Opening Speech

Coconut in Crisis: Revitalizing the Indonesian Coconut Sector Workshop

Deputy Minister for Food Affairs, Natural Resources, and Environment

Ministry of National Development Planning/
National Development Planning Agency

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Indonesia’s Coconut Condition

Indonesia being the world’s **second-largest coconut producer,** both in land area and production volume

Since 2020, **Philippines surpassed Indonesia** in production volume with **higher export value and better product diversification**

Indonesia Nowadays

- Coconut **productivity** has **stagnated** at 1.1 tons/HA
- **98.95%** of coconut plantations are **traditional smallholder farms**
- **378,191 hectares consist of non-productive, aged, or damaged coconut trees**, with a replanting capacity of only 6,000–10,000 hectares per year
- **756.98 million** whole coconuts are still being **exported**, with 0% export tax
- 52.34% of coconuts are utilized as copra for coconut oil production.
- **3.68 million tons of coconut water are discarded** annually, representing a lost economic potential of approximately **USD 5.25 billion**
- The untapped **economic potential of coconut husk and coconut shell** is estimated at **USD 320 million and USD 373 million**, respectively

Indonesia’s Opportunity

- Coconut downstreaming is mandated by the RPJPN 2025–2045 and RPJMN 2025–2029
- The **global market** projected to **grow by 7.05% by 2029**, driven by demand from Europe, the United States, and China, especially for food and beverage, cosmetics, healthcare, and textile
- **Indonesia** is the **world's leading exporter** of **coconut sugar and shisha briquettes**
- **278 coconut processing industries, with 16 integrated facilities**; 83% are located in Java and Sumatra.
- Advances in research and innovation for future **multi-functional products**: activated carbon, nanocellulose, MCT, and others
- **Potential funding** for downstream initiatives through **BPDP**

Coconut Downstream Strategic Issues

1 Cultivation

- Low productivity
- Traditional cultivation practices
- High proportion of aging and damaged coconut trees
- Lack of coconut extension workers
- Limited seed production
- High harvesting costs
- Low adoption of multicrop systems
- Low farm-gate prices
- Weak farmer organizations
- Limited funding for replanting

2 Processing

- Limited investment
- Varying quality of industrial raw materials
- Limited adoption of technology and innovation
- Limited diversification into high value-added products

3 Marketing

- High logistics and infrastructure costs
- Limited domestic consumer literacy on coconut benefits
- Lower competitiveness of some Indonesian products compared to other countries

4 Ecosystem

- Regulatory synchronization is needed
- Data synchronization and completeness are required
- Strengthening coconut sector institutions from farmers to policymakers is essential
- Limited research development and commercialization to farmers and industries
- Low resilience to climate change
- Land conversion

Coconut Downstream Roadmap 2025-2045

Coconut Downstream Vision 2045

Indonesia as a **global leader** in **coconut downstreaming** and its derivatives

Collaborative Stakeholders

- Ministries/Government Agencies
- Local Governments
- International Coconut Community
- Industry Players
- HIPKI
- Farmer Associations
- Universities
- Other dedicated partners

Best Practices of Leading Coconut-Producing Nations

PHILIPPINES

- Philippines Coconut Authority (PCA)
- United Coconut Association of the Philippines (UCAP)

INDIA

- Coconut Development Board (CDB)
- Coir Board
- The Central Plantation Crops Research Institute (CPCRI)

SRI LANKA

- Coconut Development Authority (CDA)
- Coconut Cultivation Board (CCB)
- Coconut Research Institute (CRI)

THAILAND

- Horticulture Research Institute (HRI)

Best Practices from India

- **Build Strong FPOs:** Empower farmers through autonomous producer organizations
- **Ensure Government Support:** Use bodies like India's Coconut Development Board (CDB) as a model
- **Adopt a Tiered Structure:** Implement multi-level farmer groups (CPS, CPF, CPC)
- **Encourage Collaboration:** Promote shared resources and collective action
- **Optimize the Value Chain:** Strengthen all stages from production to market

Strategic Directions of the Coconut Downstream Roadmap

A vision, mission, and national targets to address key upstream and downstream issues

Strategies and action plans to boost productivity, expand value-added processing, and strengthen global competitiveness

A **framework** for **integrated investment models** and **regional development prioritization**

Mechanisms to **promote multi-stakeholder partnerships** among farmers, industries, government, and financial institutions

Policy, institutional, and financing frameworks to ensure sustainable industry transformation

Roadmap Development

Coconut Downstream Roadmap is served to build a modern, inclusive, and competitive coconut sector.

