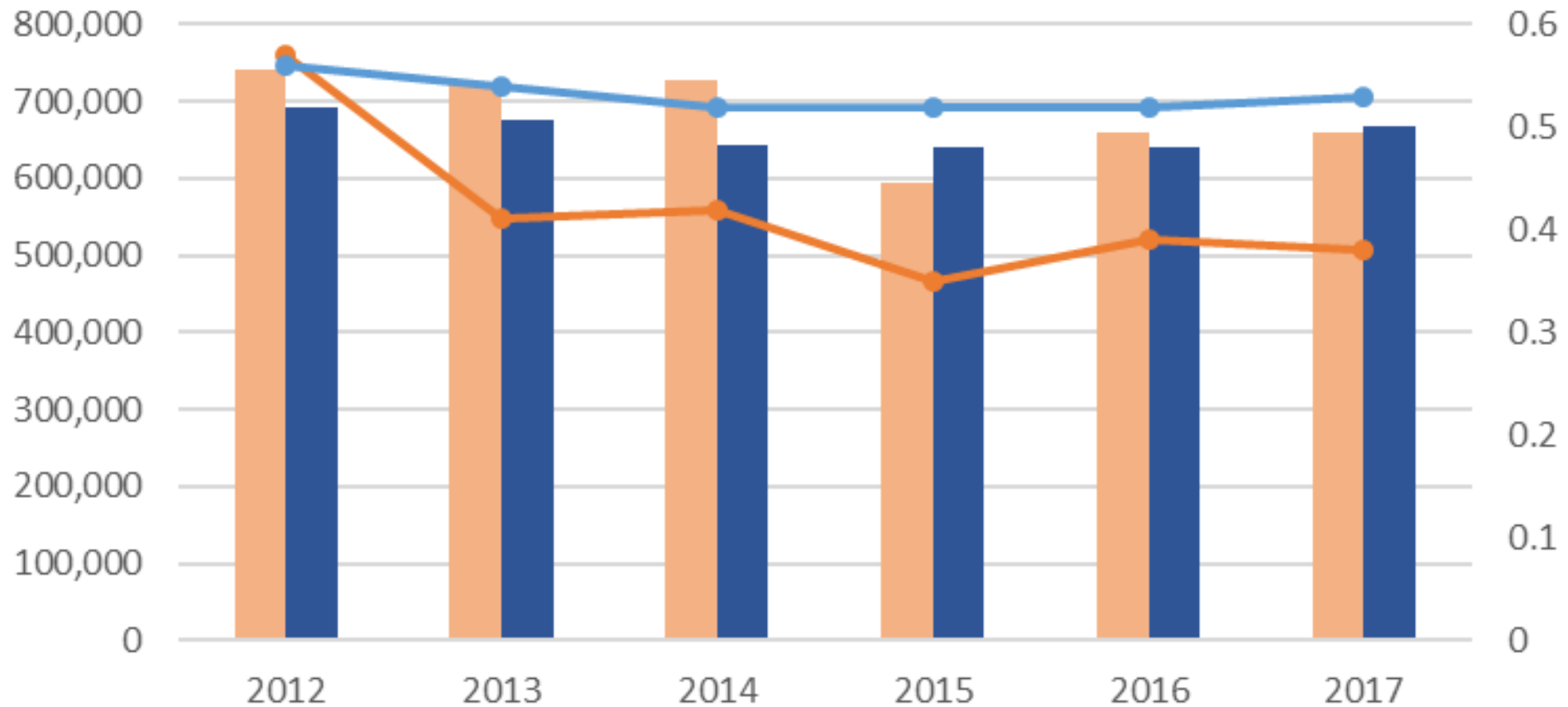
\$ 53.5 million

Farmers:

1,770,508 farmers

Source: Statistics Indonesia (2018); Direktorat Jenderal Perkebunan (2017)

Coffee and Cocoa Production and Productivity Rates



Coffee Production Cocoa Production
Coffee Productivity Cocoa Productivity

Source: Statistics Indonesia

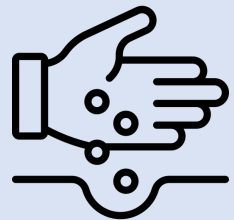
Production Challenges

- Aging trees
- Aging farmers
- Low priority crops
- Diseases
- Lack of finances
- Lack of value-adding activities
- Low quality

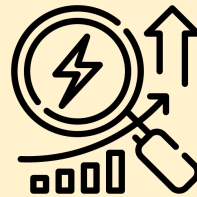


Government Interventions

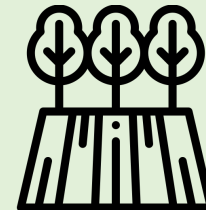
\$250 million for cocoa in 2010-2014



Seedling for farmers



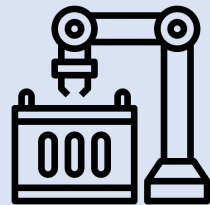
Research & development



Land expansion



Subsidized fertilizers & pesticides



Value-adding machines



GAP training & extension services



Indonesian National Standard (SNI)

More investments in agriculture is needed

	2018	2019
Domestic investment (MoA)	USD 2 billion	USD 2.9 billion
Foreign Direct Investment (BKPM)	USD 1.72 billion	USD 936.3 million
TOTAL (MoA)	Rp 3.72 trillion	Rp 3.84 trillion

Case Studies



Sustainable Cocoa Production Program (SCPP)



