

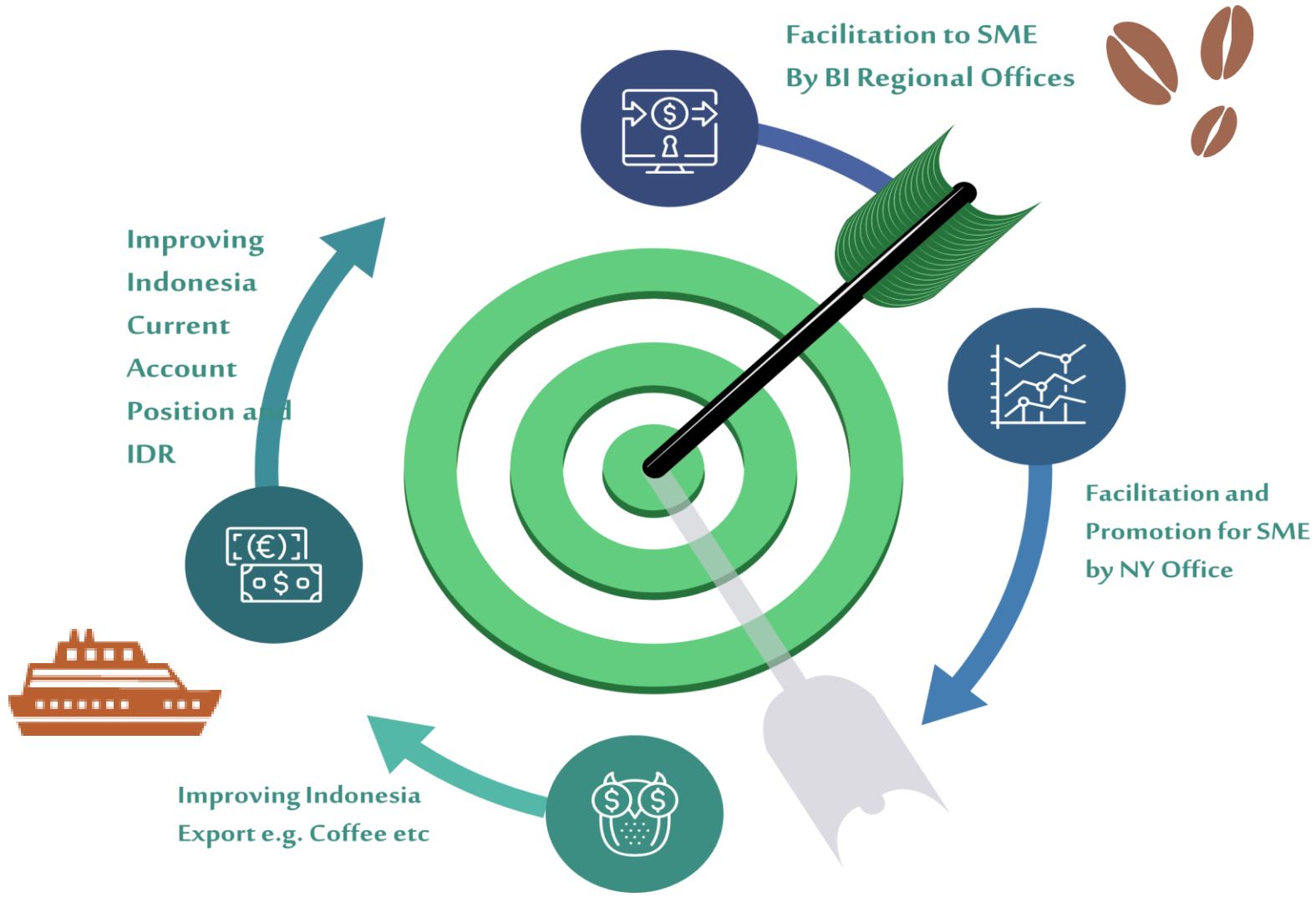


# Coffee & The Role of Bank Indonesia in SME's Development

*#TradeZone*  
*KPw BI New York*