Coconut Downstream Strategic Targets 2045

- Increasing coconut **production and productivity**
- **Diversifying** coconut **derivative products**
- Increasing **domestic consumption** and **export competitiveness**
- Supporting the coconut downstream **ecosystem**

Coconut Downstream Key Strategic Objectives & Strategies (1/2)

Mission 1. Increased Production and Productivity

- Coconut production is targeted to rise from 2.9 million tons (equivalent to copra) to 6 million tons, or from 15.1 billion coconuts to 32.1 billion coconuts
- Productivity is expected to increase from 1.1 tons of copra per hectare to 1.78 tons per hectare
- The proportion of productive land is expected to increase from 76.5% to 97%

Strategies:

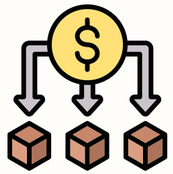
- Strengthening superior seedling production and distribution
- Expanding the replanting of aging trees
- Implementing Good Agricultural Practices (GAP) and regenerative farming
- Improving post-harvest handling
- Promoting intercropping
- Enhancing farmer organization management
- Ensuring farmers' livelihoods

Mission 2. Improved Innovation and Diversification of Coconut Derivatives

- At least 96% of coconuts will be supplied for domestic downstreaming needs
- The compound annual growth rate (CAGR) of value-added coconut products is expected to rise to 6.8%
- It is estimated that industrial utilization will increase from 45-55% to 85%

Strategies:

- Improving policies and enforcing regulations to support the integration of the coconut industry supply chain
- Increasing productivity, utilization, and diversification of coconut derivative products
- Strengthening small and medium-sized coconut processing industries
- Boosting investment in integrated coconut industries
- Promoting the application of bioeconomy and circular economy principles in coconut production



Coconut Downstream Key Strategic Objectives & Strategies (2/2)

Mission 3. Strengthened Domestic Demand and Enhanced Export Competitiveness

- Coconut applications in various domestic sectors will expand
- Indonesia's coconut processed product exports will rank among the top 10 globally
- The value of coconut exports and derivatives is expected to increase tenfold over the next 20 years

Strategies:

- Improving domestic supply chain efficiency, supported by logistics optimization
- Ensuring higher quality standards
- Enhancing consumer literacy both domestically and internationally regarding coconut products and their diverse uses
- Expanding export markets for coconut-derived products

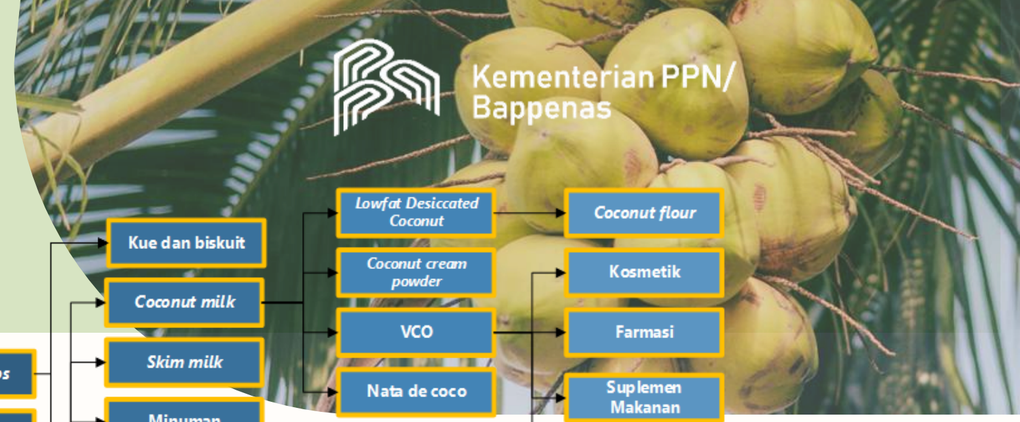
Mission 4. Strengthened Enabling Ecosystem for Coconut Downstreaming

