



REVITALISING THE INDONESIAN COCONUT SECTOR

Forum & Workshop Jakarta 30th April 2025

Coconut in crisis

– time to act now

Dr. Yohannes Samosir & Amrizal Idroes



Outline



**Coconut
in crisis**



Panicking



**Business
Opportunities**



Solutions

Coconut crisis is chronic – upstream

Low productivity at 1.1 ton
copra
equivalent per ha
compared to its potential
of 3 to 5 ton

More than 50% standing
palms are senile or
damaged

Use of unimproved
planting materials

Replanting has been too slow,
erratic, not systematic. This
approach will eventually repeat
the old problems in the future
(business as usual)

Poor field management,
traditional farmers

Fragmented,
99% smallholders



Coconut crisis is chronic – Downstream

About half of the harvested mature nuts are for copra production which then sell to mills for crushing to produce oil. About 80% of the oil is exported. The value of coconut export did not change much from 1.87 in 2014 to 1.97 B USD in 2024.



Coconut crisis is chronic – Downstream

Long supply chain, leaving the farmers get less from selling their copra. This make them unmotivated to improve field practice which has been poor for hundred years.



Coconut crisis is chronic – Downstream

Many (majority) of coconut oil mills are inefficient, not innovative.



Coconut crisis is chronic – Downstream

In the last 10 years no much changes in coconut processing technologies in producing high added value. The companies become less competitive.



Coconut crisis is chronic – Downstream

The first integrated coconut industry is Pulau Sambu Group, thanks to the late Mr. Tay Juhana. But very few similar companies emerged. One of the main reasons is not sufficient raw materials in nearby area, yet transportation cost of bulky coconut becoming more expensive.



Coconut crisis is chronic – Downstream

Panicking - Recent
skyrocketing price of raw
materials (fresh nuts)



Panicking...



KOMPAS.com News Nusaraya Tekno Otomotif Bola Lifestyle Tren Lestari Health Money Properti Edukasi Travel

BAGIKAN: Harga Kelapa Sempat Tembus Rp 35.000, Pedagang: Gara-gara Ekspor

Kompas.com / Money / Ekbis

Harga Kelapa Sempat Tembus Rp 35.000, Pedagang: Gara-gara Ekspor

Kompas.com - 03/04/2025, 07:08 WIB

Isna Rifka Sri Rahayu, Sakina Rakhma Diah Setiawan
Tim Redaksi

1

CNN Indonesia Home Nasional Internasional Ekonomi Olahraga Teknologi Otomotif Hiburan Gaya Hidup

Taipan Tarif Trump Perang Dagang Emas Antam Lebaran 2025

Ekonomi > Bisnis

Kemenperin Usul Ekspor Kelapa Disetop 6 Bulan Buntut Langka dan Mahal

CNN Indonesia

Senin, 24 Mar 2025 08:47 WIB

1. Most (now 99%) are smallholders, for all of the time.

They are:

- Traditional farmers over generations, difficult to change mindset
- Poor, low income
- Lack of access to technologies – seeds, fertilizer, chemical, processing
- No or little access to finance (loan)
- Small farm size, 0.5 to 2 ha per family, fragmented
- Limited access to market. No (weak) bargaining power