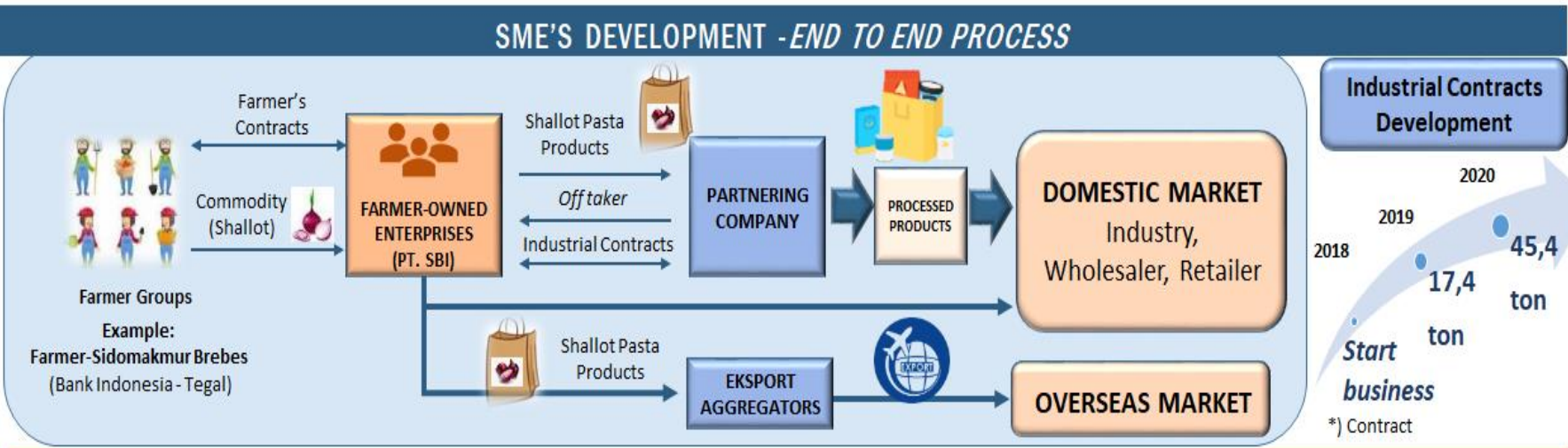
# Bank Indonesia Goals

## Stability of Indonesian Rupiah (Inflation rate and IDR)

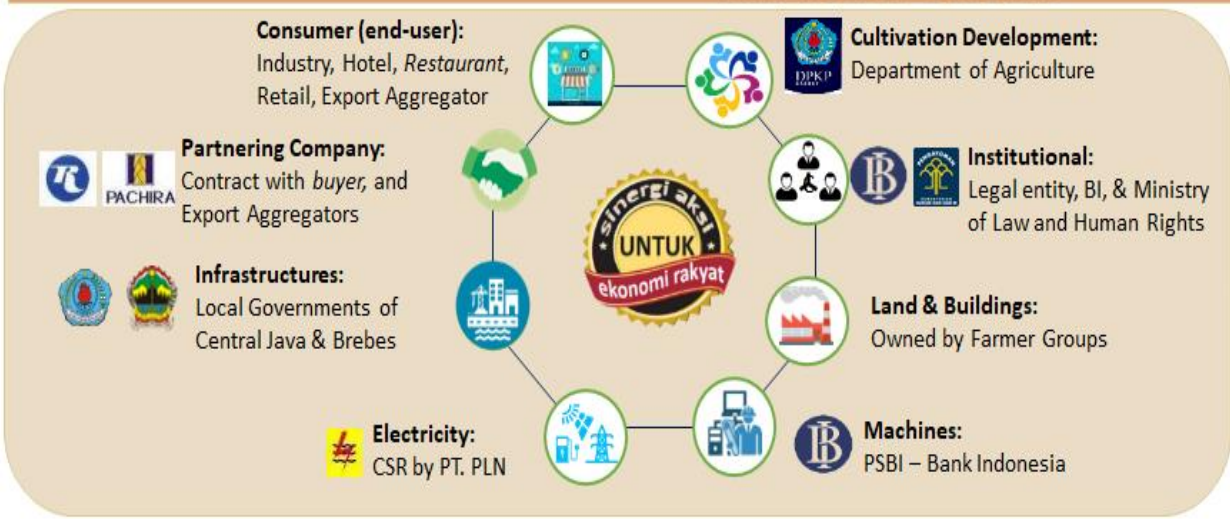