NESCAFÉ Plan in Lampung



Yayasan Kalimajari in Bali

Private Sector Initiatives



Access to
finances



Contract
farming



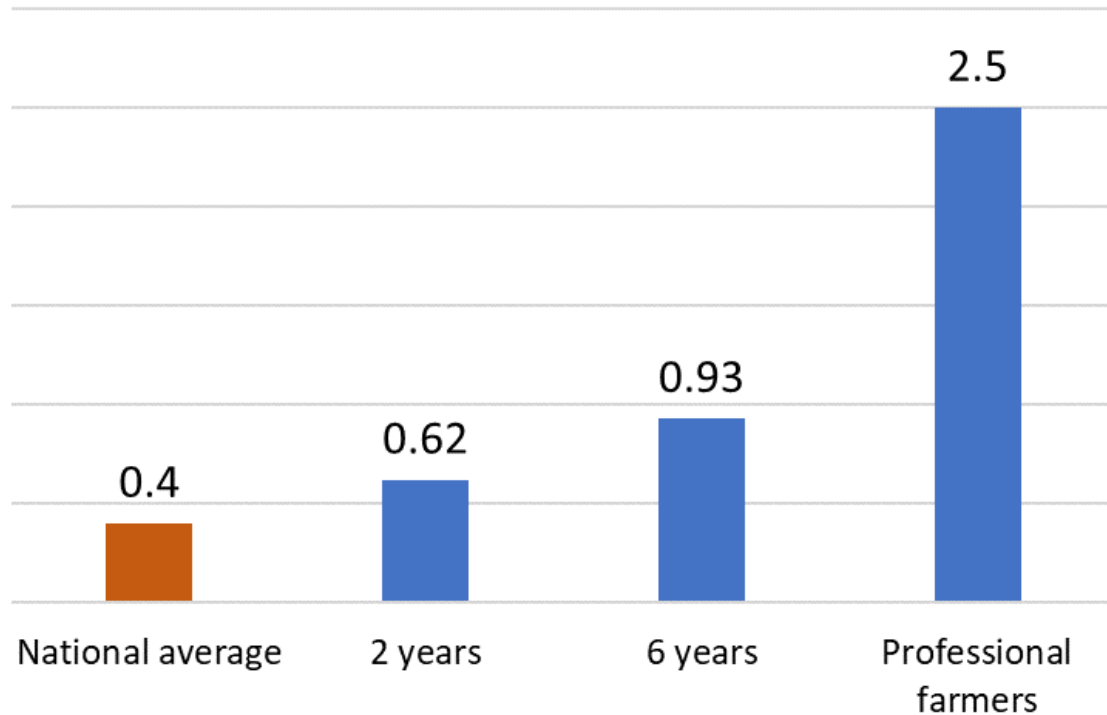
GAP
training



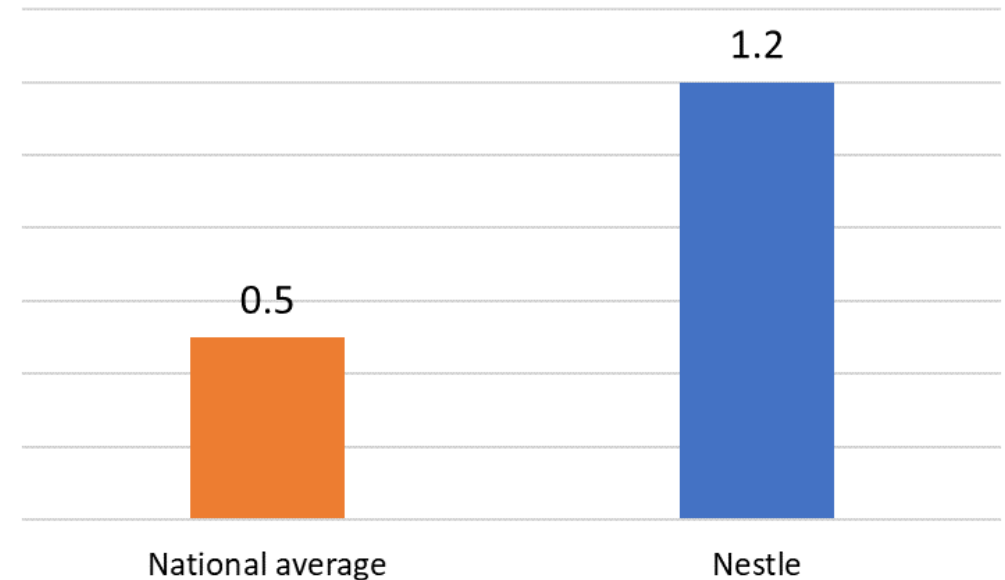
Extension
services

Results: Increased Productivity

Swisscontact trained 154,000 cocoa farmers



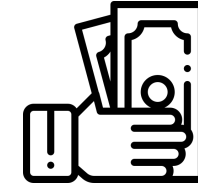
Nestlé trained 20,000 coffee farmers



Productivity rate (ton/hectare)

Productivity rate (ton/hectare)

Results: Increased Selling Price



Kalimajari trained 619 smallholder cocoa farmers in GAP and helped farmers obtain USDA certification and UTZ certification

National Average

0.4 ton/ha

Rp. 20,000/kg

Kalimajari

0.6 ton/ha

Rp. 40,000-Rp. 50,000/kg

Policy Implications

Trade

Investment

Productivity





Thank You

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