Coconut Crisis

– The root causes



2. Very little (if any) interest of downstream players to invest in upstream

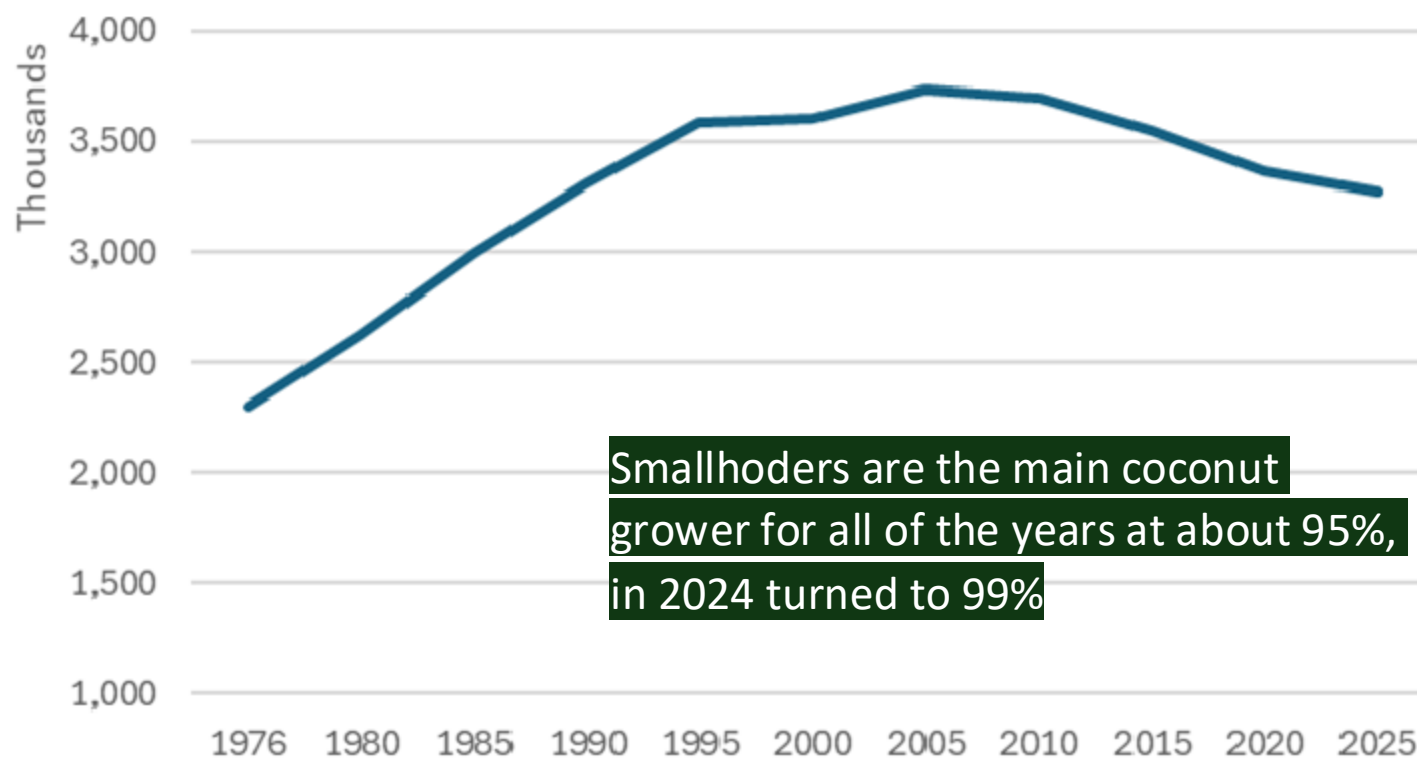
3. Investors most likely prefer oil palm

4. Competition against palm oil

Coconut crisis

– the root causes

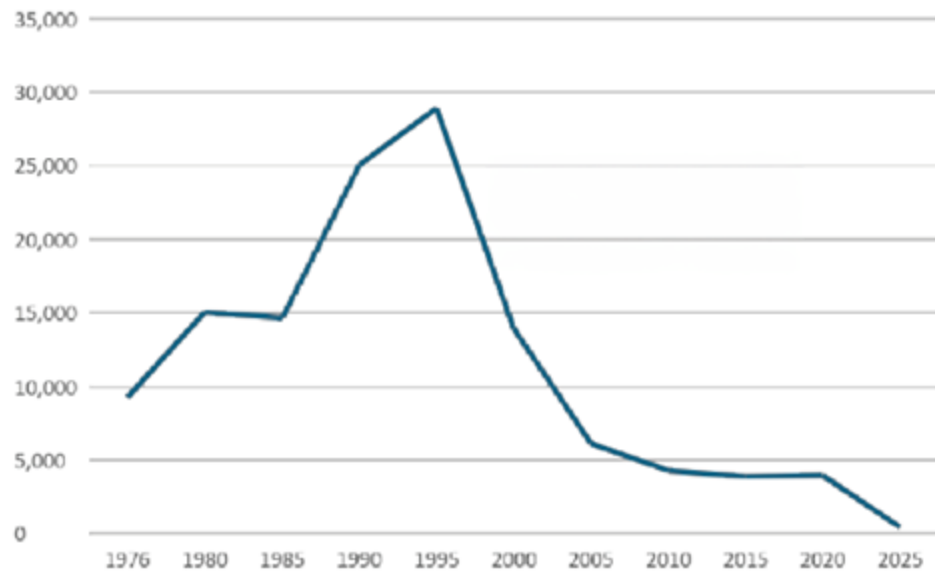
Smallholder coconut
plantation area,
1976-2025