# SME's Development by Bank Indonesia

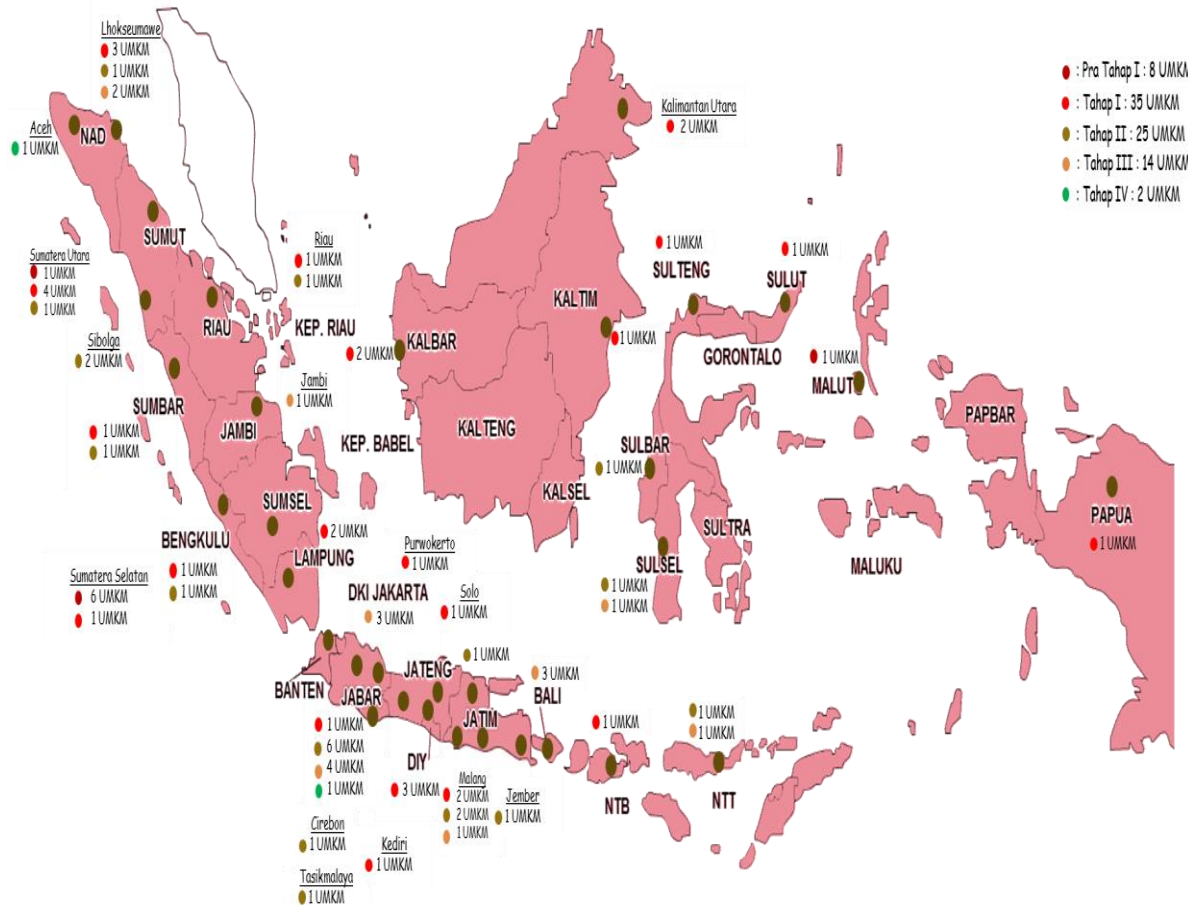
an example of what Bank Indonesia could help? ...