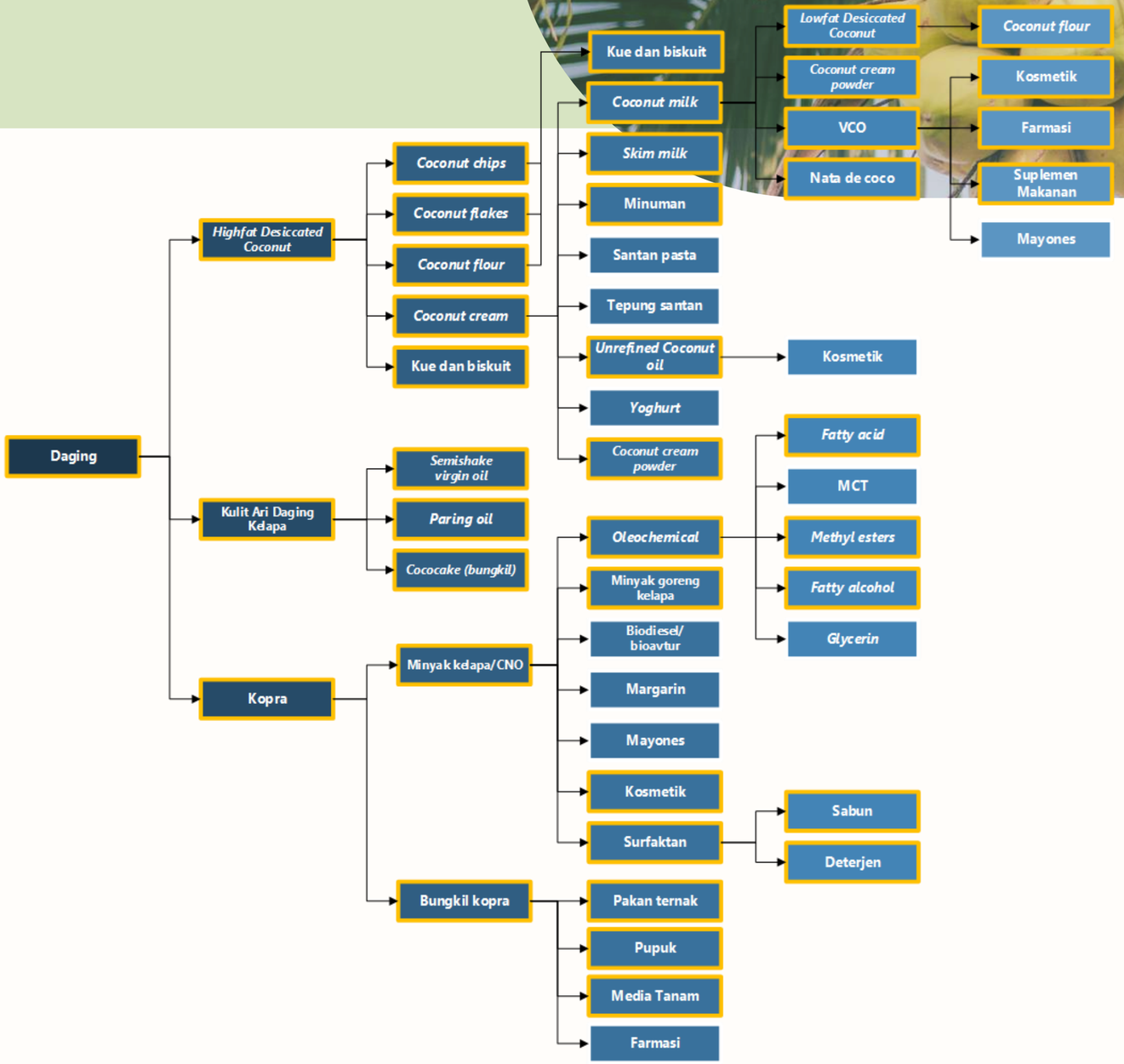
- Institutions related to coconut downstreaming will be managed in an integrated manner
- Funding for downstream initiatives will be accessible and competitive
- Research and innovation commercialization will support increased coconut processing
- The role of coconut as a nature-based solution will continue to expand, contributing to both economic and environmental resilience

Strategies:

- Strengthening coconut data
- Strengthening coconut sector institutions
- Enhancing research and innovation for coconut downstream
- Leveraging coconut as a nature-based solution for climate adaptation

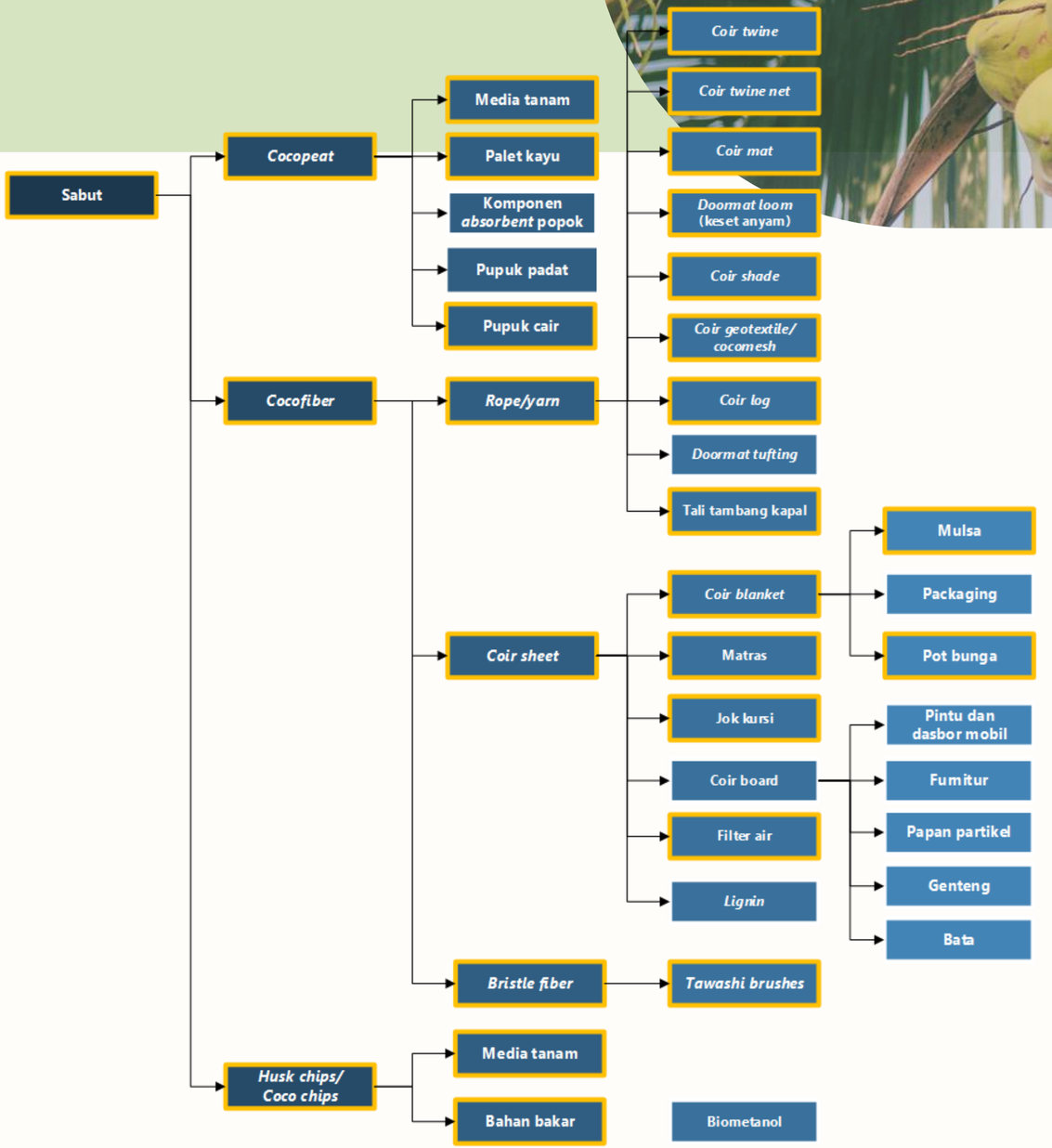
Coconut Industrial Tree: Based on Coconut Meat