Smallholders are the main coconut grower for all of the years at about 95%, in 2024 turned to 99%

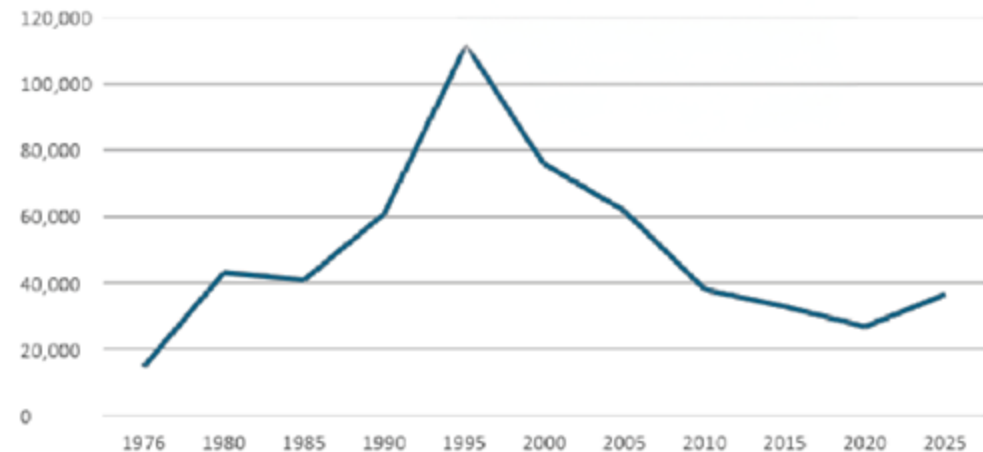
Coconut crisis is chronic – the root causes

BUMN coconut plantation area (ha) 1976 - 2025



Dropped drastically since 1995, only 443 ha left in 2025

Private company coconut plantation area (ha) 1976 - 2025



Dropped significantly since 1995 and slightly improved since 2020 onward to reach 37,000 ha in 2025