## STAKEHOLDER SYNERGY



It is still small initiatives but there is room for improvement. Currently we work together with 84 SME's Coffee producers ...



Indonesian Coffee is the best (distinct flavour etc) ... Although in terms of volume still no 4



Indonesia has been improving business practice incld good agriculture practices etc

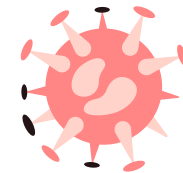


Indonesia has many young and strong entrepreneurs in coffee industry



# COFFEE AFTER COVID

Wishful Thinking



## Weakening Global Value Chain

Decrease international trade, logistic issues

## Improved Productivity

Capital deepening, Labour quality improvement, multi factor production growth

## New Normal

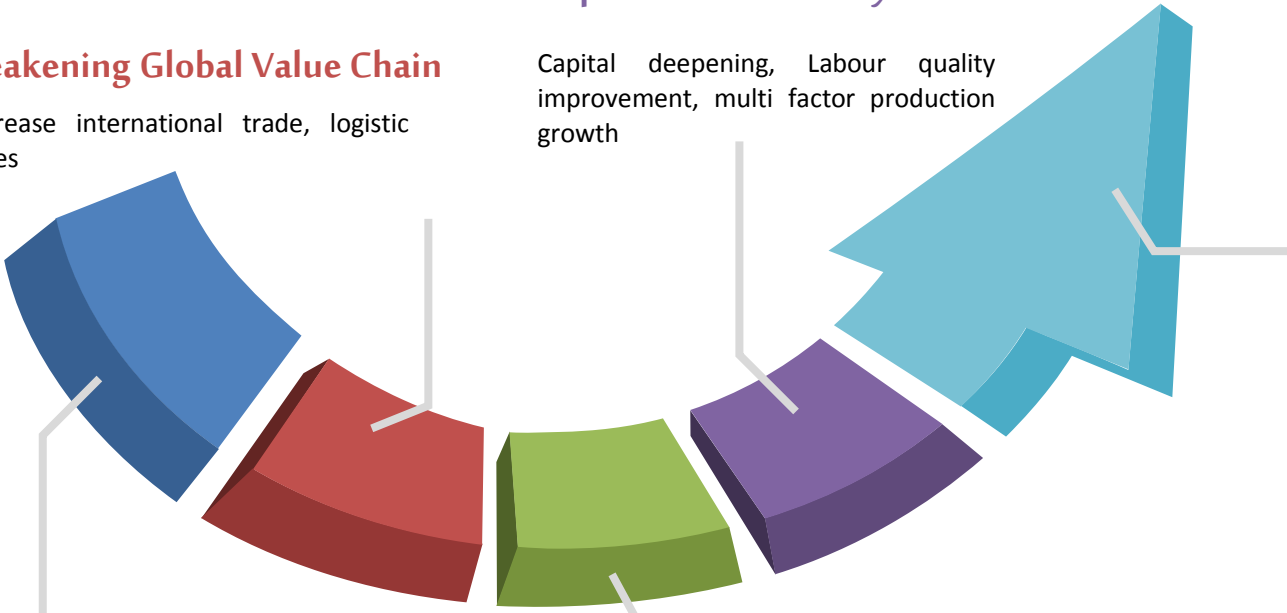
Careful reopening (Open Restaurant Prog in NYC) and improved confidence. Rebound of business and employment condition. More resilient, healthy and sustainable business practice,

## Covid-19 Pandemic

Lockdown, closing coffe shops/restaurant, work from home, unemployment on the rise

## Digitalization

Changing behaviour, Increase online transaction, more efficient production ...