: Industry already available

Coconut Industrial Tree: Based on Coconut Husk



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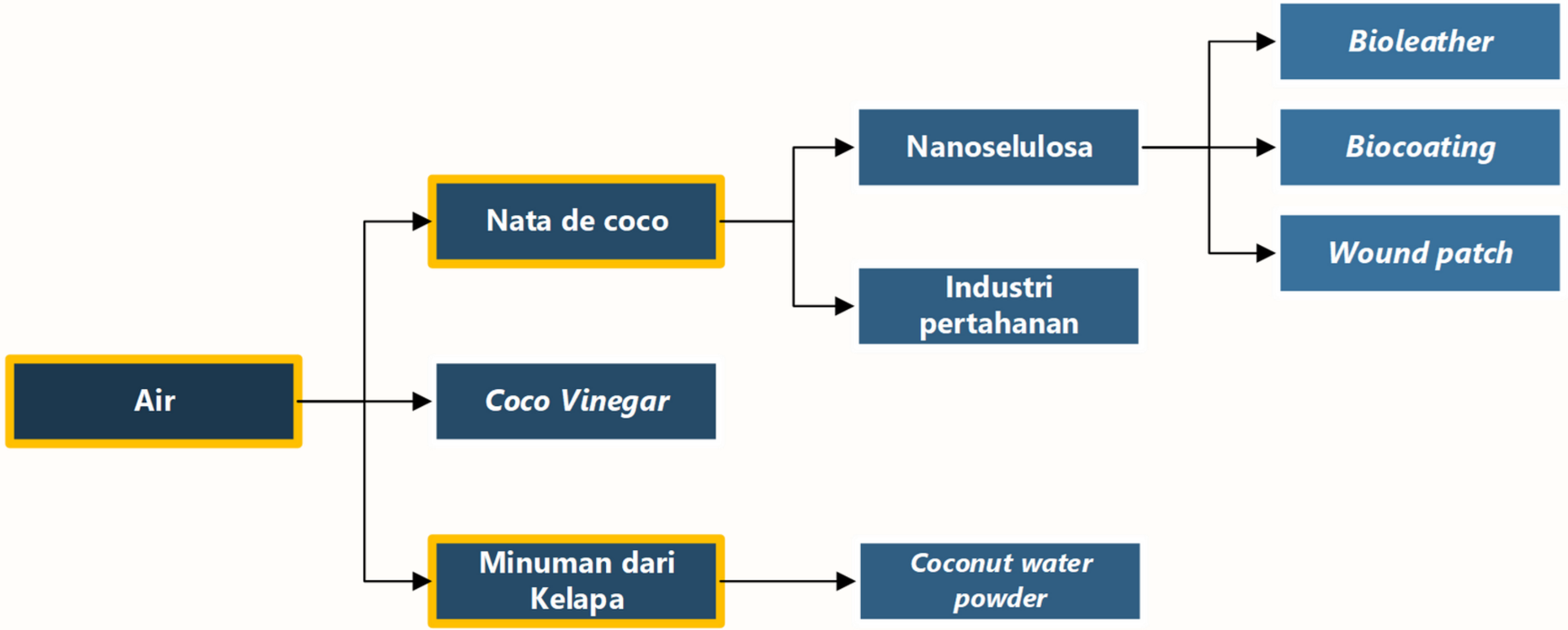
Coconut Industrial Tree: Based on Coconut Water