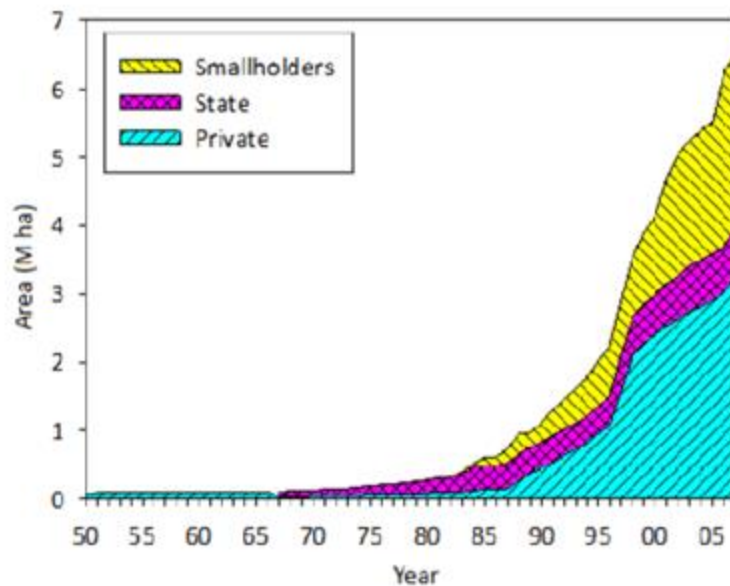


“

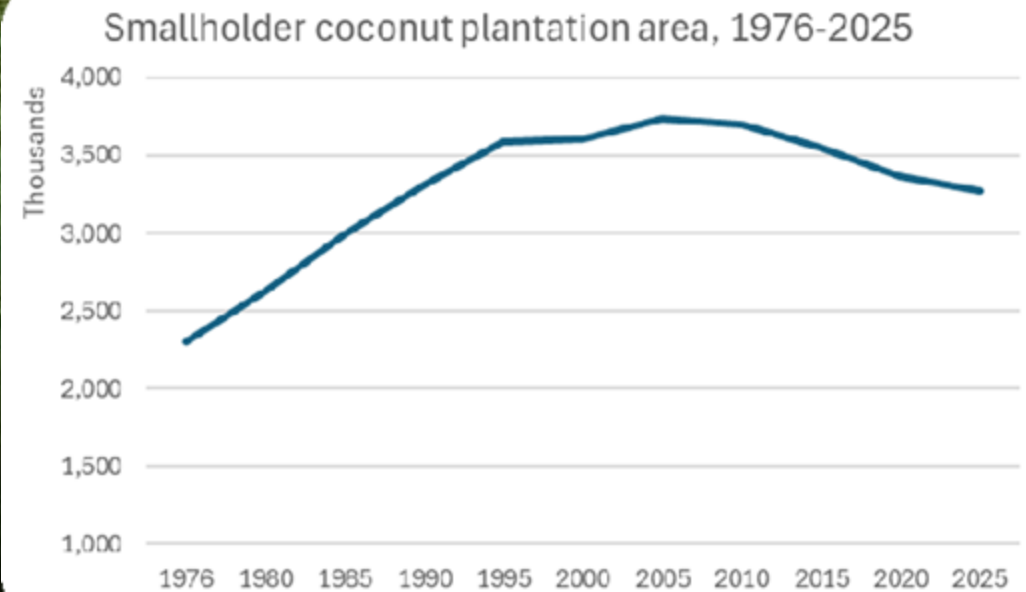
We are here to make business!

Crisis brings opportunity

We must change! Learn from the younger sexy sister – oil palm



In 2023, total oil palm area was 15.93 M ha
of which 42.3% is smallholders, 54.1% big private,
3.6% gov owned corporates



Smallholders are the main coconut grower for
all of the time at about 95%, in 2024 turned
to 99%

We must change! Learn from the younger sexy sister – oil palm



- At the national level, there is a need to change the shape of coconut growers (area), from 99% of smallholders into 70% smallholders and 30% big corporates (private and government owned).

- Government owned estates (BUMN/PTPN, BUMD, Agrinas) should participate considerably large in this national movement. This way can substantially help the farmers.

At company level, the ratio of nucleus and plasma could be 60:40 or adjusted accordingly to meet the local circumstances.

- PIR/NES must be in place and promoted with some adjustments to meet the nature of coconut farming system. Farmers must also adapt to the new business model and practices (change of mindset).

Strong integration of upstream and downstream to ensure stability of supply chain raw materials



We must change!

Decades-old low-margin business model

- Very weak or no partnership of smallholders with corporates
- Fragmented
- Poor (no) integration of upstream and downstream



New business model:
Integrated, high added value

- Strong partnership of smallholders with corporates through NES/PIR program and other form of relation
- Integrated upstream and downstream

We must change!

Decades-old low-margin
business model

New business model:
Integrated, high
added value

Forte

- The Roadmap, government commitments
- Lessons from oil palm development (NES, integrated)
- Improved seeds and GAP
- Advanced processing technologies
- The tree of life (various options of high values products)
- Existing big players
- Funding sources (BPDP, Investors)

Barrier

- Fragmented smallholding farms
- Traditional mindset and practices



2025 - 2045

**4 missions,
20 strategies,
150 action plans**

Some action plans for the 5 years (2025 to 2029):

- 1) Develop 20 new seed sources
- 2) Produce 60 million certified seeds
- 3) Replanting 160,000 ha
- 4) Extension services/training on GAP for 10,000 farmers
- 5) Develop traceability system
- 6) Develop coconut intercropping in 16 provinces
- 7) Develop farmer organization capacity in 16 provinces
- 8) Optimize loan (KUR) in 35 provinces
- 9) Promote partnership of smallholders and corporates
- 10) Improve access to capital for SME of coconut processing
- 11) Provision of raw material (by products) for renewable energy
- 12) Incentives : Tax holiday, tax allowance, golden visa, investment allowance

Key Takeaways

- Coconut industry is in crisis has led to panicking, therefore the solution is urgently needed
- The crisis creates business opportunities
- Government supports are much needed
- The solutions are:
 - Change the shape of coconut production at national level from 99:1 into 70:30 (smallholders : corporates)
 - At company level, the ratio should be 60:40 or other proportion depending on local situation
 - Apply Nucleus Estate Smallholder (NES) scheme
 - Strong integration of upstream and downstream

Thank You

You can always enjoy coconut
in many ways