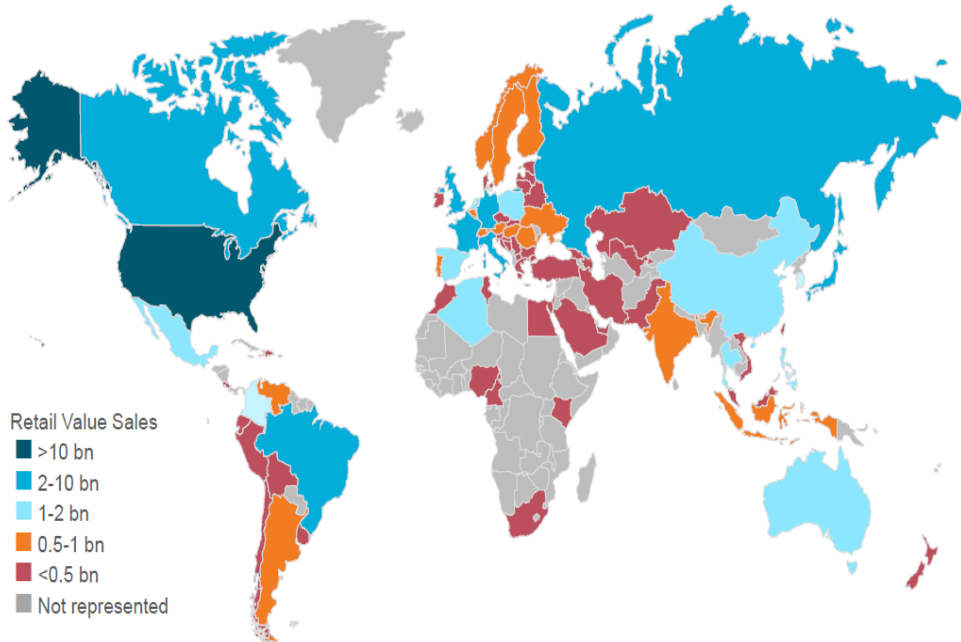




[dwityapoetra@bi.go.id](mailto:dwityapoetra@bi.go.id)

The US has the highest retail value sales in coffee market

## Coffee Expenditure by Countries



Source: Euromonitor International

## Top 15 countries that imported the highest dollar value worth of coffee (2019)

1. United States: US\$5.8 billion (19.4% of total coffee imports)
2. Germany: \$3.2 billion (10.7%)
3. France: \$2.7 billion (9.1%)
4. Italy: \$1.6 billion (5.4%)
5. Japan: \$1.2 billion (4.1%)
6. Canada: \$1.2 billion (4%)
7. Netherlands: \$1.2 billion (4%)
8. Belgium: \$1.1 billion (3.6%)
9. United Kingdom: \$1.1 billion (3.5%)
10. Spain: \$969.6 million (3.2%)
11. Switzerland: \$750.5 million (2.5%)
12. South Korea: \$661.7 million (2.2%)
13. Russia: \$631.4 million (2.1%)
14. Poland: \$578 million (1.9%)
15. Australia: \$447.4 million (1.5%)