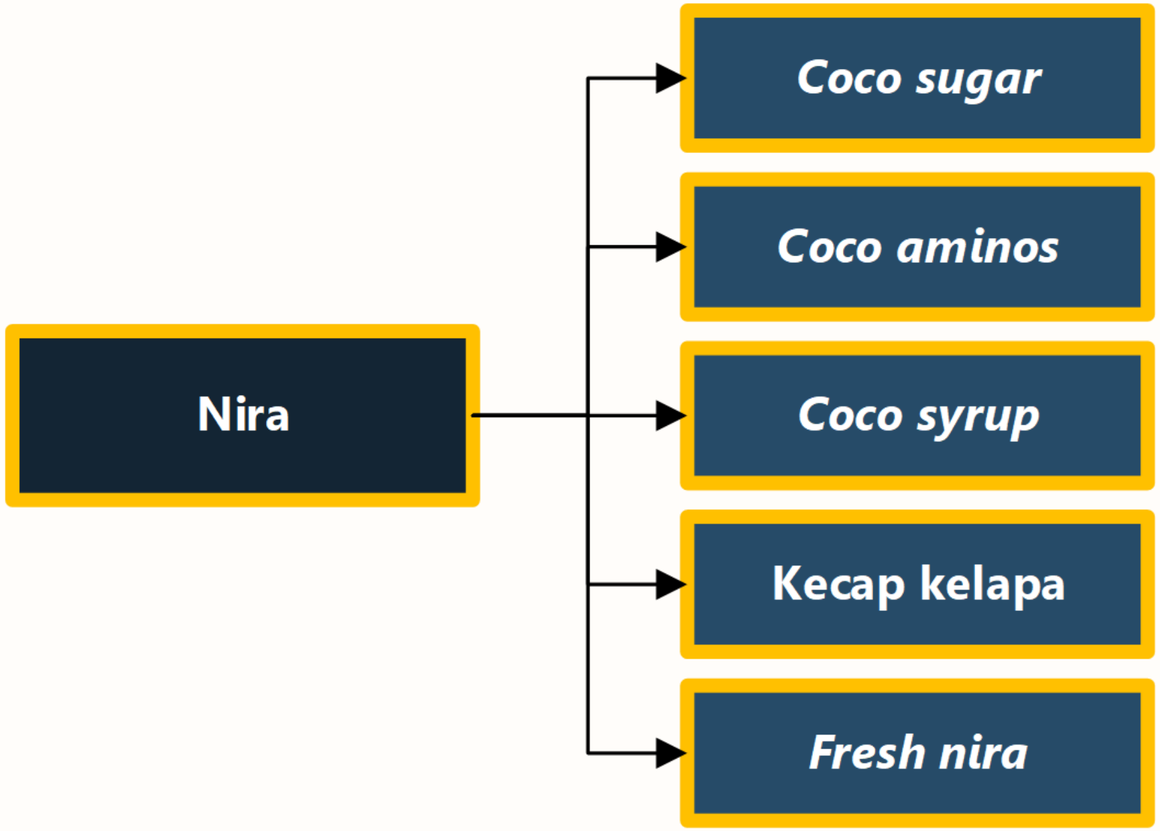
: Industry already available

Coconut Industrial Tree: Based on Coconut Shell

- Tempurung
  - Tepung tempurung
    - Obat nyamuk bakar
    - Dupa bakar
  - Arang tempurung
    - Tepung arang
      - Farmasi
      - Kosmetik
      - Campuran plastik polimer
    - Briket shisha
      - Briket BBQ
    - Karbon aktif
      - Farmasi
      - Kosmetik
      - *Graphene*
        - Komponen baterai dan HP
        - Industri senjata
      - Filter industri (air & udara)
      - Industri Pertambangan
  - *Bioreeftek*
    - Kosmetik
  - Asap cair
    - Pengawet
    - Koagulan lateks
    - Farmasi
  - *Coco pellet*

: Industry already available

Coconut Industrial Tree: Based on Coconut Sap



: Industry already available

Coconut Downstream Investment

5 key zones as priority locations for the development of integrated coconut-based industries based on the **Strategic Investment Roadmap** developed by the Investment Coordinating Board (BKPM):

- JIIPE Industrial Estate in Gresik, East Java
- Bitung Special Economic Zone (SEZ) in North Sulawesi
- Tenayan Industrial Estate in Riau
- Kijing Industrial Estate in West Kalimantan
- Morotai Special Economic Zone (SEZ) in North Maluku

National Strategic Project (PSN)

Indonesia's coconut downstreaming program is now a National Strategic Project

Incentives:

- Tax holidays
- Tax allowances
- Streamlined licensing processes
- Land acquisition support

Revitalizing Indonesia's Coconut Industry: A National Strategic Initiative

- **Integrated Approach:** Government integrates efforts from plantations to processing for sector-wide transformation
- **Empowering Smallholders:** Targeted incentives aim to benefit millions of smallholder coconut farmers
- **Global Market Opportunity:** Strong global demand presents a key opportunity for industry growth and investment
- **Call for Collaboration:** Government, industry, and investors
- Focus on **Sustainability & Innovation**
- Vision for **Global Leadership** in the global coconut industry

Thank You

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