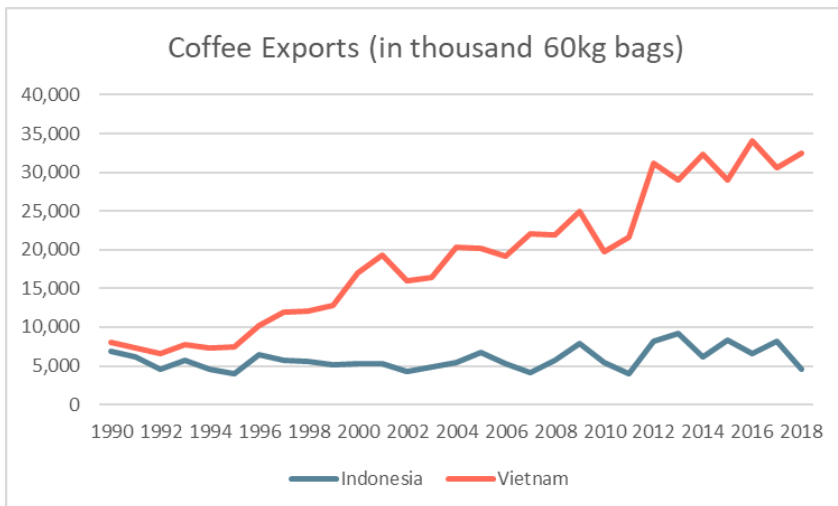
Source: worldstopexports.com

## Top 10 coffee suppliers to US market (2019)

1. Colombia: US\$1.2 billion (down -3.5% from 2014)
2. Brazil: \$1.1 billion (down -21.9%)
3. Canada: \$407.7 million (down -6.6%)
4. Switzerland: \$367.4 million (up 217.4%)
5. Guatemala: \$325 million (down -1.5%)
6. Indonesia: \$307.8 million (down -11.5%)
7. Vietnam: \$297.5 million (down -21.6%)
8. Nicaragua: \$271.3 million (up 13.9%)
9. Honduras: \$253 million (up 16%)
10. Peru: \$221.4 million (up 22.3%)

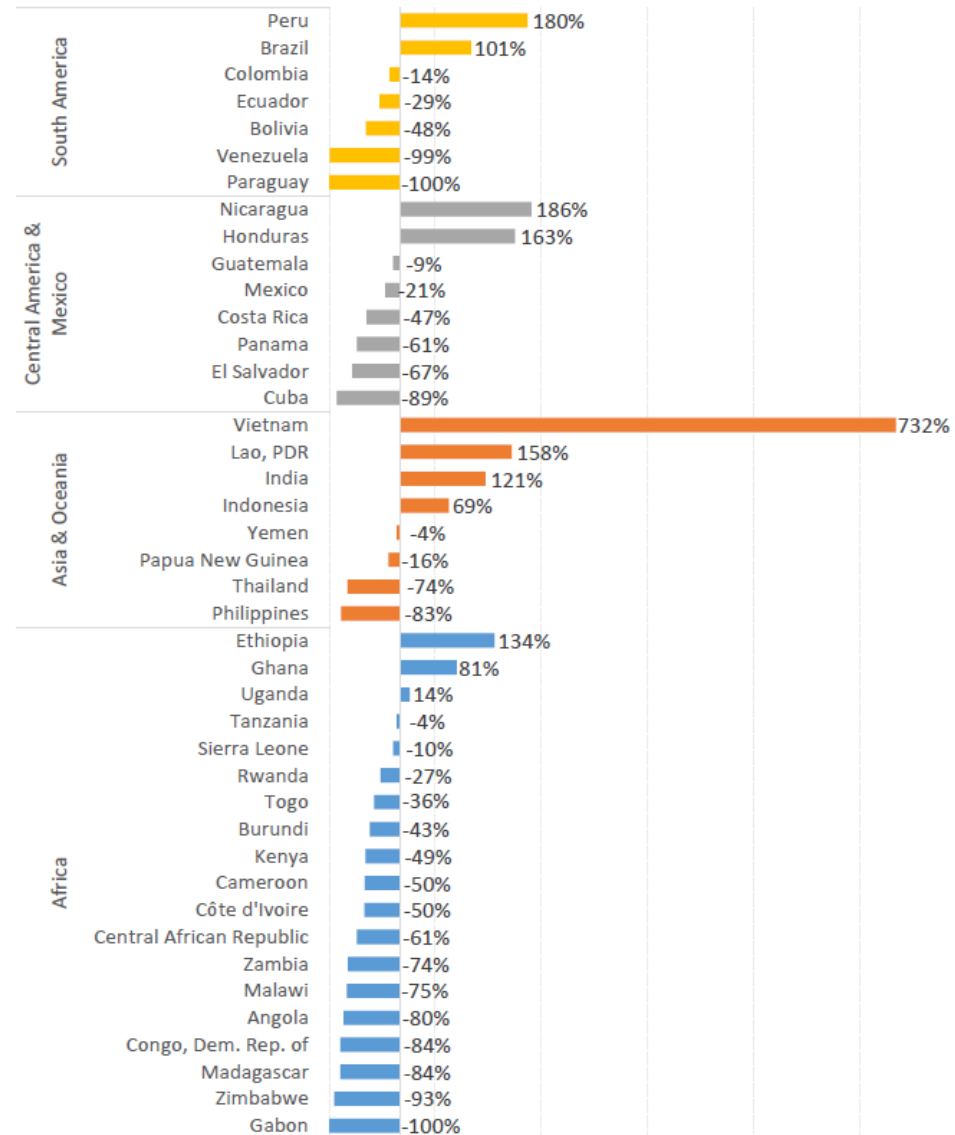
Source: worldstopexports.com

## Total Exports (Indonesia Vs. Vietnam)



Source: International Coffee Organization

## Growth of Coffee Export by Country to the World Market (1992 – 2016)



Source: International Coffee Organization

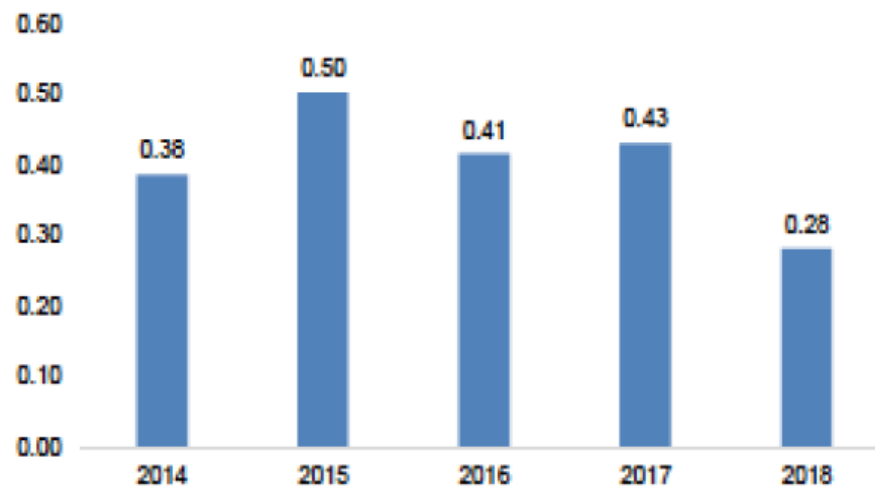


### Indonesia Coffee Export to the US

Year	Total Export to the US (Million USD)	Coffee Export to the US (Million USD)	Share of coffee to total exports to US	Growth of total Export to the US	Growth of Coffee Export to the US
2013	15,690				
2014	16,530			5.35%	
2015	16,240	281.08	1.73%	-1.75%	
2016	16,150	269.9	1.67%	-0.55%	-3.98%
2017	17,800	256.35	1.44%	10.22%	-5.02%
2018	18,440	254.03	1.38%	3.60%	-0.91%
2019		253.83			-0.08%
Average	16,808	263.04	1.55%	3.37%	-2.50%

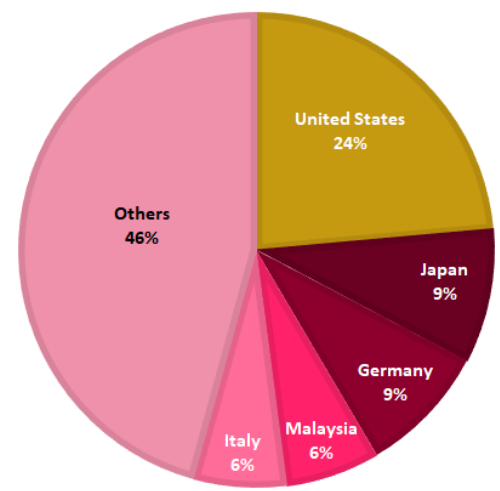
Source: Statista

### Indonesia Coffee Export to the World (Million Ton)



Source: ITC Trade Map

### Indonesia Coffee Export Destinations



Sources: LPEI & FEM IPB

# AMERICAN COFFEE 2020 CONSUMPTION

A report presented by the National Coffee Association USA.

**62%** Percent of Americans Who Drank Coffee Yesterday

**PERCENT CONSUMED COFFEE**

- 69%** Past-Week
- 75%** Past-Year

**AVERAGE NUMBER OF COFFEE CUPS CONSUMED PAST-DAY**

- 1.9** Per Capita (Drinkers and Non-Drinkers)
- 3.1** Per Total Coffee Drinkers

**WORKPLACE & COFFEE**

**63%** of employees working outside of home have access to a workplace coffee area. [68% in 2019]

**2020: PAST-WEEK APP + DELIVERY USAGE**

- 24%** Percent of past-week out-of-home drinkers who ordered coffee through an app
- 10%** Percent of past-week out-of-home drinkers who had coffee delivered

(delivery includes, delivered by the place that prepared the coffee or by a service like Uber Eats).

**AWARENESS AND USAGE OF COLD BREW/READY-TO-DRINK**

	<b>Cold Brew Coffee</b>	<b>Ready-to-Drink (RTD) Coffee</b>
<b>CURRENTLY DRINKING (REGULARLY / OCCASIONALLY)</b>	<b>20%</b>	<b>29%</b>
<b>OVERALL OPINION (EXCELLENT / VERY GOOD)</b>	<b>34%</b>	<b>35%</b>

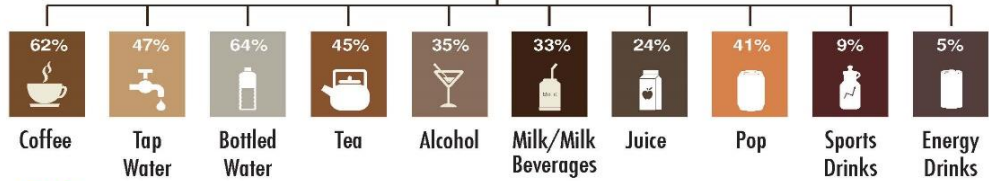
**OPINIONS ABOUT COLD BREW** (among those aware of cold brew coffee)

- 41%** say drinking Cold Brew is a cool/trendy thing to do.
- 38%** say they've heard positive comments about cold brew from friends and family.

**OPINIONS ABOUT READY-TO-DRINK** (among those aware of Ready-to-Drink coffee)

- 62%** it's easy to buy ready-to-drink coffee.
- 54%** prefer freshly made coffee over ready-to-drink.

**BEVERAGES CONSUMED PAST-DAY**



## Main factors affecting competitiveness of Vietnam Coffee Export:

1. **Production factor conditions:** favorable soil and climate, cheap labor, education on cultivation technique.
2. **National condition:** growing domestic demand
3. **Related and supporting industries to coffee export:** Access to fertilizer and transportation infrastructure.
4. **Firm strategy, structure, and rivalry:** Fierce domestic competition among small and medium size producers, meanwhile foreign firms help in improving production efficiency and research new products.
5. **The role of the government:**
  - ✓ **Land law 2003** allows transfer of forest land, which is used, in the production and land, which is not used, into agricultural land, provided that farmers have registered this conversion with the government.
  - ✓ **Lending policies** in the coffee sector to access funds quickly and efficiently
  - ✓ **Active government roles:** production target, support on hybrid seeds, trade promotion, service and tax regulations.
6. **The role of opportunities:** Join WTO in 2006 – international market penetration